

Don't care about Service Recovery – Inertia Effects buffer the Impact of Complaint Satisfaction

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Abstract

Service Recovery has received considerable attention in marketing literature, e.g., researchers examined its consequences on outcomes such as customer attitudes and behavioral intentions. The impact on actual purchase behavior has yet been largely neglected. However, it's well known that intentions and actual purchase behavior are not necessarily highly correlated. This study contributes to the complaint management literature by (1) analyzing the effects of service recovery on actual purchase behavior after recovery and (2) by assessing the role of inertia in situations of service recovery. Results indicate that complaint satisfaction has a significant positive impact on post complaining purchase behavior while overall satisfaction has no such effect. Furthermore, past purchase behavior has the strongest impact; thus, inertia play a substantial role in complaint management.

Keywords: Service Failure, complaint management, inertia

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Introduction

During the last decade, customer complaint management received considerable attention in marketing literature, e.g., researchers examined the consequences of a negative incident on customer attitudes towards the provider and the associated behavioral intention such as self-reported repurchase intentions (Maxham III, 2001; Maxham III and Netemeyer, 2002; McCollough, Berry, and Yadav, 2000; Smith and Bolton, 2002; van Doorn and Verhoef, 2008; Zeithaml, Berry, and Parasuraman, 1996). However, to the best of our knowledge this stream of research has not examined *actual* purchase behavior after the complaint (e.g., de Matos, Henrique, and Rossi, 2007). Hence, it is unclear whether service recovery only affects self-reported outcomes (i.e., purchase intention) or actual purchase behavior. Addressing this lack of research, our first contribution is to examine the effect of service recovery on actual purchase behavior after the complaint.

Moreover, recent research has indicated that customer inertia explains a large proportion of the variance of a customer's repurchase behavior (e.g. van Doorn and Verhoef, 2008; Vogel, Evanschitzky, and Ramaseshan, 2008). So far, no research has assessed the impact of inertia in the service recovery context. It is indicated that the relationship between the provider and the customer is strongly affected by the service failure (van Doorn and Verhoef, 2008), but as of now, the role of past behavior has not been investigated. Hence, the second contribution of this research is the analysis the impact of purchase behavior before the service failure on purchase behavior after the service failure respectively service recovery.

The remainder of paper is as follows: First, we introduce relevant research on complaint handling, the theoretical framework, and the hypotheses. After that we present our methodology and data set. Based on the results we exhibit implications for managers as well as for researchers and present avenues for further research.

Theoretical Background and Conceptual Model

Satisfaction and Repurchase Intention. Complaint satisfaction is assumed to be associated with overall satisfaction and customer loyalty after the complaint. This kind of satisfaction depends on the recovery effort by the provider. A positive complaint handling positively affects customer complaint satisfaction. Attitudinal theories (Ajzen, 1985; Ajzen and Madden, 1986) suggest that cognitive variables (e.g., complaint satisfaction) influence affective variables (e.g., overall satisfaction) and affective variables in turn influence conative variables (e.g., customer loyalty). These linkages are based on a broad empirical basis and have been tested in many studies (e.g., Homburg and Fürst, 2005; McCollough, Berry, and Yadav, 2000; Smith and Bolton, 1998). While in this model complaint satisfaction only has an indirect effect on customer loyalty, some studies suggest that complaint satisfaction also has a direct effect on customer loyalty after the complaint. Dissonance theory gives some support for this link since customers strive for cognitive consistency (Festinger, 1962), following that a high complaint satisfaction should be associated with more favorable loyalty evaluations. In line with that reasoning, we assume:

H1a-b: Complaint satisfaction is positively associated with (a) overall satisfaction and (b) customer loyalty after the complaint.

H2: Overall satisfaction is positively associated with customer loyalty after the complaint.

Satisfaction, Repurchase Intention and Actual Purchase Behavior. Based on Festinger's dissonance theory (1962) we assume that complaint satisfaction (H3a) and overall satisfaction (H3b) have a positive impact on post failure purchase behavior (action loyalty). In presence of a positive complaint handling as well as positive past relationship (overall satisfaction) with the provider there is no reason to switch the provider and consequential reducing the purchases after the complaint. More interestingly is the link between conative and action loyalty after the complaint (H3c). Zeithaml (2000, p. 78) emphasized that "The more compelling relationship between customer purchase intentions and actual purchase behavior lacks confirmation." Moreover, the gap between intentions and behavior was largely neglected in service recovery research. However, based on Theory of Planned Behavior (Fishbein and Ajzen, 1975) we assume a positive relationship between conative and action loyalty after the complaint. Furthermore, Bolton, Kannan, and, Bramlett (2000) exhibit a positive impact from intention to self reported purchase behavior. These findings confirm our argumentation. Hence, we assume:

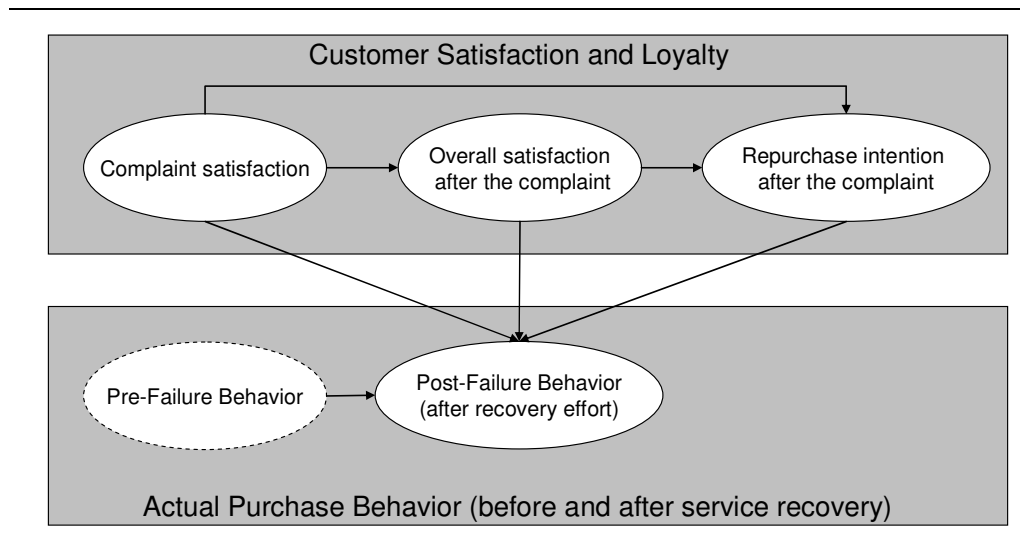
H3a-c: Complaint satisfaction (a), overall satisfaction (b) and repurchase intention after the complaint (c) are positively associated with action loyalty after the complaint (post-failure behavior).

Actual Purchase Behavior before and after the recovery. Research studies beyond the service recovery context confirm the impact of past purchase behavior on future behavior (e.g. van Doorn and Verhoef, 2008; Vogel, Evanschitzky, and Ramaseshan, 2008). The existence of this effect is called customer inertia. We assume inertia in this research context despite service failure and service recovery. However, we also assume that inertia buffers the impact of complaint satisfaction on future behavior; in other words the impact of inertia is stronger than the impact of a service recovery. Based on Bentler and Speckarts (1979) extension of the Theory of Planned Behavior we assume that repeated purchases in the past have an impact on future purchase behavior. Many studies give empirical evidence for habitual behavior (e.g., Anderson and Srinivasan 2003; Beatty and Smith 1987; Gounaris and Stathakopoulos 2004; Huang and Yu 1999). For example, Beatty and Smith (1987) demonstrate the strengths of the inertia effect by showing that 40%–60% of consumers buy at the same provider because of habit. In summary, there is ample evidence to suggest that inertia plays a significant role in consumer choice. Against this background we suppose, that:

H4: Action loyalty before the complaint has a positive impact on action loyalty after the complaint.

Figure 1 exhibits the conceptual framework of this study:

Figure 1
Conceptual Model and Hypotheses



Methodology

Data Collection Procedure and Sample

The data were collected in 2007. Customers from a fast-food service provider were interviewed as part of the company's regular customer survey. Telephone interviews were conducted with a total of 9,466 customers (58.3% females and 41.7% males between the ages of 14 and 89; average age = 32.32; [SD = 11.32]). Any service failure experienced by a customer in the past six months was assessed. This was the case for 371 customers (3.9% of all customers). 238 of these customers voiced their complaint to the service provider (accounting for 64.1% "complainers"). 55.2% of these complainers were female and 44.8 males. Additionally, complainers had to report the point of time of the failure, the kind and severity of the failure. Based on the self reported and the providers information system we were able to extract the actual purchase behavior before and after the failure respectively the service recovery. The combination of interviews and purchase behavior was possible in 160 cases.

Measures and Measurement Properties

We have chosen measures that were already tested empirically in service industry setting and in recovery research. The three main constructs of this research are complaint satisfaction, overall satisfaction, and repurchase intention after the complaint are based on Tax, Brown, and Chandrashekar, 1998, Homburg and Fürst, 2005 and Westbrook, 1981. The actual purchase measures before and after the complaint is based on objective transaction data from customers. The model fit the data very well: The comparative fit index (CFI) is .99, the Tucker Lewis Index (TLI) is .98, the Root Mean Square Error of Approximation (RMSEA) is .04, and the Standardized Root Mean Square Residual (SRMR) is .02. It can be noted that the coefficient alpha is larger than .7, a threshold generally proposed in the literature (Nunnally, 1978). Also, composite reliabilities (CR) are larger than .6 for all constructs (Bagozzi and Yi, 1988). Discriminant validity was assessed using the criterion proposed by Fornell and Larcker (1981). The criterion is met since the average variance extracted (AVE) by each construct exceeds the squared correlations between all pairs of constructs (Table 2). Therefore, reliability and validity of the constructs in this study are within acceptable boundaries. Measurement properties are summarized in tables 1 and 2.

TABLE 1
Reliability and Validity of the Constructs

Scale/Item	Alpha	CR	AVE
Complaint satisfaction	.93	.91	.84
I was not satisfied with the handling of my complaint. (R)			
I had a positive experience when complaining to this company.			
I was very satisfied with the complaint handling of the company.			
Overall customer satisfaction	n.a.	.82	.70
Overall, the purchase of the product from this company was a good decision.			
Index of retail satisfaction (assortment, environment, price, salesperson, and service)			
Conative after the complaint	n.a.	.88	.79
It is very likely that I will purchase the product of this company again.			
I intend to remain loyal to this company in the future.			
<i>Notes.</i> All scales are measured using 5-point Likert scales anchored at 1 = strongly agree and 5 = strongly disagree. Fit-Indices: CFI = .99; TLI = .99; RMSEA = .03; SRMR = .02. (R) = item is reverse coded.			

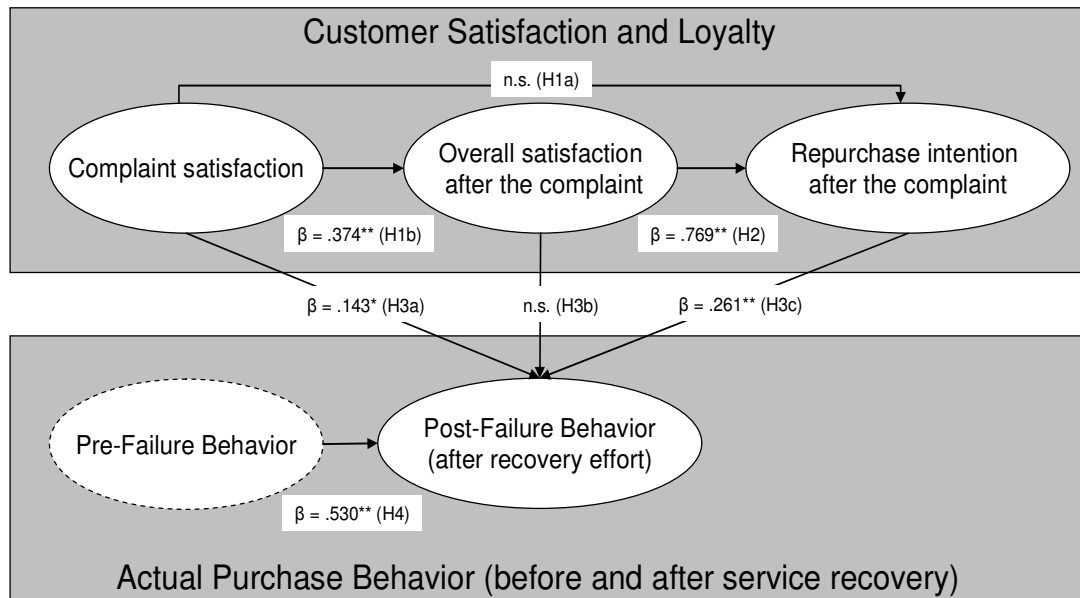
TABLE 2
Correlation Matrix of Model Constructs

	1.	2.
1. Complaint satisfaction	1	
2. Repurchase intention after the complaint	.39	1
3. Overall customer satisfaction	.37	.80

Results

We used structural equation modeling to test the hypothesized effects. As proposed in our conceptual model, we tested an indirect effect of complaint satisfaction via overall satisfaction on customer loyalty a direct effect on customer loyalty. The path coefficient between “complaint satisfaction” and “overall satisfaction” is positive and significant at the .01-level. Furthermore, the path between “overall satisfaction” and “repurchase intention after the complaint” is also positive and significant at the .01-level. However, the direct link between “complaint satisfaction” and “repurchase intention after the complaint” is not significant. To sum it up, hypotheses H1a and H2 are supported by our findings, but we find no support for H1b. Addressing the gap between intention and behavior we test the paths between the above mentioned constructs and the actual purchase behavior after the complaint. “Complaint satisfaction” has a positive at significant impact on purchase behavior after the complaint ($p < .05$). Furthermore, “repurchase intention” is also positively associated with the purchase behavior after the complaint at .01-level. However, there is no significant impact from “overall satisfaction” on “actual purchase behavior.” Hence, we find support for H3a and H3c, but not for H3b. The last hypothesis (H4) contains the impact from purchase behaviour before the service recovery on behaviour after the service recovery. H4 is supported by our findings; past behaviour has a positive and significant at .01-level on purchases after the recovery. Figure 2 summarizes the above mentioned results.

Figure 2
Results of Hypotheses Testing (Path Coefficient)



Notes. *p < .05, **p < .01. Completely standardized coefficients are shown.

Discussion, Implications and Further Research

This study sheds new insight into behavior in a service recovery context. The findings confirm the call for “closing the gap” between intention and behavior. We could exhibit some unexpected effects: First, overall satisfaction is only positively associated with intentions not with behavior. Second, complaint satisfaction has no impact on intentions but on behavior. And third, the purchases before the recovery have the greatest impact on behavior after the recovery. Based on these findings we could exhibit that “inertia” has a greater impact than service recovery respectively complaint satisfaction on future sales.

For service researchers and managers, these results indicate that good service recovery is able to change a customer’s attitudes, a customer’s behavioral intention and – even more important – the customer’s purchase behavior positively. Hence, firms should invest into service recovery. Moreover, our results indicate that inertia effects buffer the impact of complaint satisfaction. Therefore, inertia was found to be a major determinant of future purchase behavior, thus, service recovery is of lower importance.

However, there are still some limitations and unanswered questions that offer avenues for further research. First, we will expand more specific research focusing on moderators of the intention–behaviour relationship such as customer expertise and perceived switching costs since they were discussed to moderate these linkages. Second, further moderators on the linkage between past and future behaviour should be examined such as the type of failure and involvement.

To sum it up in an exaggerated way: Our findings tend to result in “Doing more with Less:” Service providers could maintain their sales volume with less recovery effort supported by inertia.

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