EXPLAINING SATISFACTION IN DOUBLE DEVIATION SCENARIOS: THE EFFECTS OF ANGER AND DISTRIBUTIVE JUSTICE

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ABSTRACT

Research has shown that more than half of attempted recovery efforts only reinforce dissatisfaction, producing a 'double deviation' effect. Surprisingly, these double deviation effects have received little attention in service marketing literature. Yet no study has specifically investigated which are the main determinants of the formation of customer satisfaction judgments in double deviation contexts. To fill this gap, we develop and empirically test a model based on the existing service recovery literature. Specifically, we focus on two theoretical frameworks: social justice theory and theories of emotion. We examine the effect of anger with service recovery on satisfaction with service recovery, as well as the role of distributive justice on the elicitation of the specific emotion of anger with service recovery and satisfaction with service recovery. Results support the model and highlight the important role of specific recovery-related emotions in double deviation contexts. Implications for practice and future research are discussed.

RESUMEN

La investigación previa ha mostrado que más de la mitad de los esfuerzos de recuperación sólo refuerzan la insatisfacción, produciendo un efecto de "desviación doble". Sorprendentemente, estos efectos de desviación doble han recibido muy poca atención en la literatura de marketing de servicios. Hasta la fecha, ningún trabajo ha investigado empíricamente cuáles son los principales determinantes en la formación de los juicios de satisfacción en contextos de desviación doble. Para cubrir este hueco, desarrollamos y analizamos empíricamente un modelo basado en la literatura de recuperación de servicios existente. Específicamente, nos basamos en dos esquemas conceptuales: la teoría de la justicia social y las teorías sobre emociones. Examinamos el efecto del enfado con la recuperación del servicio en la satisfacción con la recuperación del servicio, así como el papel de la justicia distributiva como activador de emociones específicas de enfado y como antecedente de la satisfacción con la recuperación del servicio. Los resultados confirman el modelo propuesto y ponen de manifiesto el importante papel de las emociones específicas relacionadas con la recuperación en contextos de desviación doble. Finalmente, se discuten las implicaciones de gestión y las líneas futuras de investigación.

1.   Introduction

Previous research has found that a successful recovery, the successful actions a service provider takes in response to a service failure (Grönroos 1988), could mean the difference between customer retention and defection. Research has also shown, however, that more than half of attempted recovery efforts only reinforce dissatisfaction (Hart, Heskett, and Sasser 1990). Thus, poor service recoveries exacerbate already low customer evaluations following a failure, producing a 'double deviation' effect (Bitner, Booms, and Tetreault 1990; Hart, Heskett, and Sasser 1990; Johnston and Fern 1999; Mattila 2001b). Bitner, Booms, and Tetreault (1990) define a "double deviation" as a perceived inappropriate and/or inadequate response to failures in the service delivery system (p. 80). In fact, they find that 42.9% dissatisfactory encounters were related to employees' inability or unwillingness to respond to service failure situations (i.e., double deviations). Surprisingly, these double deviation effects have received little attention in service marketing literature. Some exceptions are Johnston and Fern (1999), and Mattila (2001b). In their exploratory study, Johnston and Fern (1999) describe the actions (recovery strategies) needed to satisfy customers experiencing a double deviation scenario. On the other hand, Mattila (2001b) examines the impact of relationship type (true service relationship, pseudorelationship, and service encounter) on customers' behavioral intentions within the context of both successful and failed service recoveries. These works analyze only partially the effects of different variables in double deviation scenarios. Yet no study has specifically investigated which are the main determinants of the formation of customer satisfaction judgments in double deviation contexts.

To fill this gap, we develop and empirically test a model based on the existing service recovery literature. The starting point is the assumption that cognitive and emotional dimensions related to the consumption experience may be complementary in determining satisfaction (Oliver 1997). In the context of service failure and recovery encounters, perceived justice is increasingly identified as a key cognitive antecedent of satisfaction with service recovery (e.g., Blodgett, Hill, and Tax 1997; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekaran 1998). Few works, however, deal with recovery-related emotions. To our knowledge, the only studies which empirically analyze the emotions triggered by the service recovery are the ones of Chebat and Slusarczyk (2005) and Schoefer and Ennew (2005). They propose that perceived justice

is a driver of emotional responses to service recovery. Chebat and Slusarczyk (2005) hypothesize that perceived justice has both direct and indirect (i.e., through emotions) effects on loyalty. Schoefer and Ennew (2005) integrate perceived justice and cognitive appraisal theories of emotions in a conceptual framework where perceived justice is shown to be a cognitive antecedent to satisfaction with complaint handling and a driver of emotional responses to complaint handling (emotions which in turn influence satisfaction). However, they exclusively analyze the role of perceived justice as a cognitive appraisal dimension that elicits positive and negative emotions during and/or after service recovery encounters. Therefore, none of these studies examine empirically the impact of service recovery-elicited emotions on satisfaction with service recovery.

We propose that emotions have a distinct and separate influence from perceived justice in explaining satisfaction with failed recovery. That is, we consider the effects of emotions on customers' level of satisfaction after accounting for the direct and indirect (i.e., through emotions) effect of perceived justice (the cognitive antecedent). The present research is the first empirical attempt to examine this issue in double deviation contexts. As shown below in the conceptual framework, our proposal centers on the distributive component of perceived justice and on the negative emotion of anger.

With this study, we add to the previous works that illustrate the importance of an efficient recovery process for companies. We contribute to the service failure and recovery knowledge by adopting an interdisciplinary approach to develop and empirically test a model of how customers form satisfaction judgments in double deviation scenarios.

2. Conceptual framework and research hypotheses

2.1. *Anger and distributive justice in the context of double deviations*

Service marketing literature shows that justice theory is the dominant cognitive antecedent of satisfaction applied to service recovery (e.g., Tax and Brown 2000; Tax, Brown, and Chandrashekaran 1998; Smith, Bolton, and Wagner 1999). These studies support a significant relationship between the three types of perceived justice (distributive, procedural, and interactional) and satisfaction with service recovery. On the other hand, we propose that in double deviation situations, emotions and especially anger plays a key role as an emotional antecedent of satisfaction and represents the

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dominant theoretical framework. From the wide range of specific negative emotions that can be related to failed service encounters, we focus on anger as the most frequent emotional reaction elicited by service failures (Bougie, Pieters, and Zeelenberg 2003; Nguyen and McColl-Kennedy 2003; Weiner 2000; Zeelenberg and Pieters 2004)[1]. The predominant role of anger, separated and distinct from the effect of perceived justice, stems from the repetitive nature of the failure implicit in the double deviation situation. Double deviation scenarios represent consumption experiences where customers are doubly faced with a service failure, the initial service failure and the failed service recovery. Based on cognitive theories of emotion (Lazarus, Kanner, and Folkman 1980), double deviation scenarios can be viewed as extremely stressful cognitive appraisals that elicit negative emotions. We propose that this specific characteristic of the service encounter (i.e., the repetitive nature of the failure) generates a strong emotional response of anger that impacts directly on satisfaction with service recovery.

On the other hand, negative emotions may be occasioned by the company's response to the problem. Based on cognitive appraisal theories, emotions are thought to be determined by a cognitive appraisal of perceived justice (Schoefer and Ennew 2005). In our research context, customers' evaluations of the outcome received (distributive justice) generate emotional reactions of anger which subsequently impact on satisfaction with service recovery (mediating effect). Regarding the choice of the distributive component of perceived justice, recent research has demonstrated that customers with negative emotional responses to service failures weigh distributive justice more heavily than the other two components of justice (Smith and Bolton 2002). Smith and Bolton (2002) show that when a service failure produces negative emotions, customers focus on the outcome itself (i.e., recovery attributes and distributive justice) instead of, for instance, on the procedures (e.g., information exchanged) or on the interactional elements (e.g., courtesy, concern). As long as our main goal in this research is to integrate justice and emotions in the same conceptual framework and in view of recent findings, the choice of the distributive component of justice seems appropriate.

Some theoretical approaches not empirically validated yet, such as the ones of Stewart (1998) and McColl-Kennedy and Sparks (2003), support the mediating role of

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[1] Additionally, the focus on one specific emotion (i.e., anger) is in line with literature that focuses on the idiosyncratic elements of specific emotions (e.g.,. Bougie, Pieters, and Zeelenberg 2003; Zeelenberg and Pieters 2004). According to this specific emotions approach (see Bagozzi, Gopinath, and Nyer 1999), different negative emotions may differently impact on satisfaction, and hence more insight into the specific antecedents, phenomenology and consequences of different emotions is needed (Lings, Lemmink, and Botschen 2004).

anger with service recovery in the relationship between distributive justice and satisfaction with service recovery. Stewart (1998) proposes that customers end bank relationships after an involving process of problem(s) effort, emotion and evaluation. McColl-Kennedy and Sparks (2003) state that when service providers do not appear to put proper effort into the service recovery attempt, this is viewed negatively, and this led to the customer experiencing negative emotions such as anger and subsequently dissatisfaction with the service recovery attempt. Additionally, Mikula, Scherer, and Athenstaedt (1998) find that anger is by far the most likely emotional reaction to events perceived as very unjust, and one of the central mediators of reactions to perceived injustice.

The model depicted in Figure 1 draws on the previous reasoning. Next, we develop the hypotheses implicit in our proposed model.

FIGURE 1: Proposed model
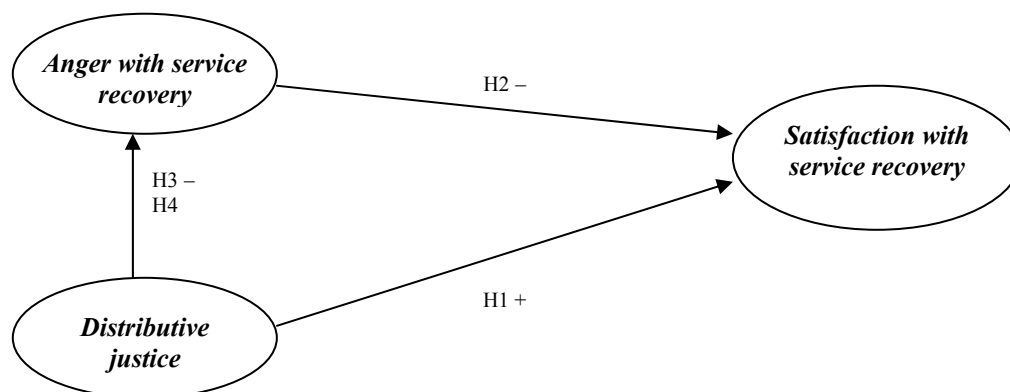
2.2. *The effect of distributive justice on satisfaction with service recovery*

Social justice theory (Adams 1963, 1965; Homans 1974) views social interaction as reciprocal exchange in which individuals seek to maximize outcomes and minimize inputs. Customers' complaints stem from a perceived injustice in which the relation between customers and the company is unbalanced. In these situations, customers expect that the company will offer a recovery, which will compensate for this imbalance (Chebat and Slusarczyk 2005). They evaluate fairness with the service recovery by three perceived factors: outcomes, procedural and interaction (Blodgett, Hill, and Tax 1997; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekaran 1998).

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Distributive justice refers to the perceived outcome of the firm's recovery effort, procedural fairness involves the policies and rules by which recovery effort decisions are made, and interactional justice focuses on the manner in which the service recovery process is implemented (Tax, Brown, and Chandrashekaran 1998).

We can find many examples in the literature in which the distributive component of perceived justice (the justice component focus of this study) is shown to be a significant cognitive antecedent of customers' satisfaction with complaint handling (e.g., Mattila 2001a; McCollough, Berry, and Yadav 2000; Maxham III and Netemeyer 2003; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekaran 1998; Wirtz and Mattila 2004). Specifically, results have shown that customers make judgments about the fairness of the perceived outcome of the recovery process which have an impact on satisfaction with service recovery. Therefore, we propose that:

Hypothesis 1: Perceived distributive justice during the process will have a positive influence on satisfaction with service recovery.

2.3.   *The effect of anger with service recovery on satisfaction with service recovery*

Although justice theory appears to be the dominant theoretical framework applied to service recovery (Tax and Brown 2000), emotions are thought to have an important role to play in consumer evaluations (Kim and Smith 2005). In fact, there is ample evidence showing that emotions associated with the consumption experience impact customers' evaluations such as satisfaction (e.g., Dubé-Rioux and Maute 1996; Westbrook 1987). Consistent with these results, Wirtz and Bateson (1999) have suggested that satisfaction is a partly cognitive and partly affective (emotional) evaluation of a consumption experience. The authors also outline the importance of studying both cognitive and emotional antecedents separately. Therefore, service marketing researchers have recently begun to more carefully examine the role of emotion in satisfaction/dissatisfaction judgments (e.g., Alford and Sherrell 1996; Andreassen 2000; Kim and Smith 2005; Liljander and Strandvik 1997; Smith and Bolton 2002; Wirtz and Bateson 1999). These studies have suggested that emotional responses have a distinct and separate influence on satisfaction/dissatisfaction even after accounting for cognitive antecedents (such as perceived justice) and that including emotions in models of satisfaction increases the amount of variance explained (Kim and Smith 2005).

However, research to date has shown relatively little interest in the role of emotions in the specific context of service recovery (for an exception see the works of McColl-Kennedy and Sparks 2003 and Stewart 1998). As said before, the only studies which empirically analyze the emotions triggered by the service recovery are the ones of Chebat and Slusarczyk (2005) and Schoefer and Ennew (2005), but they do not analyze the impact of service recovery-elicited emotions on satisfaction with service recovery, neither are they centered on double deviation scenarios. Double deviation scenarios represent consumption experiences where customers are doubly faced with a service failure, the initial service failure and the failed service recovery. We propose that the repetitive nature of failure in double deviation encounters generates a strong emotional response of anger that impacts directly on satisfaction with service recovery. We base on cognitive theories of emotions that maintain that specific emotions and their intensity are tied to an appraisal of the event/circumstance eliciting the emotional response (Lazarus, Kanner, and Folkman 1980). That is, negative emotions are regarded as outcomes of stressful cognitive appraisals (Lazarus 1999), and in our research context, the event eliciting the stressful cognitive appraisal is the double deviation. Hence, we hypothesize that:

Hypothesis 2: Anger with service recovery will be negatively related to satisfaction with service recovery.

2.4. *Distributive justice as an antecedent of anger with service recovery*

Alternatively, negative emotions may be occasioned by the company's response to the problem. Affect control theory proposes that individuals act in such a way that their emotions are appropriate to the situations they experience (Heise 1979). Thus, individuals treated unfairly because they were under-rewarded are likely to feel anger (Homans 1974). On the other hand, cognitive appraisal theories of emotion maintain that it is not the event in itself that creates the emotion but rather the way in which the individual evaluate it. Using this framework, Schoefer and Ennew (2005) suggest that emotions are determined by a cognitive appraisal of perceived justice. Therefore, a perceived lack of justice (appraisal of the event) is expected to produce negative emotions of anger which are consistent with the negative situation experienced (affect control). That is, from a customer' viewpoint, complaint-related justice is more than a matter of economic calculus in an unbalanced exchange, it also involves emotions (Chebat and Slusarczyk 2005). Following the work of Chebat and Slusarczyk (2005) and Schoefer and Ennew (2005), we propose distributive justice as an antecedent

(appraisal) dimension of negative emotions. Chebat and Slusarczyk (2005) find that low levels of the three dimensions of justice (interactional, distributive and procedural) enhance negative emotions of anxiety and disgust, but they do not include anger in their set of negative emotions. Schoefer and Ennew (2005) demonstrate that different degrees of justice (interactional, distributive and procedural) impact on consumers' emotional states (positive and negative). None of these studies, however, examines the role of distributive justice on the elicitation of *specific* emotions such as anger, neither are they focused on double deviation scenarios which is our research context.

Finally, a number of studies in social exchanges (e.g., Adams 1965; Homans 1974; Mikula, Scherer, and Athenstaedt 1998) have shown that anger is by far the most likely emotional reaction to events perceived as very unjust (i.e., double deviation scenarios). Some of these studies have also shown that individuals reacts angrily if they are under-rewarded, that is, if what they receive is below what was expected (e.g., Adams 1965; Homans 1974). In a service recovery context, the distributive component of perceived justice is the one that measures the perceived outcome of the firm's recovery effort. Therefore, we propose that:

> *Hypothesis 3:* Perceived distributive justice during the process will have a negative influence on anger with service recovery.

2.5. *The mediating role of anger with service recovery*

Finally, we propose that anger with service recovery mediates the relationship between distributive justice and satisfaction with service recovery. This assumption is based on the work of Mikula, Scherer, and Athenstaedt (1998) and indirectly on the studies of Chebat and Slusarczyk (2005) and Schoefer and Ennew (2005). Mikula, Scherer, and Athenstaedt (1998) find that anger is by far the most likely emotional reaction to events perceived as very unjust, and one of the central mediators of reactions to perceived injustice. Schoefer and Ennew (2005) incorporate customer satisfaction as a dependent variable in their conceptual framework but they do not examine it. They just center on the effect of justice on emotions. Chebat and Slusarczyk (2005) propose that emotions elicited by the justice of service recovery mediate the relationship between justice and behavioral responses. However, two main issues differentiate their work from the present study. First, they measure negative emotions with two discrete emotions, anxiety and disgust, not including anger (the focus emotion of this study). Second, they center on the emotions elicited by the justice of service recovery to explain actual post-recovery (exit) behavior, but they do not explain post-recovery satisfaction

judgments. We complete the Chebat and Slusarczyk's (2005) and Schoefer and Ennew's (2005) approach, by suggesting that the negative emotions triggered by the failed service recovery (i.e., anger with service recovery) mediate the relationship between distributive justice and satisfaction with service recovery. Therefore, we propose that:

> *Hypothesis 4:* Anger with service recovery mediates the relationship between perceived distributive justice during the process and satisfaction with service recovery.

3.   **Research method**

3.1.   Sample and data collection

We select the banking industry because it is a kind of services industry high in experience and credence properties, where failures are quite common (Chebat and Slusarczyk 2005). Moreover, banking products are highly diffused in the consumer market (almost all households have some type of banking product), which means that the probability of unsatisfactory experiences resulting in complaints is quite high. In fact, the banking sector receives the greatest number of complaints according to Spanish consumer organizations (Ortega 2003). Second, the probability that customers rely on their emotional reactions to derive satisfaction judgments is also high (Smith and Bolton 2002), and this is one of the main variables of interest in the present research. Finally, bank customers view service recovery as one of the most important factor of global satisfaction (e.g., Berry and Parasuraman 1991; García de Madariaga-Miranda and Pita-Castelo 2001; Johnston and Fern 1999; Pita-Castelo 2004)[2].

The data were collected via a self-reported questionnaire administered to 2,000 households that were members of the regional branch of a consumer organization

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[2] Berry and Parasuraman (1991) found that six of the top ten attributes of service that were important to bank customers involved problem resolution. Additionally, Johnston and Fern (1999) found that service recovery can restore a bank customer to a satisfied state or, even more, to a delighted (very satisfied) state. In the Spanish context, García de Madariaga-Miranda and Pita-Castelo (2001) found that service failures and satisfaction with complaint handling affect overall satisfaction of bank customers. Finally, Pita-Castelo (2004) found that the most important factor of satisfaction for bank customers was the attitudes and behavior of employees (including the procedures used to manage complaints, i.e. service recovery).

(UCE). We employed the critical incident technique (CIT), which has been used previously in numerous marketing and management studies (e.g., Bitner, Booms, and Tetreault 1990; Keaveney 1995)[3]. Thus, we understand critical incidents as events that deviate significantly, either positively or negatively, from what is normal or expected which are also called triggers or trigger events (Gardial, Flint, and Woodruff 1996). In our case, the interest was on negative incidents. We defined a critical incident as the most recent problem of special relevance that a customer had experienced during his/her relationship with his/her main bank. The information obtained with this methodology allowed us to detect failed recoveries and thus, to analyze double deviation scenarios. Respondents were told to report a critical service incident in dealing with banks, and then to answer some structured questions about the manner in which the problem was handled and other issues. Questionnaire packets included a letter of introduction, a questionnaire booklet, and a postage-paid return envelope. Reminder cards were mailed approximately two weeks after the initial mailing.

From the four hundred seventy two questionnaires returned, fifty-nine questionnaires were unusable due to incomplete responses, incongruence, and not explicitly assess having complained to the firm, and two hundred and eleven reported no problem. This left a total sample size of 202. Then, we employed the following procedural to classify the remaining 202 questionnaires as representing a double deviation scenario. First, we used a measure of recovery disconfirmation, i.e. the degree to which a customer's expectations about service recovery were met, adopted from Oliver (1980) and Oliver, Rust, and Varki (1997). Ratings were collected with a 5-point scale ranging from 1 (much worse than expected), 3 (as expected), to 5 (much better than expected). The answers falling into 4 or 5 were considered successful recoveries (9 of the 202 questionnaires showed this pattern of response). The answers falling into 1, 2, and 3 points in this scale (193 questionnaires), were considered for the subsequent detection of the double deviation scenarios. At this stage, we employed an opened question that collected 'should' expectations, i.e. what the firm should have done in order to restore initial satisfaction. We crossed this qualitative measure with the recovery disconfirmation one (1, 2, and 3 points only) to assess that a failed recovery had occurred. The combination of both the quantitative and the qualitative measures confirmed that all questionnaires with scores 1 or 2 in the recovery disconfirmation

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[3] In a recent article, Gremler (2004) assesses that in investigations of service failure and recovery and customer switching behavior, CIT appears to be a particularly useful method. The author concludes that the CIT method has been accepted as an appropriate method for use in service research. Additionally, Liljander and Strandvik (1997) recommend the use of CIT to collect data of emotional variables.

scale were representatives of double deviation scenarios (108 of the 193 questionnaires). Additionally, for the questionnaires with a neutral score of 3 (85 of the 193 questionnaires) in the recovery disconfirmation scale, only those that specifically reported the importance of improving recovery activities ('should' expectations in the opened question) were classified as double deviations (73 of the 193 questionnaires). In brief, we classified 181 questionnaires as double deviation ones. This sample size is adequate given the recommendation of a minimum sample size of 150 (Anderson and Gerbing 1988), or 200 (Hair et al. 1999), when testing structural equation models with LISREL, and it is in line with similar studies (e.g., Blodgett, Granbois, and Walters 1993).

Of the respondents, 60% were men, the average age was 44 years (ranged between 23 and 81 with a fairly normal spread), and the average household size was 3.02 people. All levels of income were represented. With respect to education, the level of the respondents was quite high, as 36.3% of the respondents had a degree. The average membership length to the consumer organization was 6.21 years. A series of one-way ANOVAs were performed in order to check whether significant differences in the main variables for the demographic characteristics were present, but they were not. We also check the existence of differences according to the type of financial institution (126 banks and 54 savings banks). We found significant differences in the means of the variables measuring distributive justice (t=4.34, p=0.00 for "outcome was fair"; t=2.47, p=0.00 for "got what deserved"). Specifically, savings banks' customers showed higher levels of perceived injustice (means were 4.63 and 4.50 for "outcome was fair" and "got what deserved", respectively) than banks' customers (means were 3.96 and 4.01 for "outcome was fair" and "got what deserved", respectively)[4].

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[4] This result could be explained by two aspects related to Spanish banking market. Firstly, banks are obliged to be limited companies whereas savings banks are non-profit making foundations (they have a social benefit character) with public interest, although of a private nature. Secondly, due to regulatory limitations, savings banks have traditionally operated in regional or local markets (Gual and Vives 1992). This has allowed them to offer a localised service to their customers through a large network of local and regional branches and based on personal knowledge and treatment. Both elements, the foundational nature of savings banks and the better service they offer derived from their wide network of branches, appear to generate greater expectations around recovery efforts among the customers of savings banks than among bank customers. Consequently, a perceived lack of recovery effort generates a greater feeling of injustice among the customers of savings banks than among those of banks.

3.2. Development of measures

The majority of the items were taken from the relevant literature, and also based on the results of our in-depth interviews (qualitative) with 26 members of the consumer organization. The questionnaire was subjected to the scrutiny of some experts in marketing to check instructions, layout and length and item relevance, sequence, wording and difficulty. After some modifications, a pretest of the questionnaire (in-depth interviews) was conducted using a sample of individuals of the intended population. Based on a descriptive examination of the pretest data some items were modified. Next, we describe the final set of measures employed.

Distributive Justice. The items employed were adapted from Blodgett, Hill, and Tax (1997) and Tax, Brown, and Chandrashekaran (1998), and have been used previously (with some modifications) in similar studies such as those of Maxham III and Netemeyer (2003) and Smith, Bolton, and Wagner (1999), among others. Thus, participants were asked about their evaluations of the bank's handling of the problem. The ratings were collected with two items, "the outcome I received was fair" and "I got what I deserved", with both scales ranging from 1 (*strongly agree*) to 5 (*strongly disagree*).

Anger with service recovery. Anger with service recovery was made up of six items, "angry", "annoyed", "powerless", "frustrated", "irritated", and "deceived". The first five were drawn from the works of Richins (1997), Taylor and Claxton (1994), and Taylor (1994), and the last one from our preliminary qualitative study. Taylor (1994) used items "angry", "annoyed", "frustrated", and "irritated" in her study of delayed flights; Taylor and Claxton (1994) added the items "bored", "powerless", and "helpless" to the previous ones in a similar context; whereas Richins (1997) used items "angry", "frustrated", and "irritated" in her refinement of several emotion-related scales into the Consumption Emotion Set (CES). In our study, participants were asked to rate the six items according to how they felt about the service recovery. Ratings were collected with 5-point scales from 1 (*not at all*) to 5 (*very much*).

Satisfaction with service recovery. We use a three-item scale adopted from Crosby and Stephens (1987) and Spreng, MacKenzie and Olshavsky (1996). A similar scale has been used in previous studies of service failure and recovery (e.g., Smith, Bolton, and Wagner 1999; Hess, Ganesan, and Klein 2003). Participants were asked to indicate how they felt about the branch office given its response to the problem suffered

(service recovery), with three scales ranging from 1 (*pleased*) to 5 (*displeased*), 1 (*satisfied*) to 5 (*dissatisfied*), and 1 (*happy*) to 5 (*unhappy*).

Finally, several variables not directly associated with the hypotheses testing were included in the study. These control variables were based on the demographic characteristics of the respondents: gender, age, education, household size, income, and membership length to the consumer organization (UCE). These variables were used to check possible differences among the main variables used in the conceptual model, and also provided basic descriptive information about the sample. The final set of items used to measure the components of the conceptual model are shown in the appendix.

4.   Results

The method used to test the hypothesized model entailed a two-step procedure suggested by Anderson and Gerbing (1988). First, the quality of the measures of the constructs, i.e., the components of the conceptual model, needed to be established. Subsequently, the proposed conceptual model as a whole needed to be tested. This staged approach allowed us to maximize the interpretability of both the findings for the measures and findings for the conceptual model as a whole.

As shown before, all the measures of the constructs were measured with five-point scales. Additionally, our sample size was relative small (n=181) and the majority of the distributions of the data deviated from normality (which implies that the necessary assumption of multivariate normality can not be accomplished). Therefore, we used the Satorra-Bentler scaled Chi-Square (χ^2_{SB}) statistic, a statistic corrected for violations of multivariate normality (Satorra and Bentler 1988), as recommended by Curren, West, and Finch (1996). The use of χ^2_{SB} requires the covariance and asymptotic covariance matrices as input matrices into LISREL. The method of estimation was

Maximum Likelihood. We used this approach for both the measurement model and the structural model estimation[5].

Analysis of the measurement model. In this section, we center on the first stage of the procedure suggested by Anderson and Gerbing (1988). We conducted a confirmatory factor analysis (CFA) using LISREL 8.30 (Jöreskog and Sörbom 1996), which provided assessment of overall fit with the data, convergent validity, discriminant validity and construct reliability. First, however, we conducted exploratory factor analysis (EFA) for the construct "anger with service recovery". The reason was that we can consider this construct as a new construct which has not been previously used in the literature and, therefore, preliminary exploratory research previous to the confirmatory one is useful to assess unidimensionality (Hair et al. 1999). From this exploratory analysis, two primary factors emerged from the data. The first factor included items "angry", "annoyed", and "irritated", whereas the second factor included items "powerless" and "frustrated". These two factors were labeled "anger with service recovery" and "frustration with failed service recovery", respectively, following Roseman's (1991) appraisal theory of emotions. The sixth item, "deceived", loaded on both factors and it was eliminated for further analysis (Hair et al. 1999). Given that our initial interest was in the effect of anger in the double deviation context (in line with the specific emotion approach), and for the sake of parsimony (given the small sample size), we decided to center only on the first factor, "anger with service recovery". Thus, the initial six-item scale was reduced to a three-item scale in the subsequent confirmatory analysis.

We could not conduct confirmatory factor analysis on single construct measurement models because we had few items per construct and these models were

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[5] At this point, we will like to reflect briefly on the choice of SEM (structural equation models) to test our proposed model. SEM are similar to multiple regression in three fundamental ways (Hoyle 1995). First, both are based on linear statistical models. Second, statistical tests derived from both methodologies are valid only if certain assumptions (independence of observations and multivariate normality) about the observed data are met. Third, neither SEM nor multiple regression offer statistical tests of causality. In contrast, a frequently cited advantage of SEM is the capacity to estimate and test relations between latent variables. An endogenous (latent) variable is one that receives a directional influence from some other variable in the system, a construct that is not directly or exactly measured. A measured/exogenous (observed) variable is one that does not receive a directional influence from any other variable in the system, a variable that is directly measured, an approximate measure or indicator of a latent variable. Based on previous literature, we have measured the main constructs of our study (latent variables) with several items (observed variables). Thus, whereas regression deals only with observed variables, SEM include both observed and latent variables in simultaneous equations and this is the main reason for having chosen SEM methodology to test our model

under- or exactly identified (Ping 2004)[6]. Therefore, and following the recommendation of Bagozzi (1994), we computed a full measurement model to gauge measurement model fit. Following the decision rules established by Jarvis, Mackenzie, and Podsakoff (2003) to avoid measurement model misspecification, all constructs with more than one indicator were modeled as reflective.

In general, we obtained acceptable levels of model fit after modifications for double loading and non-loading items, which led us to the elimination of three items (see Table 1). Following Ding and Hershberger (2002), the content validity can be operationalized to be the magnitude of the direct structural relation between the content structure (latent construct) and the observed item. Thus, as evidence of content validity, each item loaded significantly on its respective construct, which is also seen as a proof of convergent validity (Anderson and Gerbing 1988). An examination of the variance extracted estimates (AVE) shows that all measures meet the norm set (AVE ≥ 0.50; Fornell and Larcker 1981), indicating that a substantial amount (at least half) of the variance in the measures is captured by the latent constructs, and showing appropriate convergent validity (Fornell and Larcker 1981). As evidence of discriminant validity, for each construct, we obtained that the average variance extracted estimate exceeded shared variance between the construct and all other variables in the model (Fornell and Larcker 1981). Finally, according to the LISREL-based composite (construct) reliabilities (CR), all measures meet the norm set (CR ≥ 0.60; Bagozzi and Yi 1988). Complete results of the confirmatory factor analysis are provided in Table 1. Correlations between variables ranged from -0.158 to -0.512 and were significant at a minimum level of 0.05. Given that none of the bivariate correlations was greater than 0.85, we can assume that multicollinearity is not a problem in our data (Grewal, Cote, and Baumgartner 2004).

Analysis of the structural model. To test the role of distributive justice and anger with service recovery in a double deviation scenario, we employed latent variable path analysis. Following the two-step procedure of Anderson and Gerbing (1988), once we had estimated the measurement model, the second step implied to estimate the structural

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[6] With respect to the use of many single-item measures, we recognize that this has an effect on the assessing of psychometric reliability. However, we were concerned with the length of the questionnaire and the desire of collecting information of many different constructs. In this sense, we refer to the work of Drolet and Morrison (2001), who find that "as the number of items grow, respondents are more likely to engage in mindless response behaviour. Thus the cost of asking the same question more than once or twice appears to be higher than the cost of survey time only (p. 200)". Additionally, there are several examples of use of single-item scales in service research (e.g., Bolton 1998).

model. The relationships hypothesized in Figure 1 were tested using LISREL 8.3 (Jöreskog and Sörbom 1996) with the sample covariance and asymptotic covariance matrices as input matrices. Model fit statistics collectively indicate that the proposed model fits the data quite well (χ^2_{SB}=6.593, p=0.253, df=5; RMSEA =0.042, p=0.484; CFI=0.997; RMR=0.032). The results are summarized in Figure 2.

TABLE 1: Analysis of measurement model

Construct	Loading[a]	Reliability of Latent construct[b]		Goodness of fit measures[c]
	λ	CR	AVE	
Distributive justice				
DISTJ1-outcome was fair	1.000	**.870**	**.768**	
DISTJ2-got what deserved	.837			χ^2_{SB} = 6.593
Anger with service recovery				(p=0.253)
ANGRES1-angry	1.000	**.908**	**.865**	df=5
ANGRES2-annoyed (*)	-			
ANGRES3-irritated	.905			CFI=0.997
Satisfaction with service recovery				
SATRES1-pleased (*)	-	**-**	**-**	SRMR=0.022
SATRES2-satisfied	1.000			
SATRES3-happy (*)	-			

a. p<0.001

b. CR = composite reliability of latent construct; AVE = averaged variance extracted: overall amount of variance in the indicators accounted for by the latent construct (both measures after item deletion).

c. χ^2_{SB} = Satorra-Bentler scaled Chi-Square; df = degrees of freedom; CFI = Comparative Fit Index; SRMR = Standardized Mean Square Residual.

(*) Item deleted after respecification of confirmatory model

- not available

We find a significant and positive effect of distributive justice on satisfaction with service recovery, consistent with Hypothesis 1. The data support the predicted direct and negative effect of anger with service recovery on satisfaction with service recovery (Hypothesis 2). In fact, our results show that the emotional component is a stronger predictor of satisfaction with service recovery than the cognitive component (β = -0.309 vs. β = 0.212). A Satorra-Bentler Scaled Chi-Square difference test on the equality of the parameters confirms this (χ^2_{SBd} (1) = 37.907; p = 0.000) (Satorra and Bentler 2001). We also find evidence of the direct and negative effect of distributive justice on anger with service recovery, thus supporting Hypothesis 3.

Next, we test the mediated relationship between perceived distributive justice, anger with service recovery, and satisfaction with service recovery as stated in Hypothesis 4. We use an adapted version of the procedure suggested by Baron and

Kenny (1986) that has recently been used in service marketing research (Voorhees and Brady 2005). Voorhees and Brady (2005) test the mediation effects by estimating different structural equation models that allow them to examine whether the conditions to support these mediation effects are met. Specifically, four conditions must be met: (a) the independent variable (perceived distributive justice) must affect the mediator (anger with service recovery), (b) the mediator must affect the dependent variable (satisfaction with service recovery), (c) the independent variable must affect the dependent variable when the mediator is removed from the model, and (d) for full mediation to be supported, the direct path from the independent variable must become insignificant when the mediator is inserted back into the model.

FIGURE 2. Results of the proposed model
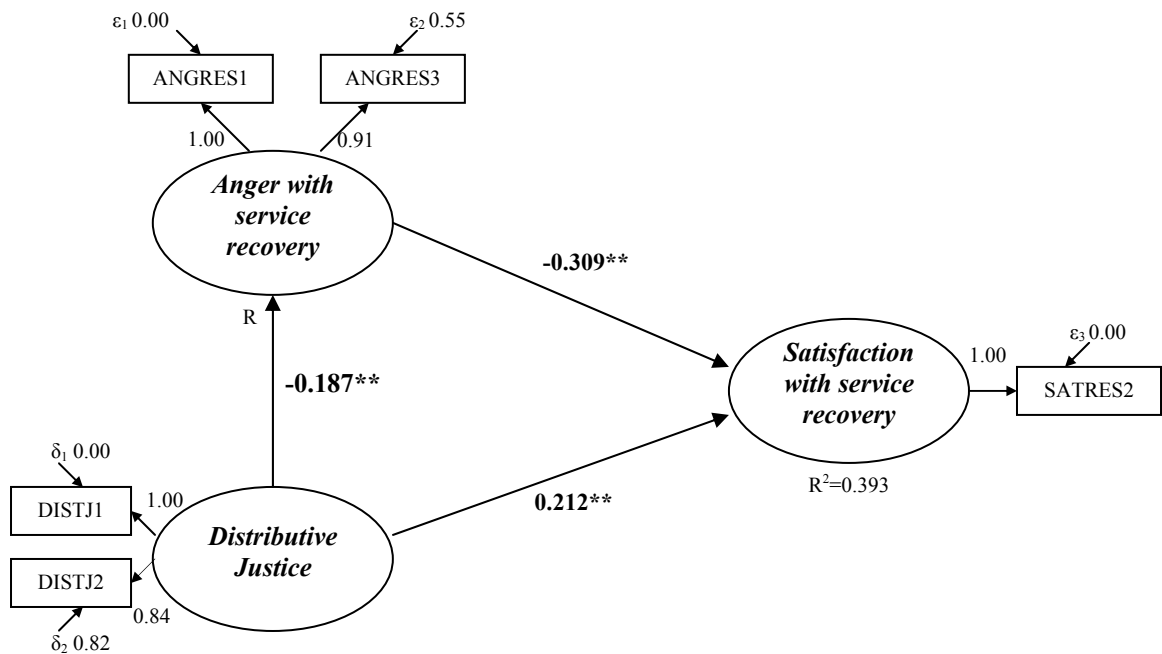
$\chi 2SB$ =6.59, df=5, p-value=0.25268; RMSEA=0.042, p-value=0.484; SRMR = 0.022; CFI = 0.997

NOTE: $\chi 2SB$ = Satorra-Bentler scaled Chi-Square; df = degrees of freedom; RMSEA=Root Mean Square Error of Approximation; SRMR=Standardized Mean Square Residual; CFI=Comparative Fit Index.
**p<.01

As demonstrated by the structural results outlined in Figure 2, the hypothesized model provides support for the first two conditions (p<0.01). To test for the third condition, a new model was estimated that included a direct path from distributive justice to satisfaction with service recovery while constraining the effects of anger to zero. In this model, the path from distributive justice was significant (p<0.01) and

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positive, thus providing support for the third condition. The fourth condition implies to estimate the model we have actually proposed and tested. As long as the independent variable (distributive justice) remains significant, we reject full mediation and accept the existence of partial mediation. Moreover, the indirect effect of distributive justice on satisfaction with service recovery was positive and significant (0.058, p=0.019)[7]. These results provide support for Hypothesis 4.

5.   Conclusions and discussion

Financial institutions in general, and the banking sector in particular, are among the service organizations that face huge competition all over the world. This competition has enabled customers to act in a more demanding way in their interaction with service providers due to the increased abundance of choices. Obviously, service failures or mistakes are not completely unavoidable even for the best service company and therefore the effective management of consumer responses to service failure becomes very important in these highly competitive markets (Hart, Heskett, and Sasser 1990). However, a company can fail in the recovery process and the customers are faced with a double deviation. The crucial question is whether the service provider still has an opportunity to satisfy these customers.

This work has proposed and empirically analyzed a model centered on double deviation scenarios. Our main goal is to broaden the knowledge about the type of variables and the magnitude of their effect that contribute to the formation of satisfaction with service recovery judgments in a double deviation scenario by integrating two main theories, justice and emotions theories, in our conceptual

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[7] LISREL 8.3 provides only the total indirect effect of magnitude of service failure on satisfaction (-0.280, p<0.01), without distinguishing the two inherent and different mediation effects of anger and distributive justice. Therefore, for testing separately the specific mediating effects, Baron and Kenny (1986) provide a test of ab being, a = raw (unstandardized) path coefficient for the association between the independent variable and the mediator, s_a = standard error of a, b = raw coefficient for the association between the mediator and the dependent variable (when the independent variable is also a predictor of the dependent variable), and s_b = standard error of b. Following Goodman (1960), the standard error of ab can be shown to equal approximately the square root of $b^2 s_a^2 + a^2 s_b^2 - s_a^2 s_b^2$. The test of the indirect effect is given by dividing ab by the square root of the above variance and treating the ratio as a Z test. Baron and Kenny (1986) present the above formula with the last term added, not subtracted. That formula is a population formula whereas the Goodman formula is the sample-based estimate. The reported p-values are drawn from the unit normal distribution under the assumption of a two-tailed z-test of the hypothesis that the mediated effect equals zero in the population. No differences in the two versions of the test were found.

framework. Our field study based on a cross-sectional sample of 181 dissatisfied banking customers has supported the four proposed hypotheses.

Results have shown a positive effect of distributive justice, defined as the equity or fairness of rewards with respect to the bank inputs, on satisfaction with service recovery (Hypothesis 1), in line with previous research (e.g., Mattila 2001a; Smith and Bolton 2002; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekaran 1998). Distributive justice appears, therefore, as a cognitive antecedent of satisfaction with service recovery in double deviation contexts.

Our findings also show the existence of a direct negative effect of anger with service recovery on satisfaction with service recovery, thus supporting Hypothesis 2. This finding suggests that the repetitive nature of the failure, the basic characteristic of the double deviation situation, generates a strong emotional response of anger that impacts directly on satisfaction with service recovery. Following cognitive theories of emotion (Lazarus, Kanner, and Folkman 1980), double deviation scenarios are viewed as extremely stressful cognitive appraisals. Furthermore, our results show that the direct effect of anger with service recovery on satisfaction is higher (in absolute terms) than the direct effect of distributive justice. This finding evidences a main role of anger (emotional) vs. distributive justice (cognitive) as antecedent of satisfaction with service recovery in double deviation contexts.

Our results indicate that distributive justice has an effect on anger with service recovery (Hypothesis 3). This suggests that anger stems from the firm's response to the initial problem. That is, individuals treated unfairly and under-rewarded (distributive justice) are likely to feel anger. This finding is in line with recent work on service recovery based on affect control theories (Chebat and Slusarczyk 2005) and cognitive theories of emotion (Schoefer and Ennew 2005).

Finally, we find that anger with service recovery partially mediates the relationship between distributive justice and satisfaction with service recovery in double deviation contexts (Hypothesis 4). This result is consistent with findings from recent developments in social psychology that view emotions as one of the central mediators of reactions to perceived justice along with attributions (e.g., Mikula, Scherer, and Athenstaedt 1998). Thus, we have extended the Chebat and Slusarczyk's (2005) and Schoefer and Ennew's (2005) approach, by showing that the negative emotions triggered by the failed service recovery (i.e., anger with service recovery) mediate the relationship between distributive justice and satisfaction with service recovery.

In brief, whereas justice theory appears to be the dominant theoretical framework applied to service recovery (Tax and Brown 2000; Tax, Brown, and Chandrashekaran 1998), this study suggests that a specific emotion approach should also be considered when dealing with double deviation scenarios. In fact, our results evidence a main role of anger vs. distributive justice as a direct antecedent of satisfaction with service recovery in double deviation contexts. That is, when customer's expectations are not met (unsuccessful recovery), the effect of the anger triggered by the failed recovery on post-recovery judgments (satisfaction with service recovery) will be higher than the effect of distributive justice associated to the recovery effort. Thus, emotions have a greater direct impact on customer's service evaluations than cognitions in double deviation contexts.

6.   Managerial implications

Double deviation events result in the magnification of negative evaluations by customers. There is evidence that these negative evaluations by customers prompt behavioral responses that translate directly into losses for service firms. In a past study on customer switching behavior in a wide variety of service industries (Keaveney 1995), service failures and failed recoveries accounted for almost 60 percent of the critical behaviors by service providers that led directly to customer switching. Of the 60 percent, 45 percent of these behaviors were cited as the sole reason for the customer switching to another service provider. In terms of customer defection, these results provide compelling evidence of the potentially damaging impact of service failures followed by ineffective or non-existent service recoveries. Hence, the service provider who is faced with this critical situation should have information for taking decisions in two main directions: to avoid/diminish the effect of the double deviation scenario and to act on the explanatory variables to try to re-recover the customer that has experienced an unsuccessful recovery.

One of the main findings of this study is that emotional responses derived from failed service recovery (anger triggered by the failed recovery) influence satisfaction judgments after accounting for cognitive antecedents of satisfaction (distributive justice). Our study joins the existing services marketing literature that proposes that "emotions should conceptually be included [into service satisfaction models] and combined with cognitive evaluations of service" (Liljander and Strandvik 1997, p. 168). Specifically, we find that a failed recovery after a service failure arouses negative

emotions such as anger, which have a direct impact on satisfaction with the recovery encounter since the problems for customers only increase. Consequently, these incremental emotion-based effects should be avoided.

Results point out an interesting implication for management in terms of the training programs directed to deal with customers' responses to service failures. We suggest that these training programs should be oriented to aspects not different but complementary to technical or tangible ones. Employees should be trained to deal with the specific emotions that arise in service failures and subsequent encounters (e.g., failed recoveries) by using specific ('social') elements, such as empathy, that in fact are usually present in customers' evaluations of services. Thus, Mattila and Enz (2002) propose that frontline staff members could correct service failures in real time if they were able to process the customer's nonverbal signals such as facial expressions and were trained to respond to these forms of immediate feedback. When feeling angry, customers tend to clench their jaws and narrow their eyebrows downward, and by identifying these cues, frontline employees can adapt their recovery styles to fit the individual customer (Menon and Dubé-Rioux 2000). According to Smith and Bolton (2002), frontline employees should be trained "to decode emotional cues […] and to offer customized recovery efforts to customers who exhibit negative emotional cues" (p. 19). Therefore, service recovery should be regarded as a way of managing encounters. Bank customers do not simply come to the firm for practical/logistical reasons (e.g., too high bank charges), they also come to have their emotions redressed; searching for what it has been termed psychological compensation (Chebat, Davidow, and Codjovi 2005). Chebat, Davidow, and Codjovi (2005) propose that anger should be dealt with even before the logistic problem is solved and that the primary appraisal of costs and benefits generated by the complaints is superseded by emotions.

Finally, these results suggest an important implication to both theory and practice in terms of the development and use of customer satisfaction surveys. Ratings of customer satisfaction surveys provide a formal feedback to the firms and are usually used to evaluate the performance of company employees, to enhance sales management and training programs, or to obtain insights into competitors, among other utilities. However, Peterson and Wilson (1992) propose that to be able to interpret and effectively use customer satisfaction ratings, it is necessary to understand what determines them as well as know what variables and/or factors relate to them. The authors state that "attempts should be made to explicitly control for variables like emotions, either through the research designs employed or post-hoc statistical analyses

(e.g., analysis of covariance)" (Peterson and Wilson 1992, p. 69). Therefore, our results contribute to this stream of research by explicitly showing that specific emotions such as anger play an important role in explaining satisfaction with service recovery. We believe that in the future, customer satisfaction surveys should include items measuring specific emotions. This would increase their efficiency as managerial tools.

In sum, this study adds knowledge to previous works that illustrate the importance of efficient recovery processes for firms but with a new approach. By examining the harmful consequences of failed recoveries with a justice/specific emotion approach, this research aims to encourage service firms to improve the design and execution of defensive strategies that focus on rebuilding the relationship with customers. To our knowledge, this has been the first attempt in the existing literature to model the effect of specific emotions triggered by the service recovery on satisfaction with service recovery. It has also been the first attempt to empirically test a model of satisfaction with service recovery in double deviation scenarios. Furthermore, this study is based on the analysis of real service failures and recovery strategies, which we think will help to explain the phenomena under analysis in a more realistic fashion than most of the published research based on failure scenarios presented to customers (or students).

7.   Limitations and future research

Several limitations of this study must be recognized. First, we limit our analysis to the negative emotion of anger and the distributive dimension of justice. Therefore, future research should try to determine whether different specific negative emotions (e.g., frustration) and/or the interactional and procedural components of justice affect post-recovery judgments in double deviation scenarios in a different way. Additionally, the research setting involves a single service category. In a strict sense, the results pertain only to the respondents and generalizations to a wider population or industry should be handled with caution. Thus, future research in other service categories is needed to broaden our understanding of the role of negative emotions and justice in double deviation contexts.

Second, results support the importance of understanding the *antecedents* to anger triggered by the failed recovery. In fact, the squared multiple correlation for the structural equations, that indicate the proportion of variance in the endogenous variables

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accounted for by the variables in structural equations, that is $\left(1 - \dfrac{\hat{V}ar(\varsigma_i)}{\hat{V}ar(\eta_i)} \right)$, show that there are antecedents of anger with failed service recovery that we are not taking into account (we explain only a 3.9% of the variance of this construct with our model). Future research should incorporate other variables such as attributions or recovery strategies that could help to explain a higher proportion of the variance of this construct.

Third, our results show that double deviation scenarios are especially troublesome in a high competitive and mature market such as the banking industry. Future research should also explore whether the pattern of responses found in this research at the individual level is influenced by industry characteristics (e.g., high vs. low level of competition) and market conditions (e.g., mature markets such as financial industries vs. growing markets such as the mobile industry).

Fourth, this study relies on self and retrospective reports (critical incident technique, CIT); therefore undesirable biases such as recall bias could have influenced the results (Michel 2001). Future research could employ controlled experiments to avoid disadvantages associated to the critical incident technique, although external validity would then be an issue.

Fifth, the measure of the dependent variable "satisfaction with service recovery" is finally represented using a single-item scale. Thus, the measurement unreliability introduced by single items might have attenuated some relationships. Although Drolet and Morrison (2001) argue that single-item scales have the advantage of avoiding the problems of incremental information and potential greater error term correlations associated with multi-item measures, future studies should consider multiple-item operationalizations.

Sixth, the sample used, customers members of a consumer organization, could have introduced some bias in the results obtained. Future work incorporating different subjects and/or service settings is needed to validate the results of this investigation.

Finally, it would be interesting to test the role of different service failure and service recovery-related variables in this context. Enhancements to the model might include attributions of control and magnitude of service failure (service failure-related variables), and recovery strategies, such as apologies and explanations.

In sum, we hope that further conceptual and empirical development will enrich research and practice concerned with the effects of specific emotions and justice on

post-consumption judgments in 'extreme' scenarios, that is, a failed recovery following a service failure.

Appendix

Measures Employed in the Study

Distributive Justice *Thinking about the bank's handling of the problem* **(anchors: 1=strongly agree; 5=strongly disagree):**

      1. *The outcome I received was fair*

      2. *I got what I deserved*

Initial set of measurement items: 1-2

Final set of measurement items adopted in the structural model: 1 and 2

Anger with service recovery

On that moment, thinking about the bank's handling of the problem, to what extent did you feel yourself: (anchors: 1=not at all; 5=very)

      1. Angry?

      2. Annoyed?

      3. Powerless?

      4. Frustrated?

      5. Irritated?

      6. Deceived?

Initial set of measurement items: 1-6

Final set of measurement items adopted in the structural model: 1 and 5 (R)

Satisfaction with service recovery

On that moment, thinking about the bank's handling of the problem, how did you feel about the branch office? (anchors:

      1. 1=Pleased/ 5=Displeased

      2. 1=Satisfied/ 5=Dissatisfied

      3. 1=Happy/ 5=Unhappy

Initial set of measurement items: 1-3

Final set of measurement items adopted in the structural model: 2

NOTE: all items measured with 5-point scales.

(R) Reverse coded for analysis

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