



International Journal of Bank Marketing

Explaining customer satisfaction with complaint handling
Concepción Varela-Neira Rodolfo Vázquez-Casielles Víctor Iglesias

Article information:

To cite this document:

Concepción Varela-Neira Rodolfo Vázquez-Casielles Víctor Iglesias, (2010), "Explaining customer satisfaction with complaint handling", International Journal of Bank Marketing, Vol. 28 Iss 2 pp. 88 - 112

Permanent link to this document:

<http://dx.doi.org/10.1108/02652321011018305>

Downloaded on: 14 December 2016, At: 05:15 (PT)

References: this document contains references to 69 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 6971 times since 2010*

Users who downloaded this article also downloaded:

(2007), "Firms' complaint handling policies and consumer complaint voicing", Journal of Consumer Marketing, Vol. 24 Iss 7 pp. 428-437 <http://dx.doi.org/10.1108/07363760710834843>

(2009), "Handling customer complaints effectively: A comparison of the value maps of female and male complainants", Managing Service Quality: An International Journal, Vol. 19 Iss 6 pp. 636-656 <http://dx.doi.org/10.1108/09604520911005044>



Access to this document was granted through an Emerald subscription provided by emerald-srm:173272 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.



Explaining customer satisfaction with complaint handling

Concepción Varela-Neira

Facultade de Económicas e Empresariais, University of Santiago de Compostela, Santiago de Compostela, Spain, and

Rodolfo Vázquez-Casielles and Víctor Iglesias

Facultad de Ciencias Económicas y Empresariales, University of Oviedo, Oviedo, Spain

88

Received March 2009
Revised October 2009
Accepted November 2009

Abstract

Purpose – Due to the importance of understanding what circumstances make customer recovery programmes successful, this paper aims to study the effects of different cognitive evaluations (disconfirmation of expectations and perceived justice) and affective responses (positive and negative emotions) on satisfaction with complaint handling.

Design/methodology/approach – The sample used in this study consists of 679 subjects who, over the last six months, had experienced service failures and had afterwards complained. The data were collected via personal interviews using a structured survey.

Findings – The results of the study support the model and highlight the importance of the emotions experienced as a result of the complaint handling. Although these emotions have been underrepresented in the service recovery literature, our investigation shows that these emotions not only have an independent effect on customer satisfaction, after accounting for the effects of the cognitive evaluations of complaint handling, but also play a mediating role in the relationship between these cognitive variables and satisfaction.

Research limitations/implications – This study examines only one service context; consequently, caution is needed when generalizing the results.

Practical implications – Given the findings in this paper, identifying customers' emotions can enable service organizations to know their perceptions of the recovery and, hence, adapt service recovery strategies adequately.

Originality/value – This study incorporates the disconfirmation of expectations paradigm and the dimension of informational justice into the existing models of cognitive and affective antecedents of satisfaction with complaint handling. Furthermore, this study is based on the analysis of real service failures and recovery strategies.

Keywords Customer satisfaction, Complaints, Consumer psychology, Service failures

Paper type Research paper

Introduction

In the financial services sector, the relevance of customer analysis continues to grow (Lees *et al.*, 2007), as provision of the service often requires interaction between the customer and the company's employees (Michel, 2004). Although banks try to provide error-free services, the service delivery process is complicated by simultaneous production and consumption. Consequently, service failures are quite frequent in the banking industry (Casado-Díaz *et al.*, 2007), with the subsequent reduction in customer satisfaction and, on occasions, customer complaint. As negative service encounters, or service failures, may cause the defection of customers that are becoming increasingly



intolerant of mediocrity (Antón *et al.*, 2007), understanding the service recovery process could be fundamental (Schoefer and Ennew, 2005). Although a service failure has the potential to destroy customers' loyalty, the successful implementation of service recovery strategies may prevent the defection of customers who experience a service failure (Lewis and Spyropoulos, 2001). Consequently, it is important to understand what factors make customer recovery programmes successful.

Despite the large and still growing literature on complaint handling, much remains unclear. First, although lately there has been growing interest in studying the affective nature of satisfaction (Dubé and Menon, 2000), still little research has dealt with recovery-related emotions (Casado-Díaz *et al.*, 2007) and analysed their effect on satisfaction in service failure and recovery situations (Schoefer, 2008; Schoefer and Ennew, 2005). This lack of attention is somewhat surprising, specially in financial services where the possibilities of engendering emotions are high, due to their intangible nature and their intensity in personnel (requires several customer-employee interactions) (Bitner, 1992). Second, although perceived justice is recognized as a fundamental cognitive antecedent when trying to explain customer satisfaction in the service failure and recovery context, disconfirmation of expectations is the dominant theory when studying customer satisfaction. However, studies investigating the cognitive and affective antecedents of satisfaction with complaint handling focus on perceived justice as the only cognitive antecedent on this variable (Schoefer, 2008; Schoefer and Ennew, 2005).

Hence the current paper explores cognitive and affective antecedents of satisfaction with complaint handling. Specifically, this paper hopes to meet the following goals:

- to study to what degree the different cognitive antecedents (disconfirmation of expectations and perceived justice in service recovery) and affective antecedents (positive and negative emotions experienced as a result of the complaint handling) affect satisfaction; and
- to study the relationship between cognitive and affective antecedents in their relationship with satisfaction: do the cognitive antecedents affect satisfaction directly or indirectly through the affective antecedents?

Literature review and hypotheses

Satisfaction with complaint handling is the satisfaction of that customer who complains with the service provider's response to the complaint (Stauss, 2002). The model proposed to study satisfaction with complaint handling incorporates all the constructs that Szymanski and Henard (2001) analyse in their meta-analysis of satisfaction antecedents: expectations, performance, disconfirmation of expectations, equity and affect. Therefore, satisfaction may be based on the comparison between the individuals' expectations and perceived performance (Oliver, 1980), on their perceptions regarding costs-benefits related to the service encounter and consumption experiences (Oliver and Swan, 1989a, 1989b) and on the affect experienced by the customer (Westbrook and Oliver, 1991). In the service failure and recovery literature, other constructs that may influence satisfaction with complaint handling have been identified, such as the different characteristics of the service failure (type of failure, attributions . . .) and the different service recovery (apology, speed of recovery . . .). However, in line with different authors (Mattila and Cranage, 2005; Smith *et al.*, 1999), we believed that the abovementioned antecedents capture the effect of

these constructs. Moreover, several authors (Hoffman *et al.*, 1995; Kelley *et al.*, 1993) state that frequently the company's response to the failure is what impacts their subsequent attitudes, instead of the failure itself, hence our stress on the assessments of the service recovery encounter.

Recovery expectations, complaint handling performance, disconfirmation of expectations and satisfaction with complaint handling

In a service failure context, service recovery can be considered a second service encounter. Moreover, after customers perceive a problem in relation to the service or service provider and hence their expectations are not met, then another set of expectations – service recovery expectations – becomes active (Lewis and Spyropoulos, 2001). These customers' recovery expectations are their beliefs about the level of reparation that is appropriate after a service failure (Zeithaml *et al.*, 1993). A disconfirmation of expectation will give rise to greater customer satisfaction if the customer's perception of the company's response to a service failure positively disconfirms the previous recovery expectations (Smith *et al.*, 1999); in other words, if expectations are exceeded by the company's recovery performance (Menon and Dubé, 2000). On the contrary, a recovery response, which negatively disconfirms expectations will reduce customer satisfaction. Thus, customer satisfaction results from an evaluation process where customers compare their previous recovery expectations with their perception of the service recovery received (Karande *et al.*, 2007). Therefore, there is a significant relationship between (dis)confirmation and customer satisfaction.

However, disconfirmation theory not only posits the impact of disconfirmation of expectations on satisfaction, but also proposes a direct effect of expectations and perceived performance on satisfaction. Customers' previous expectations may predispose them toward a specific response, so that they assess the service recovery assimilating their satisfaction level to their expectations level to avoid the dissonance that would arise if these levels were different (Szymanski and Henard, 2001). Thus, previous expectations, i.e. whatever customers believe they should receive as a compensation and however they think they should be treated during the process of recovery from a service failure situation (McColl-Kennedy and Sparks, 2003), may affect satisfaction not only through disconfirmation of expectations but also directly and positively (Burton *et al.*, 2003)

On the other hand, several authors state that it is perceived performance (i.e. the outcome of the product or the service) that satisfies customers needs (Swan, 1988) and, hence, that customers will be satisfied if the service is able to provide what they need, or will want increases in proportion to the costs incurred (Johnson, 1998). In line with several studies that defend the direct effect of perceived performance on satisfaction (Burton *et al.*, 2003; Hess *et al.*, 2003; Oliver and DeSarbo, 1988), it can be expected that perceived performance of complaint handling will have a positive and direct impact on customer satisfaction with this complaint handling. Thus,

- H1. (a) Perceived performance of complaint handling, (b) service recovery expectations and (c) disconfirmation of expectations have a positive impact on customer satisfaction with complaint handling.

Perceived justice and satisfaction with complaint handling

Although disconfirmation of expectations is the most popular theory when studying customer satisfaction in the service recovery context, perceived justice has been gaining prominence. In the recent marketing literature, within the service recovery area, perceived justice is recognized as a key influence in the formation of customers' evaluative judgments on organizational responses to a service failure (Ambrose *et al.*, 2007; Blodgett *et al.*, 1997; Schoefer and Ennew, 2005; Tax *et al.*, 1998).

According to these studies, customers assess the level of justice of the service recovery (Smith *et al.*, 1999; Tax *et al.*, 1998) and this perception of justice influences their satisfaction (Maxham and Netemeyer, 2002a; Oliver and DeSarbo, 1988). It can be accepted that customers' complaints arise from a perceived unfairness, i.e. from an imbalance in the customer-provider relationship, which causes customers to expect a recovery from the provider that compensates this imbalance (Chebat and Slusarczyk, 2005). Afterwards, customers make judgments about the degree to which the recovery process was fair and these judgments then influence their satisfaction (Schoefer and Ennew, 2005).

Still, perceived justice is a very broad concept and can be broken down into independent dimensions (Patterson *et al.*, 2006). Traditionally, in the service recovery literature, this concept has been considered three-dimensional; however, Colquitt (2001) compares different models of perceived justice and finds that a four dimensions model is significantly better than the three-dimensional model. Thus, perceived justice comprises procedural justice, informational justice, interactional justice and distributive justice (Ambrose *et al.*, 2007; Mattila, 2006; Mattila and Cranage, 2005).

Consequently, it is necessary to analyse the relative effects of the different dimensions of justice on satisfaction in a service failure and recovery context, as a specific recovery strategy may have an important impact on satisfaction (Maxham and Netemeyer, 2002a).

Distributive justice refers to the customer's perception of the equity of the resources allocation and the tangible outcome of the service encounter, whatever the company offered the customer to recover from the service failure (Blodgett *et al.*, 1997; Homburg and Fürst, 2005). Procedural justice is the customer's perception of the equity of the policies and procedures adopted by the company in the recovery process that led to the obtained outcome (Blodgett *et al.*, 1997; Maxham and Netemeyer, 2002a). The dimensions of distributive and procedural justice focus on structural factors and ignore social factors that also influence the perception of justice (Hocutt *et al.*, 2006).

Interactional justice is related to the customer's perception of the equity of the personal treatment received from the company's employees in terms of respect, honesty, education and dignity (Maxham and Netemeyer, 2002a; Smith *et al.*, 1999). Informational justice refers to the adequacy and truthfulness of information explaining the causes of a negative event (Colquitt, 2001), i.e. this justice dimension focuses on the equity of the explanations and justifications offered about decisions, about the reason behind things (Ambrose *et al.*, 2007).

Generally, only the first three dimensions of justice (distributive, procedural and interactional) are investigated. In fact, there are only a few recent studies of service failure and recovery that analyse the impact of perceived justice and include informational justice as an independent variable (Mattila, 2006; Mattila and Cranage, 2005).

Taking into account the above arguments, it can be expected that the dimensions of justice in the service recovery will be fundamental antecedents of customer satisfaction in a service failure context. Thus,

- H2. (a) Distributive justice, (b) interactional justice, (c) procedural justice and (d) informational justice in service recovery have a positive impact on customer satisfaction with complaint handling.

Emotions and satisfaction with complaint handling

Regarding the role emotions play in customer evaluations, there is evidence that shows that customer satisfaction is influenced by both cognitive and affective components (Homburg *et al.*, 2006; Liljander and Strandvik, 1997; Westbrook and Oliver, 1991). In fact, lately there has been growing interest in studying the affective nature of satisfaction (Smith and Bolton, 2002; Zeelenberg and Pieters, 2004).

Emotions experienced by individuals may leave affective traces in their memory associated with their experience with the service, and these individuals may access them when judging their satisfaction level (MacInnis and de Mello, 2005). As emotions predict satisfaction, the positive and negative emotions experienced by customers after complaint handling will influence their level of satisfaction with the service (Liljander and Strandvik, 1997; Mano and Oliver, 1993; Szymanski and Henard, 2001; Westbrook and Oliver, 1991). Consumer behavior literature defends a valence-congruent relationship between emotions and satisfaction (Dubé and Menon, 2000), i.e. more intense negative emotions boost dissatisfaction and more intense positive emotions reduce dissatisfaction. Thus,

- H3. The intensity of positive emotions experienced after complaint handling has a positive impact on customer satisfaction with complaint handling.
- H4. The intensity of negative emotions experienced after complaint handling has a negative impact on customer satisfaction with complaint handling.

Cognitive appraisal theories of emotions maintain that emotions depend on the outcome of the cognitive assessment carried out (Casado-Díaz *et al.*, 2007), i.e. emotions are affective reactions with a specific valence to one's perception of the situation (Richins, 1997). Therefore, emotions are the result of an event; however, it is how the individual assesses this event that generates the emotion, not the event itself (Schoefer and Ennew, 2005). Thus, different individuals may assess differently the same set of circumstances, which may give rise to different emotions; however, similar assessments frequently prompt similar emotions (Bougie *et al.*, 2003; Schoefer and Ennew, 2005). Hence, the main factor in the formation of an emotion is the cognitive assessment of the situation (Zeelenberg and Pieters, 2004).

Therefore, we believe that the different cognitive assessments carried out by customers after the complaint handling (disconfirmation of expectations, perceived performance and perceived justice) affect their emotions. Thus, if customers perceive that the service recovery is not enough, they may experience more intense negative emotions than after the service failure, whereas if they consider the service recovery adequate, they may feel positive emotions (Maxham, 2001; McColl-Kennedy and Sparks, 2003). Moreover, as we have seen before, these cognitive assessments and these emotions can influence customer satisfaction. Hence, several authors affirm that

emotions can mediate the relationship between customers' cognitive evaluations and their satisfaction levels (Dubé and Menon, 2000; Martínez Caro and Martínez García, 2007; Westbrook, 1987). Specifically, some studies (Casado-Díaz *et al.*, 2007; Oliver, 1993; Schoefer and Ennew, 2005; Wirtz and Bateson, 1999) suggest that the impact of perceived performance, disconfirmation of expectations and perceived justice on satisfaction is mediated by emotions. Thus,

- H5.* The intensity of positive emotions mediates the effect on customer satisfaction with complaint handling of (a) perceived performance of complaint handling and (b) disconfirmation of expectations of complaint handling.
- H6.* The intensity of negative emotions mediates the effect on customer satisfaction with complaint handling of (a) perceived performance of complaint handling and (b) disconfirmation of expectations of complaint handling.
- H7.* The intensity of positive emotions mediates the effect on customer satisfaction with complaint handling of (a) distributive justice, (b) interactional justice, (c) procedural justice and (d) informational justice in service recovery
- H8.* The intensity of negative emotions mediates the effect on customer satisfaction with complaint handling of (a) distributive justice, (b) interactional justice, (c) procedural justice and (d) informational justice in service recovery.

Methodology

Sample and data collection

The population studied consisted of users of financial services who had experienced a service failure over the previous six months. Data were collected through personal interviews using a structured survey, in line with several recent investigations that recommend the use of real service failure situations (Harris *et al.*, 2006).

Data were collected in Spain during the months of March and April of 2007. The final sample consists of 673 subjects who had experienced failures in the service delivery in the six-month time frame and had afterwards complained (296 customers did not receive any service recovery and 377 customers received some kind of service recovery). Several interviewers were recruited and informed on how to appropriately gather the required information. Interviewers had to question financial services customers who had experienced a service failure, whilst taking the following restrictions into account:

- they could not interview more than one individual from the same family unit;
- interviewees could not work for a financial entity; and
- age quotas had to be observed.

Pre-tests of the initial questionnaire were carried out with 174 financial services users who had experienced a service failure. The preliminary questionnaire was also

submitted to marketing academics (specialized in market research and service marketing) and bank managers for an in-depth analysis of its content.

Measurement of variables

The constructs considered in this study were measured using Likert scales, adapted from previous investigations into the specifics of financial services (see Table I). In accordance with previous studies which state that the magnitude of the failure (Michel, 2004; Smith *et al.*, 1999) influences service evaluations, this variable is included as a control variable. Finally, to calculate the descriptive statistics relating to the latent constructs, they were replaced by the average value of their items (see Table II).

Before assessing the validity and reliability of the scales it is convenient to analyse their nature: reflective or formative (Jarvis *et al.*, 2003). Most of the scales employed are reflective (the items are mainly consequences – not antecedents – of the construct measured). The scale closest to a formative nature is that of emotions. However, the emotions selected for each of the two scales (positive and negative emotions) are closely related to each other and all of them can arise as a consequence of an underlying positive or negative state of mind. Thus, the correlation among them may be expected to be high. Treating them as reflective scales we try to measure this underlying state of mind common to all the items of each scale.

Two measurement models were subjected to confirmatory factor analysis using EQS in order to confirm the constructs' reliability and validity, as we only have the dimensions of perceived justice in those cases where the service provider offered some kind of recovery. Although theoretically the measure of justice in a non-recovery situation may be considered, the measurement of the constructs using scales validated by previous studies showed problems in the pre-test stage. On the one hand, a lot of the interviewees felt unable to answer it in an operative way, as the justice scales developed for the recovery context are closely related to the recovery strategies implemented. For example, in the item of procedural justice "Despite the hassle caused by the problem, the bank responded fairly and quickly" they commented on the impossibility of answering it if nothing had been done. On the other hand, those who answered the items gave uniformly low scores in all of them. This poses the question of whether the effort to measure justice when there has been no recovery may be rather forced for the interviewees, and the results artificial to some extent. To sum up, during the pre-test, the interviewees' comments showed that when the service provider did not offer any type of recovery, the justice dimensions, measured with positive items, did not apply. Responses in a service recovery context refer to specific recovery tactics (apology, problem fixing, compensation) and satisfaction with the service recovery arises when these outcomes are perceived to be fair (Kau and Loh, 2006). Therefore, we considered that when the service provider does not offer any response to the service failure, perceived justice is not applicable.

In the model estimated for the subsample of customers who had received a response from the service provider (Satorra-Bentler $\chi^2(724) = 1217.7245$ $p < 0.001$; Comparative Fit Index (CFI) = 0.971; Bollen's Incremental Fit Index (IFI) = 0.971; Standardized Root Mean Square Residual (SRMR) = 0.039), the square value of some correlations exceeds the AVE of the variables; thus, discriminant validity was not supported, i.e. the factors are not different enough. However, incorporating both scales' items into a single first-order factor does not allow the differences between both

Constructs	Standard loading (λ) [*]
Indicate your level of agreement with the following statements (Likert: 1 = total disagreement, 7 = total agreement)	
<i>1. Recovery expectations (AVE = 0.825; CR = 0.934; α = 0.942)</i>	
Similar items can be found in: Maxham and Netemeyer (2002b)	
I had high expectations that the Bank would fix the problem	0.861
I expected the Bank to do whatever it takes to guarantee my satisfaction	0.948
I believed the Bank would quickly and efficiently solve the problem	0.913
<i>2. Satisfaction with complaint handling (AVE = 0.887; CR = 0.969; α = 0.969)</i>	
Similar items can be found in: Homburg and Fürst (2005); Maxham and Netemeyer (2002a)	
I am satisfied with the way the Bank handled my complaining	0.940
I had a positive experience when complaining to this Bank	0.908
I am very satisfied with the complaint handling of the Bank	0.966
In my opinion, the Bank has provided me with a satisfactory answer to the problem, in this specific occasion	0.953
<i>3. Perceived justice in service recovery**</i>	
Similar items can be found in: Ambrose <i>et al.</i> (2007); Blodgett <i>et al.</i> (1997); Colquitt (2001); Homburg and Fürst (2005); Mattila and Cranage (2005); Maxham and Netemeyer (2002a)	
<i>3a. Distributive justice JD (AVE = 0.727; CR = 0.937; α = 0.913)</i>	
The final compensation I received from the Bank was fair, given the time and hassle	0.860
Although the event caused me problems, the effort to fix it resulted in a positive outcome for me	0.796
Given the inconvenience caused by the problem, the compensation I received was adequate	0.921
The final compensation that I received from the Bank in response to the problem was more than fair	0.828
<i>3b. Procedural justice (AVE = 0.784; CR = 0.968; α = 0.948)</i>	
Despite the hassle caused by the problem, the Bank responded fairly and quickly	0.924
I feel the Bank responded in a timely fashion to my problem	0.902
I believe the Bank has fair policies and practices to handle problems	0.828
I believe the Bank's complaint handling procedure was adequate	0.921
The Bank personnel showed enough authority and skill to solve the problem	0.849
<i>3c. Informational justice (AVE = 0.753; CR = 0.940; α = 0.928)</i>	
I believe the Bank's explanations regarding the causes behind the problem were reasonable	0.821
The Bank communicated the details of the service recovery thoroughly and in a timely manner	0.916
The Bank tailored to my specific needs its communication regarding the service recovery	0.846
The Bank was candid in its communication of the information offered to justify and solve my problem	0.886
<i>3d. Interactional justice (AVE = 0.687; CR = 0.928; α = 0.935).</i>	
The Bank employees seemed to be very interested in my problem	0.776
The Bank employees understood exactly my problem	0.811
The Bank employees treated me in a courteous and kind manner	0.828
The Bank employees did all they could to solve my problem	0.912
Overall, the employees' behavior during service recovery was adequate	0.925
	(continued)

Table I.
Measurement scales used
and properties

Constructs	Standard loading (λ)*
<i>3e. Procedural and informational justice (AVE = 0.914 CR = 0.955; α = 0.962)</i>	
Informational justice	0.951
Procedural justice	0.961
<i>4. Emotions experienced after complaint handling</i>	
Similar items can be found in: Laros and Steenkamp (2005); Liljander and Strandvik (1997); Plutchik (1980); Smith and Bolton (2002); White and Yu (2005)	
Think about the way you felt with regards to the Bank's complaint handling. Indicate the extent to which you have experienced the following emotions (Likert: 1 = not at all, 7 = very much)	
<i>4a. Positive emotions (AVE = 0.872; CR = 0.988; α = 0.958)</i>	
Pleased	0.956
Delighted	0.958
Happy	0.940
Relieved	0.878
<i>4b. Negative emotions (AVE = 0.827; CR = 0.960; α = 0.950)</i>	
Angry	0.912
Offended	0.885
Disappointed	0.913
Discontent	0.927
<i>5. Disconfirmation in complaint handling (AVE = 0.887; CR = 0.940; α = 0.940)</i>	
Similar items can be found in: Hess <i>et al.</i> (2003)	
In your opinion the Bank's response to your complaint was (1-7)	
Worse than I anticipated – Better than I anticipated	0.932
Worse than I expected – Better than I expected	0.952
<i>6. Perceived performance of complaint handling (AVE = 0.891; CR = 0.961; α = 0.958)</i>	
Similar items can be found in: Hess <i>et al.</i> (2003)	
What is your opinion of the Bank's response to your complaint? It was (1-7)	
Extremely bad – Extremely good	0.939
Poor – Excellent	0.957
Inadequate – Adequate	0.936
<i>7. Magnitude of the failure (AVE = 0.797; CR = 0.922; α = 0.918)</i>	
Similar items can be found in: Maxham and Netemeyer (2002b)	
In your opinion the service failure was (1-7)	
A minor – major problem	0.937
A little – big inconvenience	0.885
A mild – serious failure	0.854
<i>Measurement model: S-B χ^2 (209) = 445.3107 (p < 0.001); CFI = 0.988; IFI = 0.988; SRMR = 0.023</i>	

Notes: * All standardized loadings are significant ($p < 0.01$); ** Data on perceived justice were obtained from the subsample of customers who received a recovery (S-B χ^2 (732) = 1211.9154 ($p < 0.001$); CFI = 0.970; IFI = 0.970; SRMR = 0.041)

Table I.

concepts to be captured and generates correlations between the residuals of the items. Faced with this problem, we followed Gerbing and Anderson's (1984) suggestion and a new model with the latent dimensions of procedural and informational justice combined in a second-order factor was estimated. As Greenberg (1993) states,

	Full sample			Subsample of customers that did not receive any service recovery			Subsample of customers that received some type of service recovery				
	Obs	Mean	Std. dev	Obs	Mean	Std. dev	Obs	Mean	Std. dev	Min	Max
Failure magnitude	673	4.62	1.61	296	4.93	1.46	377	4.38	1.67	1	7
Expectations	673	5.18	1.51	296	4.72	1.63	377	5.55	1.29	1	7
Performance	673	3.37	1.74	296	2.19	1.14	377	4.29	1.57	1	7
Disconfirmation	673	3.31	1.56	296	2.35	1.14	377	4.06	1.43	1	7
Positive emotions	673	2.80	1.69	296	1.67	0.84	377	3.69	1.66	1	7
Negative emotions	673	4.09	1.87	296	5.04	1.48	377	3.34	1.81	1	7
Satisfaction	673	3.12	1.85	296	1.77	0.88	377	4.18	1.72	1	7
Distributive justice							377	3.55	1.60	1	7
Interactional justice							377	4.65	1.52	1	7
Procedural justice							377	4.13	1.66	1	7
Informational justice							377	4.04	1.69	1	7
Procedural-informational just.							377	4.09	1.61	1	7

Table II.
Descriptive statistics

explanations (a fundamental component of informative justice) should be considered an interpersonal facet of procedural justice, as they provide relevant information to assess the service recovery procedure. Patterson *et al.* (2006) affirm that keeping customers informed of what is going on influenced their assessment of procedural justice. Therefore, a special link between procedural and informational justice that would not exist between other types of justice or other constructs in the model can be expected. The goodness of fit indices for this second order factor reach an acceptable value ($S-B\chi^2(36) = 68.3574$ $p < 0.001$; CFI = 0.987; IFI = 0.988; SRMR = 0.021).

The overall fit indices are indicative of a good fit of this model to the data (see Table I). Regarding reliability, all constructs manifest a composite reliability (CR) and average variance extracted (AVE) greater than the recommended threshold values of 0.6 and 0.5, respectively. With respect to validity, convergent validity is supported as all lambda parameters are significant and greater than 0.5. Discriminant validity is supported as correlations among all the variables show confidence intervals that do not include the unity value and their squared value does not exceed the AVE (see Table III).

Results

Statistical analysis

Structural equation modelling (using EQS) was employed to test the hypothesized relationships in the two subsamples. Following the pattern of previous studies (Hibbard *et al.*, 2001), we decided to simplify the model using single indicators. Thus, we replaced the constructs by the average score of the indicators, grouping them in a single measure. On the other hand, in line with the model analysed by Szymanski and Henard (2001), several relationships among the predictor variables were incorporated into the model. Therefore, in line with previous investigations (Burton *et al.*, 2003; Phillips and Baumgartner, 2002; Szymanski and Henard, 2001), expectations may have a direct effect on performance, expectations and performance may have a direct effect on disconfirmation of expectations, and performance may have a direct effect on perceived justice.

To examine the mediating effect of emotions posited in hypotheses *H5* to *H8*, an adapted version of Baron and Kenny's (1986) procedure for mediation testing was used (see Maxham and Netemeyer, 2002a). For mediation to be supported, the following conditions must be fulfilled:

- the independent variables (disconfirmation, perceived performance, distributive justice, interactional justice and procedural and informational justice) must affect the mediating variable (emotions);
- the mediating variable must affect the dependent variable (satisfaction); and
- the independent variables must affect the dependent variable when the mediating variable is excluded from the model.

To support full mediation, the effects of the independent variables on the dependent variable must become non-significant when all the paths are included in the model. To support partial mediation, the effects of the independent variables on the dependent variable must be diminished when all the paths are included in the model.

Thus, in order to test the hypothesis we took several steps. First, we estimated fully mediated models for the recovery and non-recovery subsamples: models where the independent variables affect the mediator variable and the latter affects the dependent

	Expect.	Satisf.	Dist. just.	Int. just.	Proc-inf. just.	Pos. emot.	Neg. emot.	Disconf.	Perfor.	Fail. magn.
Expectations										
Satisfaction	0.082	0.887								
Distributive justice	0.062	0.576	0.727							
Interactional justice	0.092	0.626	0.419	0.687						
Procedural-informational justice	0.105	0.814	0.587	0.646	0.920					
Positive emotions	0.060	0.731	0.444	0.472	0.536	0.872				
Negative emotions	0.006	0.456	0.228	0.235	0.296	0.506	0.827			
Disconfirmation	0.009	0.691	0.376	0.410	0.531	0.593	0.416	0.887		
Performance	0.052	0.741	0.496	0.560	0.676	0.697	0.416	0.645	0.891	
Failure magnitude	0.022	0.080	0.030	0.039	0.060	0.087	0.154	0.122	0.108	0.797

Notes: Data on perceived justice and correlations with the same were obtained from the subsample of customers who received a recovery

Table III.
Discriminant validity:
AVE and correlations
squared among variables

variable (fit indices for the non-recovery subsample [S-B χ^2 (5) = 40.5861 $p < 0.001$; CFI = 0.891; IFI = 0.896; SRMR = 0.063] and for the recovery sample [S-B χ^2 (14) = 260.9863 $p < 0.001$; CFI = 0.885; IFI = 0.889; SRMR = 0.082]). Second, we estimated non-mediated models for both subsamples: models where the independent variables affect the dependent variable, but the mediator variable does not influence the latter (fit indices for the non-recovery subsample [S-B χ^2 (4) = 40.3725 $p < 0.001$; CFI = 0.889; IFI = 0.894; SRMR = 0.055] and for the recovery sample [S-B χ^2 (10) = 64.1138 $p < 0.001$; CFI = 0.976; IFI = 0.976; SRMR = 0.040]). Third, we estimated partially mediated models for both subsamples: models where all the paths are included (fit indices for the non-recovery subsample [S-B χ^2 (2) = 4.3788 $p < 0.001$; CFI = 0.993; IFI = 0.993; SRMR = 0.016] and for the recovery sample [S-B χ^2 (8) = 48.3633 $p < 0.001$; CFI = 0.982; IFI = 0.982; SRMR = 0.038]). Subsequently, we carried out both a χ^2 difference test of the fully mediated models and the partially mediated models and a χ^2 difference test of the non-mediated models and the partially mediated models to examine whether the partially mediated models were significantly better. Results show that the partially mediated models are significantly superior to the other models in both subsamples (χ^2 difference tests $p < 0.001$). Finally, we examined the significance of the causal relationships and assessed whether or not the hypotheses are supported. Table IV displays the causal parameters and fit indices of the non-mediated model and the partially mediated model. Figure 1 summarizes the results.

Testing of hypotheses: results

The results for the different subsamples appear in Table IV and Figure 1. Most of the proposed relationships are supported in both the recovery and the non-recovery subsamples. The results of the non-mediated models support the positive impact of perceived performance and disconfirmation of expectations on satisfaction with complaint handling for both subsamples, hence supporting *H1a* and *H1c*. These results also demonstrate that, for the recovery sample, all dimensions of perceived justice significantly enhance customer satisfaction, thus supporting *H2*. Therefore, regarding the mediation effects, all cognitive assessments satisfy the third condition (c). However, in both subsamples *H1b* is not supported, which suggests that recovery expectations may not influence satisfaction with complaint handling.

On the other hand, the results of the partially mediated models demonstrate that *H3* is supported in both subsamples: customers who experience more intense positive emotions are more likely to experience satisfaction. However, *H4* is supported in the non-recovery subsample but not in the recovery subsample. Thus, these results show that, in the non-recovery subsample, customers who experience more intense negative emotions experience less satisfaction, whereas in the recovery subsample, satisfaction does not depend on the customer's negative emotions. Regarding the mediation effects, these findings show that positive emotions satisfy second condition (b) for both subsamples, whereas negative emotions only satisfy this condition for the non-recovery subsample.

Regarding the hypotheses positing the mediation effect of emotions, the results show that the effect of procedural and informational justice on satisfaction is direct and is not mediated by emotions, as this justice dimension does not influence the different emotions experienced by the customer after complaint handling. Thus, the findings do

Hypothesized paths	Non-recovery subsample		Recovery subsample	
	Non-mediated model	Partially mediated model	Non-mediated model	Partially mediated model
<i>H1a</i> : Performance → Satisf.	0.254*	0.126*	0.220*	0.154*
<i>H1b</i> : Expectations → Satisf.	0.105	0.090	0.038	0.031
<i>H1c</i> : Disconfirmation → Satisf.	0.423*	0.335*	0.225*	0.187*
<i>H2a</i> : Distributive J. → Satisf.	–	–	0.128*	0.107*
<i>H2b</i> : Interactional J. → Satisf.	–	–	0.118*	0.100*
<i>H2cd</i> : Proc/Inform. J. → Satisf.	–	–	0.343*	0.334*
<i>H3</i> : Positive em. → Satisf.	–	0.278*	–	0.148*
<i>H4</i> : Negative em. → Satisf.	–	–0.154*	–	–0.025
Performance → Positive em.	0.389*	0.389*	0.410*	0.410*
Disconfirmat. → Positive em.	0.179*	0.179*	0.214*	0.214*
Distributive J. → Positive em.	–	–	0.135*	0.135*
Interactional J. → Positive em.	–	–	0.123*	0.123*
Proc/Inform. J. → Positive em.	–	–	0.052	0.052
Performance → Negative em.	–0.137*	–0.137*	–0.213*	–0.213*
Disconfirmat. → Negative em.	–0.234*	–0.234*	–0.196*	–0.196*
Distributive J. → Negative em.	–	–	–0.053	–0.054
Interactional J. → Negative em.	–	–	–0.025	–0.025
Proc/Inform. J. → Negative em.	–	–	–0.133	–0.134
Magnitude → Satisf.	–0.065	0.015	0.013	0.016
Magnitude → Positive em.	–0.105	–0.105	0.016	0.016
Magnitude → Negative em.	0.302*	0.302*	0.149*	0.149*
Magnitude → Performance	–0.262*	–0.262*	–0.297*	–0.297*
Magnitude → Expectations	0.336*	0.336*	0.070	0.070
Magnitude → Disconfirmation	–0.210*	–0.210*	–0.026	–0.026
Magnitude → Distributive J.	–	–	0.028	0.028
Magnitude → Interactional J.	–	–	0.024	0.024
Magnitude → Proc/Inform. J.	–	–	0.005	0.005
Performance → Disconfirmat.	0.397*	0.397*	0.752*	0.752*
Expectations → Disconfirmat.	–0.145*	–0.145*	–0.072*	–0.072*
Expectations → Performance	0.020	0.020	0.244*	0.244*
Performance → Distributive J.	–	–	0.685*	0.685*
Performance → Interactional J.	–	–	0.713*	0.713*
Performance → Proc./Inform. J.	–	–	0.787*	0.787*
S-B χ^2 (df)	440.3725 (4)	4.3788 (2)	64.1138 (10)	48.3633 (8)
CFI	0.889	0.993	0.976	0.982
IFI	0.894	0.993	0.976	0.982
SRMR	0.055	0.016	0.040	0.038

Notes: Standardized parameters are shown. An empty cell means that the non-standardized parameter is fixed to zero (* $p < 0.01$)

Table IV.
Parameter estimates

not support *H7c*, *H7d*, *H8c* and *H8d*. However, the impact of interactional justice and distributive justice is partially mediated[1] by positive emotions, hence supporting *H7a* and *H7b*. Negative emotions do not mediate the latter relationships as they do not satisfy the second condition of mediation, therefore *H8a* and *H8b* are not supported. Finally, regarding perceived performance and disconfirmation of expectations, both positive and negative emotions partially mediate the relationship between these

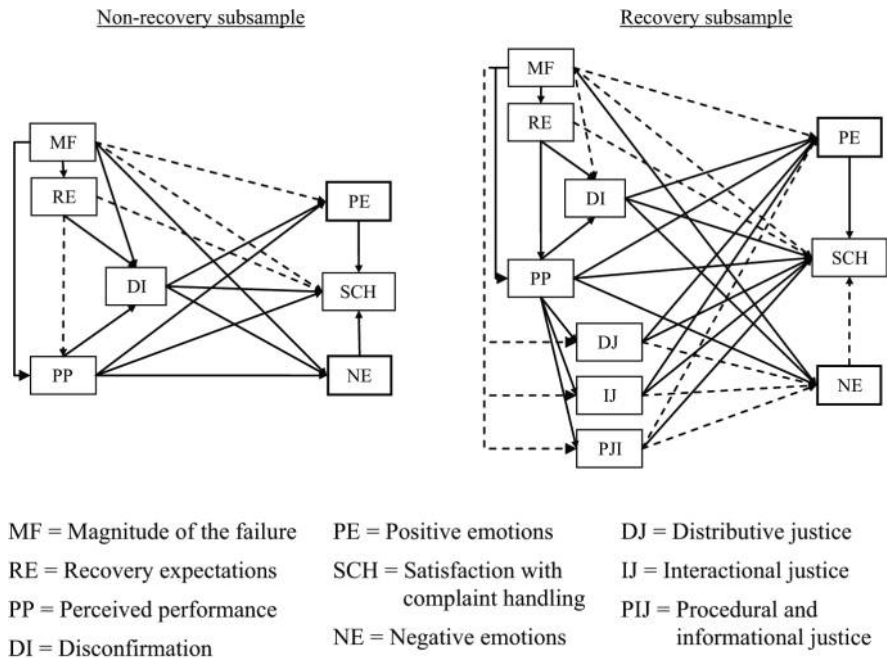


Figure 1.
Results summary

Note: → significant path; -> non-significant path

constructs and satisfaction in the non-recovery sample. However, in the recovery sample, as negative emotions do not satisfy the second condition of mediation, positive emotions are the only mediators. Therefore, *H5* is supported in both samples whereas *H6* is only supported in the non-recovery sample.

On the other hand, the control variable, magnitude of the failure, does not significantly reduce satisfaction with complaint handling, positive emotions or all dimensions of perceived justice. However, in both subsamples, this construct has a significant influence on perceived performance and negative emotions. Lastly, the results show that the magnitude of the failure affects recovery expectations and disconfirmation only in the non-recovery sample, whereas in the recovery samples these effects are non-significant.

Finally, with regard to the relationships between predictors, recovery expectations and perceived performance have a significant impact on disconfirmation of expectations in both subsamples. Perceived performance also has an impact on all dimensions of perceived justice. However, recovery expectations affect perceived performance only in the recovery sample, whereas in the non-recovery sample this effect is non-significant.

Discussion

Despite service organizations' repeated efforts to deliver satisfactory experiences, free from mistakes, this goal is difficult to achieve. The intangibility of services, their simultaneous production and consumption, and high levels of human involvement,

make occasional mistakes unavoidable. However, the majority of the problems can be solved by the company. Defensive marketing strategies that focus on customer retention through adequate complaint handling and the implementation of service recovery will no doubt help maintain long term customer relationships.

This study has examined the cognitive and affective antecedents of financial customers' satisfaction with complaint handling. Due to the problems of operative measurement of the dimensions of justice perceived by those customers who did not receive a recovery, two different models, one for the subsample of customers without recovery and one for the subsample of customers who received a recovery, were proposed. In the recovery model, the different dimensions of justice are considered relevant variables, whereas in the non-recovery model, these variables were not included to avoid forcing the interviewees to respond when they considered that the response was not applicable.

Therefore, although emotions experienced after complaint handling have been underrepresented in the service recovery literature, our investigation shows that satisfaction with complaint handling is influenced by positive emotions in both subsamples, whereas differences regarding the effect of negative emotions have been found. Negative emotions influence satisfaction in the non-recovery model and not in the recovery model. Therefore, when the company does not carry out any recovery strategy, negative emotions do not mediate the effect of any of the cognitive assessments on customer satisfaction. This result contradicts the results previously obtained by Schoefer and Ennew (2005); however, this result may be justified through different explanations. On the one hand, it may be due to the fact that customers place a greater value on emotional elements when the service provider does not carry out any recovery strategy, whereas after receiving some type of recovery, their assessment seems more related to cognitive elements. On the other hand, it may be due to the fact that negative emotions seem more related to the service failure, as magnitude of the failure has a direct effect on them but not on positive emotions. Thus, after a service recovery process, it seems that the customer's subsequent attitude depends mainly on aspects related to the service provider's recovery, aspects of the failure itself becoming less relevant (Hoffman *et al.*, 1995; Kelley *et al.*, 1993).

On the other hand, in the recovery model, the justice dimensions significantly influence satisfaction. Therefore, we can conclude that customers form judgments about the degree to which the different aspects of the recovery process – the outcome, the treatment received and the procedures and the information offered – were fair and these judgments have a positive impact on their satisfaction. Considering all justice dimensions together, the procedural and informational justice combination is the most important or the one with the greatest direct effect on customer satisfaction with complaint handling. To support this comment, we estimated three different partial mediation models, each one of them with a different equality constraint. These three models were then compared to the unconstrained original model in which the paths were estimated freely. The first model constrained to equality the relationship between interactional justice and satisfaction, and the relationship between distributive justice and satisfaction. The results show that the χ^2 statistic of the unconstrained model does not differ from that of this constrained model ($\chi^2_{\text{diff}} = 0.000$; $p = 1.000$). The second model constrained to equality the relationship between distributive justice and satisfaction, and the relationship between procedural and informational justice and

satisfaction. In this case, the results show that the χ^2 statistic of the unconstrained model differs from that of this constrained model ($\chi^2_{\text{diff}} = 12.257; p = 0.001$). The third model constrained to equality the relationship between interactional justice and satisfaction, and the relationship between procedural and informational justice and satisfaction. The results show that the χ^2 statistic of the unconstrained model differs from that of this constrained model ($\chi^2_{\text{diff}} = 11.530; p = 0.001$). Thus, we must conclude that the combination of procedural justice (the perceived equity of the policies and procedures adopted by the company in the recovery effort) and informational justice (equity of the explanations, information and justifications offered to explain the reason behind the negative event) is the justice dimension with the greatest direct impact on customer satisfaction with complaint handling. This result is in line with Seiders and Berry (1998), who state that procedural justice is very important in exchanges that include a conflict resolution as it boosts long-term satisfaction. Moreover, these and other authors (McCull-Kennedy and Sparks, 2003) suggest that customers may find it more difficult to evaluate the fairness of the outcomes (distributive justice) in service industries than to evaluate process variables (procedural and informational justice and interactional justice).

Regarding the effect of justice on emotions, we can conclude that some of the justice dimensions influence the customers' positive emotions but not their negative emotions. Again this lack of relationship between justice and negative emotions contradicts Schoefer and Ennew (2005) but it may be explained by the fact that these authors do not incorporate disconfirmation of expectations into their study. Hence, justice, the items of which relate to positive recovery strategies, may have a lower effect than disconfirmation of expectations, which corresponds to a more general assessment of the company's response to the complaint, and therefore annuls the effect of justice on negative emotions.

Regarding the mediating role of positive emotions on the relationship between the justice dimensions and satisfaction, our results show that positive emotions partially mediate the effect of distributive justice and interactional justice on satisfaction, but not the effect of procedural and informational justice.

The distributive justice perceived in the service recovery affects customer satisfaction directly and indirectly. In other words, distributive justice has an impact on the customer's positive emotions, and these positive emotions and distributive justice each have an independent effect on customer satisfaction. Since this justice dimension is related to the resolution of the problem (Patterson *et al.*, 2006) and "emotions arise in response to appraisals one makes for something of relevance to one's wellbeing" (Bagozzi *et al.*, 1999, p. 185), the relationship between distributive justice and positive emotions can be understood. Moreover, this justice dimension assesses the utility of the transactional relationship from a tangible point of view and, consequently, it involves a utilitarian or cognitive view of individuals (Martínez-Tur *et al.*, 2001). Thus, the direct independent effect of distributive justice on satisfaction may be due to the fact that distributive justice helps explain the cognitive component (and not only the affective component) of satisfaction.

The effect of interactional justice on customer satisfaction is partially mediated by the positive emotions experienced. This may be explained by the fact that interactional justice is related to the personal treatment received after the service failure and during the service recovery from the company's employees in terms of respect, honesty,

education and dignity (Bies and Shapiro, 1987; Blodgett *et al.*, 1997). Customers generally consider all these features deliberate and freely chosen by the service provider (Collie *et al.*, 2002). This, and the relation between this justice dimension and personal treatment help explain customers' positive emotions, as they are likely to prompt affective responses from them.

Finally, the effect of procedural and informational justice on customer satisfaction is not mediated by emotions. Although this justice dimension influences a customer's satisfaction, it does not have a significant impact on his/her emotions. This conclusion is in line with Chebat and Slusarczyk (2005), who show that distributive justice and interactional justice affect customers' positive emotions, whereas procedural justice does not significantly affect their positive emotions. Procedural and informational justice would only affect emotions insofar as it is accompanied by adequate treatment of the customer, but this effect is already included in interactional justice; however, it does have a direct and important effect on satisfaction. The assessment of these procedural aspects seems more related to mental processings of a cognitive nature than to processings of an affective nature.

Regarding the effect of the disconfirmation model on satisfaction, the effect of disconfirmation of expectations on satisfaction can be confirmed. Therefore, our results show that disconfirmation of expectations must also be considered in the models explaining satisfaction with complaint handling, as it has an independent effect on the latter, after accounting for the effects of perceived justice. Thus, a positive disconfirmation of expectation with complaint handling boosts customer satisfaction, i.e. when customers perceive that their recovery expectations were exceeded by the company's performance in complaint handling, their level of satisfaction increases. The effect of expectations on both models works through disconfirmation, whereas perceived performance has both a direct and an indirect effect. Customers are more satisfied when their perception of the company's complaint handling performance, i.e. the outcome of their complaint, satisfies their needs and desires. To sum up, when perceived performance increases, customer satisfaction increases, i.e. perceived performance affects satisfaction directly, not only indirectly through disconfirmation of expectations. So, the perceived performance of complaint handling has an impact on customer satisfaction both directly, and indirectly through the emotions experienced. This conclusion is in line with Oliver (1993), who proposes a model where performance has a direct effect and an indirect effect, mediated by emotions, on satisfaction. This author argues that the customer's different experiences with the product or service give rise to affective responses. On the other hand, we can also conclude that the effect of disconfirmation of expectation on satisfaction is partially mediated by the emotions experienced by the customer after complaint handling. This statement is consistent with Wirtz and Bateson (1999), who show that disconfirmation of expectations influences the customer's affect and both variables predict satisfaction.

Finally, magnitude of the failure affects disconfirmation of expectations in both models, however in the non-recovery model it does so both directly and indirectly, whereas in the recovery model it does so only indirectly through performance. This seems in line with the previously presented explanation that, after a service recovery process, aspects related to the service failure lose relevance. Thus, it seems that the magnitude of the failure influences satisfaction, although it does so through the predictor variables.

Managerial implications

Customer satisfaction measurement has been an area of interest for the last two decades. Organizations need to constantly increase customer satisfaction due to its influence on different behaviours with important benefits. These loyalty behaviours include an increase in repurchase intentions, an increase in repetition sales, an increase in cross sales, a decrease in price sensitivity, a decrease in costs, and an increase in positive word of mouth communications. However, failures are unavoidable, especially in service organizations where human involvement is high and production and consumption are simultaneous. Thus, service organizations must learn to treat and solve service failures to reduce the damage they cause to the minimum.

Thus, in a service failure context, to implement an adequate complaint management is crucial to reach higher levels of customer satisfaction. Perceived justice in service recovery, especially procedural and informational justice (accompanied, of course, by distributive justice and interactional justice), is fundamental as it positively impacts satisfaction with complaint handling. As a result of the greater influence of procedural and informational justice on satisfaction with complaint handling, a service organization must train its contact employees to explain the reasons behind the failure and to respond to customer complaints with promptness and skill. Therefore, it must promote a complaint management where contact employees provide logical explanations for the service failure and are empowered and have the authority to act quickly. To have contact employees with the responsibility and authority to make decisions “close to the customer” is the way to ensure that the recovery is quick and adapted to the customer’s needs. Organizations should also pay attention to distributive justice and interactional justice and to establish proper compensation and apology strategies. Solving customers’ problems and treating them politely and courteously boosts their satisfaction with complaint handling. Therefore, contact employees must possess interpersonal as well as technical skills. Thus, a service organization must make a training effort and must strive to design routines to respond to dissatisfaction. Employees have to know what they are doing and why they are doing it in order to provide a higher level of service to the customer. This way, when faced with a problem, the contact employees will know what the adequate solutions are. At the same time, service providers should implement behaviour-based rewards to ensure that the behaviours they wish the employees to develop are rewarded. However, with a view to the future, it shows the importance of selecting employees with empathy and service orientation.

Moreover, due to the important role of disconfirmation of expectations, a service organization must try to always exceed customer recovery expectations. To ensure this is done, not only must the recovery be adequate, but also the service provider must be sure the customer’s expectations match whatever the service provider is prepared to offer. As a consequence, the service provider’s communications, as well as the image offered, must encourage positive but not excessive expectations.

The management of emotions experienced after complaint handling is also relevant, due to their potential to influence satisfaction with complaint handling. As a consequence, service providers should also train employees to deal with their emotions and learn behaviour that incorporates aspects of empathy on the basis of the critical service encounter. Identifying customers’ emotions can enable service organizations to know their perceptions of the recovery and, hence, adapt the service recovery strategies

adequately. If contact employees perceive that customers experience very positive emotions they may consider the service recovery enough; whereas if they have the ability to see that the recovery is boosting customers' negative emotions they may consider improving the service recovery and, thus, increase satisfaction.

In short, the management must assume a leadership oriented towards providing an excellent complete service so that the importance of achieving satisfactory recoveries is passed on to the employees. This could also result in the implementation of standards of satisfaction at an organizational level and the communication of these standards to the employees.

Limitations and future research

Finally, it is necessary to present both the limitations of our empirical results and the opportunities for future research.

On the one hand, the cross-sectional nature of the data; i.e. the study was carried out at a specific moment in time and, as a result, causality can only be inferred from these data. Consequently, it would be necessary to carry out a longitudinal study to reaffirm the causal relationships. Moreover, the measures employed in the study are self-reported, i.e. interviewees respond about their own perceptions. Although this is a very common approach, it may result in common method variance.

Second, another limitation lies in the retrospective nature of the interview procedure. The respondents had to recall a negative service encounter that they had recently experienced and then answer questions concerning their perceptions and emotions. Although this allowed us to collect a large sample of service encounters with real failures, problems associated with memory lapses, rationalization tendencies or consistency factors could have biased the results (Smith *et al.*, 1999). Thus, it would be advisable to employ techniques where information is collected at the time when the event under study is happening. Nevertheless, this study analyses real customer experiences, not simulated behaviours based on hypothetical scenarios. This is an important contribution of the study, although it is clear that it creates a heterogeneity problem regarding the specific circumstances of each service encounter. We believe each methodology has its advantages and disadvantages, and it is interesting to carry out studies using different methodologies, as they allow complementary points of view on a topic.

Third, this study examines only one service context, which was intended to maintain the similarity of failures. Nevertheless, as a consequence, the results may not be generalisable to other services.

Fourth, due to measurement problems, we had to combine procedural justice and informational justice in a second order factor, which is less precise and has a lower diagnostic value than analysing these dimensions independently.

Fifth, as an interaction effect using structural equation modelling would be too complex, no interactions among the predictor variables, such as justice and emotions, have been estimated.

On the other hand, there are several possibilities regarding future research. First, to study the influence of contact employees' characteristics and behaviours on customers' satisfaction with complaint handling and subsequent behaviour. This information would enable organizations to improve the contact employees' selection and training process. Second, to compare the proposed model between complainers and

non-complainers that received proactive recovery strategies from the service organization after the service failure. Third, to analyse whether or not the model differs between traditional and online financial services: Does the perception of the service recovery strategies change? Finally, to study more deeply the recovery strategies and the managers' assessment of them as well as to identify the strategic and managerial antecedents of these strategies and their impact on organizational outcomes.

Note

1. As suggested by Kenny *et al.* (1998), the equation for testing the significance of partial mediation is as follows: $t = (c - c^*) / \sqrt{(b^2 s_a^2 + a^2 s_b^2 - s_a^2 s_b^2)}$; where c = the independent variable coefficient of the model with the effects of the independent variables, c^* = the independent variable coefficients of the model with the effects of the mediator and independent variables, b = the coefficient of the mediator on the dependent variable, a = the coefficient of the independent variable on the mediator, s_a = the standard error of a , and s_b = the standard error of b . All partial mediation effects are significant.

References

- Ambrose, M., Hess, R.L. and Ganesan, S. (2007), "The relationship between justice and attitudes: an examination of justice effects on event and system-related attitudes", *Organizational Behavior and Human Decision Processes*, Vol. 103 No. 1, pp. 21-36.
- Antón, C., Camarero, C. and Carrero, M. (2007), "Analysing firms' failures as determinants of consumer switching intentions. The effect of moderating factors", *European Journal of Marketing*, Vol. 41 Nos 1/2, pp. 135-58.
- Bagozzi, R.P., Gopinath, M. and Nyer, P.U. (1999), "The role of emotions in marketing", *Journal of the Academy of Marketing Science*, Vol. 27 No. 2, pp. 184-206.
- Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-82.
- Bies, R.J. and Shapiro, D. (1987), "Interactional fairness judgments: the influence of causal accounts", *Social Justice Research*, Vol. 1 No. 2, pp. 199-218.
- Bitner, M.J. (1992), "Servicescapes: the impact of physical surroundings on customers and employees", *Journal of Marketing*, Vol. 56 No. 2, pp. 57-71.
- Blodgett, J.G., Hill, D.J. and Tax, S.S. (1997), "The effects of distributive, procedural, and interactional justice on postcomplaint behavior", *Journal of Retailing*, Vol. 73 No. 2, pp. 185-210.
- Bougie, R., Pieters, R. and Zeelenberg, M. (2003), "Angry customers don't come back, they get back: the experience and behavioral implications of anger and dissatisfaction in services", *Journal of the Academy of Marketing Science*, Vol. 31 No. 4, pp. 377-93.
- Burton, S., Sheather, S. and Roberts, J. (2003), "Reality or perception?: the effect of actual and perceived performance on satisfaction and behavioral intention", *Journal of Service Research*, Vol. 5 No. 4, pp. 292-302.
- Casado-Díaz, A.B., Más-Ruiz, F.J. and Kasper, H. (2007), "Explaining satisfaction in double deviation scenarios: the effects of anger and distributive justice", *International Journal of Bank Marketing*, Vol. 25 No. 5, pp. 292-314.

- Chebat, J.C. and Slusarczyk, W. (2005), "How emotions mediate the effects of perceived justice on loyalty in service recovery situations: an empirical study", *Journal of Business Research*, Vol. 58 No. 5, pp. 664-73.
- Collie, T., Bradley, G. and Sparks, B.A. (2002), "Fair process revisited: differential effects of interactional and procedural justice in the presence of social comparison information", *Journal of Experimental Social Psychology*, Vol. 38 No. 6, pp. 545-55.
- Colquitt, J.A. (2001), "On the dimensionality of organizational justice: a construct validation of a measure", *Journal of Applied Psychology*, Vol. 86 No. 3, pp. 386-400.
- Dubé, L. and Menon, K. (2000), "Multiple roles of consumption emotions in post-purchase satisfaction with extended service transactions", *International Journal of Service Industry Management*, Vol. 11 No. 3, pp. 287-304.
- Gerbing, D.W. and Anderson, J.C. (1984), "On the meaning of within-factor correlated measurement errors", *Journal of Consumer Research*, Vol. 11 No. 1, pp. 572-80.
- Greenberg, J. (1993), "The social side of fairness: Interpersonal and informational classes of organizational justice", in Cropanzano, R. (Ed.), *Justice in the Workplace: Approaching Fairness in Human Resource Management*, Erlbaum, Hillsdale, NJ, pp. 79-103.
- Harris, K.E., Grewal, D., Mohr, L.A. and Bernhardt, K.L. (2006), "Consumer responses to service recovery strategies: the moderating role of online versus offline environment", *Journal of Business Research*, Vol. 59 No. 4, pp. 425-31.
- Hess, R.L. Jr., Ganesan, S. and Klein, N.M. (2003), "Service failure and recovery: the impact of relationship factor on customer satisfaction", *Journal of the Academy of Marketing Science*, Vol. 31 No. 2, pp. 127-45.
- Hibbard, J.D., Kumar, N. and Stern, L.W. (2001), "Examining the impact of destructive acts in marketing channel relationships", *Journal of Marketing Research*, Vol. 38 No. 1, pp. 45-61.
- Hocutt, M.A., Bowers, M.R. and Donovan, D.T. (2006), "The art of service recovery: fact or fiction?", *Journal of Services Marketing*, Vol. 20 No. 3, pp. 199-207.
- Hoffman, K.D., Kelley, S.W. and Rotalsky, H.M. (1995), "Tracking service failures and employee recovery efforts", *Journal of Services Marketing*, Vol. 9 No. 2, pp. 49-61.
- Homburg, C., Koschate, N. and Hoyer, W.D. (2006), "The role of cognition and affect in the formation of customer satisfaction: a dynamic perspective", *Journal of Marketing*, Vol. 70 No. 3, pp. 21-31.
- Homburg, C. and Fürst, A. (2005), "How organizational complaint handling drives customer loyalty: an analysis of the mechanistic and the organic approach", *Journal of Marketing*, Vol. 69 No. 3, pp. 95-114.
- Jarvis, C.B., Mackenzie, S.B., Podsakoff, P.M., Mick, D.G. and Bearden, W.O. (2003), "A critical review of constructs indicators and measurement model misspecification in marketing and consumer research", *Journal of Consumer Research*, Vol. 30 No. 2, pp. 199-218.
- Johnson, M.D. (1998), *Customer Orientation and Market Action*, Prentice Hall, Upper Saddle River, NJ.
- Karande, K., Magnini, V.P. and Tam, L. (2007), "Recovery voice and satisfaction after service failure: an experimental investigation of mediating and moderating factors", *Journal of Service Research*, Vol. 10 No. 2, pp. 187-203.
- Kau, A. and Loh, E.W. (2006), "The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants", *Journal of Services Marketing*, Vol. 20 No. 2, pp. 101-11.
- Kelley, S.W., Hoffman, K.D. and Davis, M.A. (1993), "A typology of retail failures and recoveries", *Journal of Retailing*, Vol. 69 No. 4, pp. 429-52.

- Kenny, D.A., Kashy, D.A. and Bolger, N. (1998), "Data analysis in social psychology", in Gilbert, D., Fiske, S.T. and Lindzey, G. (Eds), *Handbook of Social Psychology*, 4th ed., McGraw-Hill, New York, NY, pp. 233-65.
- Laros, F.J.M. and Steenkamp, J.B.E.M. (2005), "Emotions in consumer behavior: a hierarchical approach", *Journal of Business Research*, Vol. 58 No. 10, pp. 1437-45.
- Lees, G., Garland, R. and Wright, M. (2007), "Switching banks: old bank gone but not forgotten", *Journal of Financial Services Marketing*, Vol. 12 No. 2, pp. 146-56.
- Lewis, B.R. and Spyropoulos, S. (2001), "Service failures and recovery in retail banking: the customers' perspective", *International Journal of Bank Marketing*, Vol. 19 No. 1, pp. 37-47.
- Liljander, V. and Strandvik, T. (1997), "Emotions in service satisfaction", *International Journal of Service Industry Management*, Vol. 8 No. 2, pp. 148-69.
- McCull-Kennedy, J.R. and Sparks, B.A. (2003), "Application of fairness theory to service failures and service recovery", *Journal of Service Research*, Vol. 5 No. 3, pp. 251-66.
- MacInnis, D.J. and de Mello, G.E. (2005), "The concept of hope and its relevance to product evaluation and choice", *Journal of Marketing*, Vol. 69 No. 1, pp. 1-14.
- Mano, H. and Oliver, R.L. (1993), "Assessing the dimensionality and structure of the consumption experience: evaluation, feeling, and satisfaction", *Journal of Consumer Research*, Vol. 20 No. 3, pp. 451-66.
- Martínez Caro, L. and Martínez García, J.A. (2007), "Cognitive-affective model of consumer satisfaction. An exploratory study within the framework of a sporting event", *Journal of Business Research*, Vol. 60 No. 2, pp. 108-14.
- Martínez-Tur, V., Peiró, J.M. and Ramos, J. (2001), *Calidad de Servicio y Satisfacción del Cliente*, Síntesis, Madrid.
- Mattila, A.S. (2006), "The power of explanations in mitigating the ill-effects of service failures", *Journal of Services Marketing*, Vol. 20 No. 7, pp. 422-8.
- Mattila, A.S. and Cranage, D. (2005), "The impact of choice on fairness in the context of service recovery", *Journal of Services Marketing*, Vol. 19 No. 5, pp. 271-9.
- Maxham, J.G. III (2001), "Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions", *Journal of Business Research*, Vol. 54 No. 1, pp. 11-24.
- Maxham, J.G. III and Netemeyer, R.G. (2002a), "Modeling customer perceptions of complaint handling over time: the effects of perceived justice on satisfaction and intent", *Journal of Retailing*, Vol. 78 No. 4, pp. 239-52.
- Maxham, J.G. III and Netemeyer, R.G. (2002b), "A longitudinal study of complaining customers' evaluations of multiple service failures and recovery efforts", *Journal of Marketing*, Vol. 66 No. 4, pp. 57-71.
- Menon, K. and Dubé, L. (2000), "Ensuring greater satisfaction by engineering salesperson response to customer emotions", *Journal of Retailing*, Vol. 76 No. 3, pp. 285-307.
- Michel, S. (2004), "Consequences of perceived acceptability of a bank's service failures", *Journal of Financial Services Marketing*, Vol. 8 No. 4, pp. 367-77.
- Oliver, R.L. (1980), "A cognitive model of the antecedents and consequences of satisfaction decision", *Journal of Marketing Research*, Vol. 17 No. 4, pp. 460-9.
- Oliver, R.L. (1993), "Cognitive, affective, and attribute bases of the satisfaction response", *Journal of Consumer Research*, Vol. 20 No. 3, pp. 418-30.

- Oliver, R.L. and DeSarbo, W. (1988), "Response determinants in satisfaction judgments", *Journal of Consumer Research*, Vol. 14 No. 4, pp. 495-507.
- Oliver, R.L. and Swan, J. (1989a), "Consumer perceptions of interpersonal equity and satisfaction in transactions: a field survey approach", *Journal of Marketing*, Vol. 53 No. 2, pp. 21-35.
- Oliver, R.L. and Swan, J. (1989b), "Equity and disconfirmation perceptions as influences on merchant and production satisfaction", *Journal of Consumer Research*, Vol. 16, pp. 372-83.
- Patterson, P.G., Cowley, E. and Prasongsukarn, K. (2006), "Service failure recovery: the moderating impact of individual-level cultural value orientation on perceptions of justice", *International Journal of Research in Marketing*, Vol. 23 No. 3, pp. 263-77.
- Phillips, D.M. and Baumgartner, H. (2002), "The role of consumption emotions in the satisfaction response", *Journal of Consumer Psychology*, Vol. 12 No. 3, pp. 243-52.
- Plutchik, R. (1980), *Emotion: A Psychoevolutionary Synthesis*, Harper & Row, New York, NY.
- Richins, M.L. (1997), "Measuring emotions in the consumption experience", *Journal of Consumer Research*, Vol. 24 No. 2, pp. 127-46.
- Schoefer, K. (2008), "The role of cognition and affect in the formation of customer satisfaction judgements concerning service recovery encounters", *Journal of Consumer Behaviour*, Vol. 7 No. 3, pp. 210-21.
- Schoefer, K. and Ennew, C. (2005), "The impact of perceived justice on consumers' emotional responses to service complaint experiences", *Journal of Services Marketing*, Vol. 19 No. 5, pp. 261-70.
- Seiders, K. and Berry, L.L. (1998), "Service fairness: what it is and why it matters", *Academy of Management Executive*, Vol. 12 No. 2, pp. 8-20.
- Smith, A.K., Bolton, R.N. and Wagner, J. (1999), "A model of customer satisfaction with service encounters involving failure and recovery", *Journal of Marketing Research*, Vol. 36 No. 3, pp. 356-73.
- Smith, A.K. and Bolton, R.N. (2002), "The effect of customers' emotional responses to service failures on their recovery effort evaluations and satisfaction judgments", *Journal of the Academy of Marketing Science*, Vol. 30 No. 1, pp. 5-23.
- Stauss, B. (2002), "The dimensions of complaint satisfaction: process and outcome complaint satisfaction versus cold fact and warm act complaint satisfaction", *Managing Service Quality*, Vol. 12 No. 3, pp. 173-83.
- Swan, J.E. (1988), "Consumer satisfaction related to disconfirmation of expectations and product performance", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 1, pp. 40-7.
- Szymanski, D.M. and Henard, D.H. (2001), "Customer satisfaction: a meta-analysis of the empirical evidence", *Journal of the Academy of Marketing Science*, Vol. 29 No. 1, pp. 16-35.
- Tax, S.S., Brown, S.W. and Chandrashekar, M. (1998), "Customer evaluations of service complaint experiences: implications for relationship marketing", *Journal of Marketing*, Vol. 62 No. 2, pp. 60-76.
- Westbrook, R.A. (1987), "Product/consumption-based affective responses and postpurchase processes", *Journal of Marketing Research*, Vol. 24 No. 3, pp. 258-70.
- Westbrook, R.A. and Oliver, R.L. (1991), "The dimensionality of consumption emotion patterns and consumer satisfaction", *Journal of Consumer Research*, Vol. 18 No. 1, pp. 84-91.
- White, C. and Yu, Y. (2005), "Satisfaction emotions and consumer behavioral intentions", *Journal of Services Marketing*, Vol. 19 No. 6, pp. 411-20.

- Wirtz, J. and Bateson, J.E.G. (1999), "Consumer satisfaction with services: integrating the environment perspective in services marketing into the traditional disconfirmation paradigm", *Journal of Business Research*, Vol. 44 No. 1, pp. 55-66.
- Zeelenberg, M. and Pieters, R. (2004), "Beyond valence in customer dissatisfaction: a review and new findings on behavioral responses to regret and disappointment in failed services", *Journal of Business Research*, Vol. 57 No. 4, pp. 445-55.
- Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1993), "The nature and determinants of customer expectations of service", *Journal of the Academy of Marketing Science*, Vol. 21 No. 1, pp. 1-12.

About the authors

Concepción Varela-Neira is an Assistant Professor of Marketing at the University of Santiago de Compostela (Spain). Her current research interests include customer behaviour and failure and recovery perceptions in the financial service sector. Her recent articles have been published in the *Service Industries Journal* among other journals. Concepción Varela-Neira is the corresponding author and can be contacted at: conchi.varela@usc.es

Rodolfo Vázquez-Casielles is a Professor of Marketing at the University of Oviedo (Spain). His research includes distribution channels, tourism marketing, industrial marketing, service quality, brand equity and relationship marketing. He is the author of several marketing books and he has published in journals such as the *British Food Journal*, *European Journal of Marketing*, *Industrial Marketing Management*, *International Journal of Research in Marketing*, *Journal of Business and Industrial Marketing*, *Journal of Consumer Marketing*, *Journal of Services Marketing*, *Marketing Letters*, *Service Industries Journal* and *Supply Chain Management: An International Journal*.

Victor Iglesias is a Professor of Marketing at the University of Oviedo (Spain). His current research interests include interfirm relationships in marketing channels, consumer behavior in the service sector and consumer information processing. His work has appeared in *Industrial Marketing Management*, the *Journal of Service Research* and the *International Journal of Research in Marketing* among other journals.

This article has been cited by:

1. Ursula Sigrid Bougoure, Rebekah Russell-Bennett, Syed Fazal-E-Hasan, Gary Mortimer. 2016. The impact of service failure on brand credibility. *Journal of Retailing and Consumer Services* **31**, 62-71. [[CrossRef](#)]
2. Sally Chalmers School Of Arts, Social Sciences and Management, Queen Margaret University, Edinburgh, United Kingdom . 2016. Ethical fairness in financial services complaint handling. *International Journal of Bank Marketing* **34**:4, 570-586. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
3. Carmen Padin Department of Applied Economics, University of Vigo, Vigo, Spain Göran Svensson Oslo School of Management, Oslo, Norway Carmen Otero-Neira University of Vigo, Vogo, Spain Nils Høgevoid Oslo School of Management, Oslo, Norway . 2015. New aspects of research to assess and manage critical incidents in service encounters. *International Journal of Contemporary Hospitality Management* **27**:1, 27-51. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
4. Carmen Padin based at Facultad Economía, Departamento Economía Aplicada, Vigo University, Vigo, Spain Goran Svensson based at Oslo School of Management, Oslo, Norway . 2014. Hospitality processes through the lens of teleological actions – framework and illustration. *International Journal of Culture, Tourism and Hospitality Research* **8**:3, 361-371. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
5. Davoud Nikbin, Ishak Ismail, Malliga Marimuthu. 2013. The relationship between informational justice, recovery satisfaction, and loyalty: the moderating role of failure attributions. *Service Business* **7**:3, 419-435. [[CrossRef](#)]
6. Mabel Komunda School of Business, Makerere University, Kampala, Uganda, and Aihie Osarenkhoe Department of Business & Economic Studies, Faculty of Education and Economics, University of Gävle, Gävle, Sweden. 2012. Remedy or cure for service failure?. *Business Process Management Journal* **18**:1, 82-103. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
7. Mário Teixeira Reis Neto Centro universitário una, Belo Horizonte, Brazil Jeislan Carlos de Souza Universidade Fumec, Belo Horizonte, Brazil Gustavo Queiroga Souki Centro universitário una, Belo Horizonte, Brazil. 2011. Identifying variables that predict clients' propensity to end their checking accounts. *International Journal of Bank Marketing* **29**:6, 489-507. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
8. Hua-Hung Weng, Chin-Yu Kao An Application of Contrast Effects on Service Recovery Process; A Preliminary Result in Taiwan 242-246. [[CrossRef](#)]
9. Ana B. Casado Department of Marketing, Faculty of Economics, University of Alicante, Alicante, Spain Juan L. Nicolau Department of Marketing, Faculty of Economics, University of Alicante, Alicante, Spain Francisco J. Mas Department of Marketing, Faculty of Economics, University of Alicante, Alicante, Spain. 2011. The harmful consequences of failed recoveries in the banking industry. *International Journal of Bank Marketing* **29**:1, 32-49. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]