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The impact of pre-existing attitude and conflict management style on customer satisfaction with service recovery

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ABSTRACT

This research examines customer satisfaction with service recovery through the lens of a conflict management framework, specifically assessing the role of pre-existing attitude in determining customer response to service failure. The results of two scenario-based experiments suggest that conflict management style impacts customer satisfaction with service recovery efforts. Additionally, pre-existing attitude toward the company influences the customer's interpretation of a service provider's conflict management style. Those with positive attitudes respond favorably to a cooperative approach in the face of service failures. Conflict management style has little impact on those with negative pre-existing attitudes. A cooperative recovery style and exceeding expectations is necessary to satisfy customers. These results highlight the gravity of service failures, and the importance of proper training in dealing with service recovery.

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1. Background to the research

The topics of service failure, complaint-handling and service recovery have attracted significant interest in the marketing literature, and have been argued as critical issues for service managers (Blodgett et al., 1997; Maxham and Netemeyer, 2003; Smith et al., 1999; Tax et al., 1998). A service failure is a situation where a customer perceives a loss arising from deficiencies in service performance that results in dissatisfaction (Hoffman and Bateson, 1997; Johnston, 1995). That is, service failures are instances of conflict situations, and viewed as customers' economic and/or social loss in exchanges (Smith et al., 1999). Customers' complaints at the point of service failure offer service providers opportunities to rectify the problems (Blodgett et al., 1997); poorly handled complaints or recovery may exacerbate the negative effects of the service failure, thus producing a "double deviation" effect in that both the initial events and the complaint-handling attempts are failures (Bitner et al., 1990; Kelley et al., 1993). Overall, poor complaint-handling or service recovery can intensify customer dissatisfaction and may act as a "pushing determinant" in

driving the customer to a competing firm (Bitner et al., 1990; Roos, 1999). Consistent with this perspective, Keaveney (1995) found that service failures and failed recoveries are a leading cause of customer switching behavior in service organizations.

Previous studies have investigated the impact of a proper service recovery on customer satisfaction (Blodgett et al., 1997; Smith et al., 1999; Tax et al., 1998). Importantly, however, the role of customer pre-existing attitudes toward the service provider is often forgotten in the literature. Pre-existing attitudes can serve as anchors, influencing how new information is processed (Sherif and Hovland, 1961). As customers deal with new information in a service recovery process, their pre-existing attitudes are likely to play a key role in determining the effectiveness of service recovery attempts. Service recovery efforts, in turn, impact on customer satisfaction.

Prior research has addressed the role of previous experience in determining response to service recovery (e.g. Tax et al., 1998). Specifically, positive previous experience mitigates dissatisfaction. The present research seeks to extend this line of inquiry by examining the role of pre-existing attitude rather than simply previous experience. Pre-existing attitudes represent an overall summary evaluation which can be based upon a wide array of information, which may or may not be related to prior experience with the service. As such, pre-existing attitude is a somewhat broader concept than prior experience.

The main objective of this paper is to investigate the moderating effect of customers' pre-existing attitudes on customer satisfaction in a service recovery process. Service recovery is often viewed from the perspective of a justice framework. Within this framework,

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three forms of justice are important: distributive justice, procedural justice, and interactional justice (Tax et al., 1998). This research uniquely contributes to the service recovery literature by applying a conflict management framework in order to further explicate interactional justice. Many service failures result in a form of interpersonal conflict between service workers and customers. In applying a conflict management framework, we acknowledge the inherent interpersonal conflict in such situations. Thus, this paper focuses on interactional justice vis á vis the effect of conflict management style on customer satisfaction following service failure, and the moderating role of pre-existing attitude.

The remainder of the paper is organized as follows. The next section examines Equity and Justice Theories, which are the dominant frameworks used in service failure research. Following this, Conflict Management Theory is introduced as the lens through which we examine interactional justice. Next we review pre-existing attitudes and their potential impact on information processing. We then review literature regarding satisfaction with service recovery. We subsequently propose hypotheses and test them with two controlled experiments. We conclude the paper with a discussion of the implications and limitations of our findings.

2. Theoretical framework

2.1. Equity Theory and Justice Theory

Equity Theory is a theory of social justice that explains relational satisfaction, and focuses upon an individual's perceptions of fair distribution of resources with respect to a relationship (Walster et al., 1978). Equity Theory holds that individuals attempt to maximize their rewards in a fair manner; that is, rewards should be distributed according to who provides the most inputs into the dyadic or group system (Adams, 1965).

Equity and Justice Theories have been used to explain customers' reactions to conflict situations (Lind and Tyler, 1988; Goodwin and Ross, 1992). Customers consider a service failure situation as a negative inequity, and attempt to balance equity with post-purchase behavior including complaining (Lapidus and Pinkerton, 1995). Therefore, perceived justice is relevant for explaining customers' behavior in response to complaint-handling (Blodgett et al., 1997).

During a social exchange, an individual compares the ratio of his/her outputs to inputs to the ratio of the other party in the relationship (Walster et al., 1978). Outputs are the perceived positive and negative consequences that an individual receives from a social interaction or exchange, and inputs are the perceived positive and negative contributions to the relational exchange. An individual perceives a situation as equitable when their own ratio of outputs to inputs is the same as those of others with whom they compare themselves. When an individual's output–input ratio is larger than that of the partner, that individual is overbenefited (Sprecher, 1992). Conversely, when an individual experiences a lower output–input ratio when compared with the partner, then that individual is underbenefited (Sprecher, 1992).

However, a limitation with Equity Theory is that it conceptualizes justice only in outcome-oriented terms, which is distributive justice, and neglects interpersonal aspects of the relationship (Austin, 1979; Deutsch, 1975; Leventhal, 1976). Perceptions of justice result not only from evaluation of outcome fairness, but also depend upon the process of attaining justice/fairness, and the manner in which it is implemented (Austin, 1979). In this regard, procedural justice refers to the perceived fairness of the means by which decisions are made (Lind and Tyler, 1988), while

interactional justice refers to the manner in which an individual is treated throughout the process (Bies and Moag, 1986).

A three-dimensional view of justice has evolved in the marketing literature to include decision outcomes (distributive justice), decision-making procedures (procedural justice) and interpersonal behavior in the delivery of outcomes and enactments of procedures (interactional justice) (Goodwin and Ross, 1992; Tax et al., 1998).

In the present research, we focus specifically on the realm of interactional justice. We seek to enrich our knowledge of this multi-faceted concept by examining it from another perspective; specifically we examine interactional justice through the lens of the conflict management literature.

2.2. Satisfaction

Satisfaction has been conceptualized in different ways. The most commonly used approach is the Expectancy Confirmation/Disconfirmation Theory (Bettman, 1986; Myers, 1991; Oliver and Swan, 1989; Tse and Wilton, 1988), where performance is evaluated in light of customer expectations. Woodruff et al. (1983) stated that customers form expectations for the performance of a brand prior to purchase. In general, customers expect service performance to match what they agreed to purchase. If customers do not receive the service they purchased, then the service performance fails to meet expectations. Similarly, if customers receive significantly more than the service they purchased, then the service performance exceeds their expectations. Parasuraman et al. (1988) determined two dimensions based on which customers evaluate a service: outcome and process. In a service failure situation, the outcome of a service recovery process can be considered to be the service outcome or performance and the representative's style of conflict management can be considered to be the service recovery process. In other words, meeting the customer's expectation means providing the service level that the customer expected to receive beforehand. Satisfaction with complaint-handling is a key variable that links perceptions of the fairness dimensions to post-complaint attitudes and behaviors. Some complaint-handling/service recovery studies have considered satisfaction with a particular complaint-handling or recovery experience (Tax et al., 1998; Smith et al., 1999). Others have considered overall satisfaction after the complaints, or satisfaction with overall service performance after recovery, in addition to, or without, satisfaction with a particular complaint-handling or recovery experience (Homburg and Furst, 2005; Maxham and Netemeyer, 2003; McCollough et al., 2000). A common theme in the various studies of complaint-handling/service recovery is that customers must be satisfied with the firm's complaint-handling or recovery efforts. In this study, we focus on satisfaction with a particular recovery process, which is the employee's conflict management style. Not surprisingly, customers are expected to be more satisfied when the perceived service exceeds their expectations, compared to just meeting or failing to meet expectations (Rust and Oliver, 2000; Westbrook and Oliver, 1981). This hypothesis aims to test the validity of previous findings in our empirical setting.

H1. Customer satisfaction with the recovery efforts is higher when the firm's performance exceeds customers' expectations than when firm performance falls below customer expectations.

2.3. Conflict management style

A service failure occurs when a customer has not received what he or she should have received. This can be viewed as a conflict according to Deutsch (1973), who defines conflict as incompatible activities by two parties. In line with Deutsch (1973), Tjosvold (1986) states

that “conflict occurs when one person’s behavior obstructs, interferes with, blocks, or in some other way makes another’s behavior less effective” (p. 115). For example, if a customer purchases an airline ticket but is denied boarding due to overbooking, the airline has obstructed the customer’s efforts to travel. Aldrich (1977) notes that conflict is an “inherent element” of a relationship, thus making conflict management an important issue in business research.

Deutsch (1973) and Tjosvold (1986) address conflict management in terms of the form of interaction between parties. The application of conflict management style to an examination of service failure and recovery offers the benefit of focusing our examination on the relational interaction between the customer and the service provider without reference to other customers. Often Equity and Justice Theories formulate perceptions of fairness based upon what one customer receives relative to another. This is often a realistic approach; however there are many situations where the customer is unaware of other customers’ experiences and outcomes. As such, the notion of equity with other customers is irrelevant. What matters most is the nature of the interaction between the service provider and the customer, and the outcome experienced by the customer. Consider an airline experience, for example. Myriad factors vary among customers; they pay wildly different prices for the same service, some are denied boarding while others are inexplicably upgraded, and they rarely know how their own experience compares with other customers. They simply know their own inputs, experiences, and outcomes. Taking a conflict management approach allows us to focus on the conflict nature of a service failure in this particular type of situation, where equity among customers is less evident.

Deutsch (1973) and Tjosvold (1986) have categorized conflict management into three major approaches: cooperative, competitive, and avoidance. In cooperative conflict, there is an open-minded discussion between parties with a focus on understanding opposing arguments, integrating opposing ideas, creating quality solutions, and strengthening the relationship. On the other hand, in competitive conflict protagonists defend their position vigorously and try to pursue their own interest even at the expense of others. The third approach to conflict is to avoid expressing the other party’s ideas and de-emphasize any disagreement so that people remain unaware of opposing needs, interests, and ideas (Tjosvold, 1986). Customers are expected to be more satisfied with a cooperative management approach than a competitive or avoidance approach.

H2. In a service recovery process customers will be more satisfied with a cooperative conflict management style compared to a competitive or avoidance conflict management style.

2.4. Pre-existing attitudes

Consumers often have pre-existing attitudes toward the organizations with which they interact, and sometimes even toward those with which they do not or have not interacted. A common definition of attitude views it as an “overall summary evaluation” (Petty et al., 1997). Research suggests that pre-existing attitudes impact how individuals process new information (e.g. Asch, 1946; Allport, 1935). Pre-existing attitudes allow for the possibility of pre-conceived notions even without direct experiences, which reflect the fact that consumers can and do form attitudes toward organizations whose services they have never experienced. Consumer attitudes can also reflect information that may be unrelated to their actual experience with a product or service, and such attitudes can impact service perceptions. As such, attitude as a construct allows for inclusion of a wide variety of elements that can and do impact consumers, beyond actual product or service

experience. Pre-existing attitude represents a comprehensive integration of cognitive and affective elements pertaining to the attitude object. Since pre-existing attitude represents a summary evaluation, it can encompass all of the commonly used service perception measures, such as experience and trust, thus making it a broader and more comprehensive measure.

Pre-existing attitudes influence how ambiguous information is processed. Yi (1993) defines ambiguity as information that can be interpreted in various ways. Ambiguity can arise when experience with the service does not in and of itself lead to a clear and unanimous interpretation (Hoch and Deighton, 1989). In a conflict situation, employee responses to customers are in many ways ambiguous. Individuals may interpret the same interaction as informative and helpful, or as confrontational.

Previous research has demonstrated that individuals may process ambiguous information differently, depending upon their personal relationship to the issue. For example, in a study regarding the interpretation of ambiguous scientific data regarding smoking risk, smokers processed the information differently than non-smokers, resulting in lower risk perceptions by smokers (Viscusi et al., 1999). Similarly we expect individuals to process ambiguous service information differently depending upon their pre-existing attitude toward the company.

Individuals tend to process new information in a manner that is consistent with their pre-existing attitudes (Judd et al., 1983). As such, greater satisfaction is expected with positive pre-existing attitudes, since customers are expected to interpret the situation in a more positive light.

H3. For the same level of service, satisfaction with the recovery process will be higher for individuals with positive pre-existing attitudes, compared to those with negative pre-existing attitudes.

Furthermore, because conflict management style can be ambiguous, the effect of conflict management style is expected to depend upon pre-existing attitudes. Specifically, a competitive conflict management style can be interpreted differently depending on one’s pre-existing attitude. A competitive approach can be seen as demonstrating some degree of interest in the customer. The Hawthorne Effect holds that being asked and recognized is important and valuable for people (e.g., in Murphy, 1999). However, a competitive conflict management style may also be interpreted negatively, as a denigration of the customer. A competitive style may be interpreted as confrontational, rather than as demonstrating recognition of the customer. Which interpretation is adopted should depend upon one’s pre-existing attitude toward the company. Those with positive pre-existing attitudes should have a more positive interpretation of the competitive conflict management style than individuals with negative pre-existing attitudes. In contrast, an avoiding conflict management style does not demonstrate recognition of the customer. There should be less opportunity for alternate interpretations of an avoiding style, compared to a competitive style, as little or no interaction occurs with an avoiding style. As such, the difference in response based on pre-existing attitude should be less with an avoiding style, compared to a competitive style.

H4. In a service recovery situation, pre-existing attitude and conflict management style will interact such that a competitive conflict management style will result in higher customer satisfaction over an avoiding style for those with positive pre-existing attitudes, but not for those with negative pre-existing attitudes.

Pre-existing attitude is expected to influence response to conflict management style in a second way as well. Remember that satisfaction is based upon confirmation or disconfirmation of expectations. Positive disconfirmation, or receiving more than

anticipated, leads one to be pleased with the service, negative disconfirmation leads to dissatisfaction, and confirmation leads to satisfaction (Bloemer and Odekerken-Schroder, 2002; Churchill and Surprenant, 1982; Oliver, 1980). If one holds a negative pre-existing attitude toward the company, then one might expect to receive poor service. Someone with a negative pre-existing attitude would be expected to interpret a competitive or avoiding service encounter more negatively than someone with a positive pre-existing attitude, as discussed above. However this effect is likely to be muted because receiving poor service is actually a confirmation experience for someone with a negative pre-existing attitude. As such, the decrement in satisfaction that is expected for avoiding and competitive service encounters should be somewhat muted for individuals with negative pre-existing attitudes, because the result actually confirms their expectations. On the basis of this discussion, the following hypothesis is advanced:

H5. In a service recovery process, the difference between customer satisfaction level associated with a cooperative conflict management style and that of a competitive or avoiding style will be less for individuals with negative pre-existing company attitudes, compared to individuals with positive pre-existing company attitudes.

It is important to remember that the situations under scrutiny here involve service failure. As such, simply restoring service to what it should have been in the first place is not expected to elate customers. Previous research has demonstrated that in the face of service failure it is necessary to go beyond initial expectations in order to please customers (Berry et al., 1994; Mattila, 2001). If customer expectations are just met following a service failure, then at most the customer may walk away barely satisfied, but more likely the customer's evaluation will be somewhat negative. Positive disconfirmation would be required to result in high levels of satisfaction. When starting with a service failure, it is quite difficult to attain positive disconfirmation as the service provider often deals with more demanding customers when a failure arises (Mattila, 2001). A positive pre-existing attitude, a cooperative conflict management style, and exceeding service performance expectations may work together to satisfy the customer. If one of these is negative, however, it may be difficult to engender satisfaction. This suggests an interaction, whereby all three elements, pre-existing attitude, conflict management style, and performance, must be optimized in order to satisfy the customer. On the basis of this discussion, the following hypothesis is advanced:

H6. In a service recovery process, pre-existing attitude, conflict management style, and performance will interact such that when the positive condition of each of these is attained satisfaction will be multiplicatively higher, compared to when any of these is below optimum levels.

Two experiments were conducted to test the hypotheses. Each study utilized scenarios depicting service failure in the airline industry. Specifically participants were asked to imagine that they had purchased an airline ticket but were denied boarding due to airline overbooking. The independent variables were manipulated within this context.

First, the impacts of conflict management style and service performance on customer satisfaction were examined, without considering pre-existing attitude. Then, in the second study, customers' pre-existing attitudes toward the airline were manipulated and the impacts of conflict management style, service performance and pre-existing attitude on customer satisfaction were tested.

3. Study 1

3.1. Pretests

Four separate pretests were conducted to develop scenarios that mirror real life situations. We based our scenarios on Soderlund (1998), who used two scenarios about the airline industry to manipulate satisfaction. Extensive pretesting ensured that the scenarios performed as desired.

Pretest 1: Thirty-eight undergraduate students participated in this paper and pencil pretest. A fully crossed within subjects design was used to test three levels of performance (exceed expectations, meet expectations, fail to meet expectations) and three levels of interaction/conflict management style (cooperative, competitive, avoiding). Each participant read nine scenarios (3 × 3) and responded to 12 manipulation check questions asked on 7-point Likert scales plus one open-ended question. Scale reliabilities were all above .8 and most scenarios functioned as intended (all except avoidance: $t > 7.0$, $p < .001$); however avoidance was perceived in the competitive as well as the avoidance scenarios ($t = .39$, $p < .70$) therefore additional scenario modification was deemed necessary.

Pretest 2: This pretest involved an open-ended assessment of the scenarios with five students to identify weaknesses in the scenarios, especially the competitive scenarios. Results identified phrases in the original competitive wording that suggested avoidance. Modifications were made to the scenarios based on these results.

Pretest 3: Forty four undergraduate students participated in this on-line pretest, using scenarios modified from pretest 1. All scenarios performed as planned (all $t > 2.0$, all $p < .05$) however scale reliabilities were somewhat low (.53–.64). Further examination of the scales indicated certain weak items.

Pretest 4: This pretest replicated pretest 3, with weak scale items removed. The pretest was performed on-line. Twelve participants completed the study. The means for all were consistent with the previous pretests and performed as expected (see Table 1 for results). All desired significant differences were attained (all $t > 2.0$, all $p < .05$). At this point the scenarios were deemed successful, since all conditions performed as intended.

3.2. Participants and experimental design

Participants were undergraduate students recruited for this paper and pencil study through an announcement in various

Table 1
Pretest 4: Paired-samples *t*-tests for study manipulations.

Questions:	Scenarios		
	Avoiding	Competitive	Cooperative
Avoiding: The representative did not even listen to my concerns and avoided any discussion with me.	5.08	3.42	1.83
Competitive: The representative tried hard to explain the situation from the company's perspective and convince me that I was at fault, but he/she was not willing to consider my point of view.	4.00	5.17	2.50
Cooperative: The representative listened to my concerns carefully and tried hard to address my problem with the open mind.	2.50	3.67	5.83

undergraduate classes at a mid-sized university in western North America. In exchange for their participation they were entered into a draw for one of several \$10 gift certificates. Two hundred thirty students participated. Questionnaires were interleaved in random order prior to distribution during classes, thus randomly assigning participants to experimental conditions. Informed consent and the voluntary nature of their participation were addressed first. Next participants were asked about their frequency of flying. Those who had never flown were eliminated from analyses as we felt some level of familiarity with airlines was important in assessing the scenarios. Incomplete surveys were eliminated as well, resulting in 195 usable responses. Participants were 51% female. The age range was 19–40 and the average age was 23.3 years old.

The study utilized a 3 (conflict management style: avoiding, competitive, cooperative) \times 3 (service performance: fail to meet expectations, meet expectations, exceed expectations) fully crossed between subjects experimental design. Participants were randomly assigned to one of the nine experimental conditions. Cell sizes ranged from 19 to 25 due to random assignment and exclusion of incomplete data. ANOVA is robust to issues regarding differing cell sizes as long as differences are not large. Specifically the ratio should be 1.5 or below (Glass and Hopkins, 1996, p. 522). Our ratio was 1.3 therefore the cell size differences were not a concern. *Independent variables:* Conflict management style was manipulated through scenarios describing customer interactions with service representatives for an airline through which the customer had purchased a flight. In all cases the customer was originally denied boarding due to airline overbooking.

In the cooperative condition, there was an open-minded discussion between the customer and the airline representative. The representative expressed interest in understanding the customer's arguments and made a strong effort to find a seat for the customer, by calling other airlines and checking the computer.

In the competitive condition the airline representative defended the company's position vigorously and tried to pursue the company's interest by explaining that the airline's rules of flight state that they may oversell a flight and customers are given seats based on their check-in time.

In the avoiding condition the airline representative avoided discussion with the customer and remained unaware of the customer's needs and interests. The customer was simply directed from one desk to another elsewhere. See Appendix A for manipulations.

Service performance was manipulated as exceeding expectations by upgrading the customer's flight to business class, meeting expectations by putting them on their initially reserved flight, or failing to meet the customer's expectations by denying boarding on this flight. See Appendix B for manipulations.

Dependent variables: Customer satisfaction was measured with two separate satisfaction scales. The first, by Soderlund (1998), consisted of three scale item questions asked on 7-point Likert scales anchored by strongly disagree and strongly agree. The three items were: "I would be satisfied with how the airline has taken care of me", "I would feel that the airline's way of dealing with the situation matches my expectation", and "I would feel that the airline's way of dealing with the situation is acceptable". The second scale, by Westbrook and Oliver (1981), consisted of five semantic differential questions (displeased/pleased, discontented/contented, dissatisfied/satisfied, unhappy/happy, and poor service/good service) asked on 7-point scales in response to the overall question "How do you feel about this situation?" One item was omitted from the Westbrook and Oliver scale to adjust this measurement for the domain of our study (Table 2).

A factor analysis was run on the items contained in the two satisfaction scales. One factor emerged, with all items loading at .80 or higher. Cronbach's alpha indicated that all satisfaction items created a reliable scale (CA=.94). Given that all satisfaction items

Table 2
Mean satisfaction for Study 1.

Conflict management	Expectation evaluation level	N	Satisfaction
Avoiding	Fail	23	1.60
	Meet	20	2.30
	Exceed	23	3.17
Competitive	Fail	20	1.58
	Meet	19	2.50
	Exceed	22	3.29
Cooperative	Fail	25	2.66
	Meet	20	3.45
	Exceed	23	4.61

from the two satisfaction scales created a coherent scale and they were all measured on 7-point scales, they were combined into one overall satisfaction measure.

3.3. Results

In order to assess the control variables (age, gender, flight experience), independent samples *t*-tests were conducted. Average age differed marginally between performance conditions ($p=.09$), therefore it was deemed necessary to include age as a covariate in the main analyses. Similarly, sex distribution differed for the performance variable ($p < .05$) and was also therefore retained in the main analyses. Flight experience did not differ significantly among conditions (all $p > .30$) therefore it was not retained as a covariate in the main analyses.

An ANCOVA was performed with conflict management style and performance outcome serving as factors, age and gender as covariates, and overall satisfaction serving as the dependent variable. A main effect was found for performance ($F(2, 82)=33.1, p < .001$). Result of a 1-way ANOVA Scheffe post-hoc analysis revealed that participants were significantly more satisfied when expectations were exceeded, compared to meeting expectations ($M=3.7$ vs. $M=2.7, p < .001$). Similarly satisfaction was higher when expectations were met and exceeded, compared to failing to meet expectations ($M=2.7$ and $M=3.7$ vs. $M=1.9, p < .001$). These results support Hypothesis 1.

A main effect was also found for conflict management style ($F(2, 186)=23.0, p < .001$). The post-hoc analysis revealed that customers are more satisfied with a cooperative approach compared to an avoiding approach ($M=3.5$ vs. $M=2.3, p < .001$) and to a competitive approach ($M=3.5$ vs. $M=2.5, p < .001$). These results support Hypothesis 2.

Results of the ANCOVA did not suggest a significant interaction between conflict management style and performance outcome ($F(4, 193)=.23, n.s.$).

3.4. Discussion

The results suggest that customers appreciate the characteristics of employees who see the conflict situation as a mutual problem (using a cooperative style). In addition, the results suggest that customers tend to be more satisfied when the perceived service exceeds their expectations than when it meets or fails to meet their expectations. Interestingly, the interaction between the conflict management style and service performance was not significant suggesting that even in a conflict situation where the actual service exceeds the customer's expectations, the style of the representative is very important for the customer.

4. Study 2

Study 1 successfully demonstrated that customers are more satisfied with a cooperative conflict management style, and they are more satisfied when their expectations are exceeded. Study 2 was conducted next to determine the impact of pre-existing attitudes on these concepts. An on-line experiment was conducted for this purpose. In this study the mid-level of performance, meeting expectations, was eliminated. This was done to simplify the design, since pre-existing attitude was added to Study 2 increasing the size of the overall design.

4.1. Participants and experimental design

The majority of the participants were undergraduate students, with some university staff participating as well. Participants were recruited for this on-line study through an announcement on the website of a mid-sized university in western North America. Participants were recruited for the study through an announcement on the notice portion of the western North American university's website home page. Participants were entered in a draw for \$50. Three hundred forty-three individuals participated in this study. Of these, 85 either did not complete the study or had no flight experience and thus were omitted, resulting in 258 valid responses. Sixty five percent of participants were female. The age range was between 18 and 57 with the mean of 24.9. This study utilized a 3 (conflict management style: cooperative, competitive, avoiding) \times 2 (service performance: exceed expectations, fail to meet expectations) \times 2 (pre-existing attitude: positive, negative) fully crossed between subjects experimental design. Participants were randomly assigned to one of the twelve experimental conditions based on their month and day of birth (see further explanation below). Cell sizes ranged from 15 to 29 due to random assignment and exclusion of incomplete data. ANOVA is robust to issues regarding differing cell sizes as long as differences are not large (Glass and Hopkins, 1996, p. 522), however our cell size differences exceeded the recommended ratio of 1.5. To address this issue we randomly eliminated cases in the largest cells in order to bring all cells within the recommended 1.5 size ratio. These eliminations were done with the use of a random number generator and without looking at the data being eliminated to avoid any potential bias.

Independent and dependent variables: Pre-existing customer attitude toward the company was manipulated with hypothetical scenarios providing information on the company. At the beginning of the experiment participants read a brief description about the hypothetical company which was consistent with the attitude condition to which they were assigned, in order to manipulate their company attitude. Attitudes were then measured to confirm the success of the manipulation, consistent with previous research (e.g. Basil and Herr, 2006). Two levels of customer attitude toward the company (positive and negative) were manipulated through scenarios which described the airline the customer was flying. The manipulated scenarios included four valenced statements (positive or negative). The valenced statements addressed employee job satisfaction, customer satisfaction, industry awards, and Better Business Bureau reports. Two neutral statements were included, which related to the location of the company's headquarters and the number of members on the board of directors. Parallel statements were used for the positive and negative attitude manipulations. For example, a statement from the positive attitude manipulation was "employees of this airline ranked their job satisfaction as very high". The parallel statement for the negative attitude manipulation was "employees of this airline ranked their job satisfaction as somewhat low". All statements were pretested prior to the experiment. See Appendix C for manipulations.

Conflict management style and performance were manipulated as in Study 1. See descriptions above, and see Appendices A and B for manipulations. Customer satisfaction was the dependent variable. The same measurements were used as in Study 1. See description above.

Procedure: This research was conducted on-line using survey software from the on-line survey research firm Zoomerang (www.zoomerang.com). Approval was obtained from the institution's IRB. Visitors to the University's website saw an announcement inviting them to participate in an on-line study, with the opportunity to enter a drawing for \$50 for their participation. Those wishing to participate proceeded to a linked website to complete the study. Since this software lacks a direct random assignment feature, an alternate method of random assignment was developed. It was assumed that birthdates occur in a sufficiently random manner, unrelated to the variables under study. Thus date of birth (i.e. odd/even day, month) was used. Based on whether the participants' month and day of birth were odd or even, they were assigned to one of the twelve conditions. Participants answered questions about their previous experience with the airline industry as a control measure. Then, they read the pre-existing company attitude manipulation and answered four semantic differential questions regarding their attitude toward the airline (undesirable/desirable, unappealing/appealing, bad/good, poorly run/well run), as well as one Likert-style question ("My attitude toward this airline is" anchored by very negative to very positive), all on 7-point scales, as manipulation checks. After that, the participants read the appropriate service failure scenario based on their random assignment and indicated their perceived satisfaction. Finally, they answered demographic questions. After completing the study they were thanked, informed of the purpose of the study, and given contact information in case they wished to obtain follow-up information.

Variable assessment and scale creation: Given that the conflict management and service performance manipulations were based upon Soderlund's (1998) scenarios which had proven successful in their research, and that our revised versions were successfully assessed in pretests, additional manipulation tests of these two variables were omitted. This decision was additionally prompted by a need to shorten the study to increase response rate. The attitude manipulation, however, was developed by the researchers and had not been previously tested in other research; therefore additional testing was deemed appropriate on the attitude manipulation. The attitude manipulation was assessed through an independent samples *t*-test. Participants in the positive attitude condition had significantly more positive attitudes than participants in the negative attitude condition ($M=3.33$ vs. $M=2.39$; $t(255)=5.16$, $p < .001$), thus the pre-existing attitude manipulation was successful.

To assess the effectiveness of random assignment to condition, we determined whether the cells differed significantly in terms of previous flight experience, age or gender. *t*-Tests demonstrated that the experimental conditions did not differ significantly in terms of previous flight experience, age or gender (all $p > .05$). However, since age and gender were significant predictors of satisfaction in Study 1, they were retained as control variables in these analyses.

Next, scales were created for the two satisfaction measures. Cronbach's Alpha for the Soderlund (1998) scale was .92, and for the Westbrook and Oliver (1981) it was .96, thus both scales were strong. Factor analysis showed that all satisfaction scale items loaded together on one factor (.77–.93) and reliability analysis confirmed the reliability of the measure (alpha=.96). The two separate scales were highly correlated ($r=.88$) therefore MANOVA would not be an appropriate method of analysis. Therefore as in Study 1 a satisfaction scale was created by averaging participants' responses to the satisfaction measures from both the Soderlund

Table 3
Overall satisfaction. Mean satisfaction by experimental condition.

Conflict management style	Pre-existing attitude	Expectation evaluation level	N	Overall satisfaction mean	Std. deviation
Avoiding	Positive	Fail	18	1.63	.65
		Exceed	23	3.36	1.19
	Negative	Fail	18	1.59	.90
		Exceed	22	3.36	1.45
Competitive	Positive	Fail	23	2.11	1.13
		Exceed	21	4.12	1.27
	Negative	Fail	15	1.78	.93
		Exceed	23	3.16	1.09
Cooperative	Positive	Fail	21	3.04	1.00
		Exceed	23	5.32	1.48
	Negative	Fail	17	1.58	.46
		Exceed	21	3.99	1.53

scale and the Westbrook and Oliver scale. Because all satisfaction items were based on the assessment tests, and also measured on seven point scales, this was deemed appropriate.

4.2. Results

An ANCOVA was used to test the proposed hypotheses. The satisfaction scale served as the dependent variable; conflict management, service performance and customer pre-existing attitude toward the company served as factors, with age and gender as covariates. Overall the model predicted 50% of the variance in satisfaction (adjusted R^2 for satisfaction=.50). See Table 3 for cell means and N's. The covariates were not significant ($p > .05$).

Hypotheses 1 and 2 were successfully supported in Study 1; we replicated these tests in Study 2 to demonstrate the generalizability of our findings thus further strengthening confidence in our results. Addressing Hypothesis 1, the main effect of service performance on satisfaction was supported. Participants were more satisfied when the performance exceeded expectations by being upgraded to business class ($M=3.9$ vs. $M=2.0$; $F(1, 224)=168.4$, $p < .001$).

Supporting Hypothesis 2, the results demonstrated a significant main effect of conflict management approach on customer satisfaction ($F(2, 224)=16.8$, $p < .001$). A simple planned contrast test (KMatrix) demonstrated that participants were more satisfied with the cooperative style ($M=3.6$) than with the competitive ($M=2.9$; $p < .001$) and the avoiding style ($M=2.6$; $p < .001$).

Results also supported Hypothesis 3, a main effect for pre-existing attitude. Participants were more satisfied when they had a positive pre-existing attitude toward the company than when they had a negative pre-existing attitude ($M=3.3$ vs. $M=2.7$; $F(1, 224)=22.4$, $p < .001$).

Hypothesis 4 proposed a specific form of interaction, namely that pre-existing attitude would impact response to a competitive conflict management approach, compared to an avoiding approach. Customers would be more satisfied with a competitive approach if they had a positive pre-existing attitude than if their pre-existing attitudes were negative. In the ANOVA described in the previous paragraph, conflict management style was shown to interact with pre-existing attitude ($F(2, 224)=8.2$, $p < .001$). Further steps were necessary, however, to determine whether the pattern of the interaction fit predictions. Specifically, cooperative conditions were omitted in order to compare competitive and avoiding styles. An ANOVA was performed with pre-existing attitude (positive, negative), conflict management style (competitive, avoiding), and performance (as a control variable since differing numbers of participants were assigned to these conditions) serving as factors and overall satisfaction serving as the dependent variable. The pre-

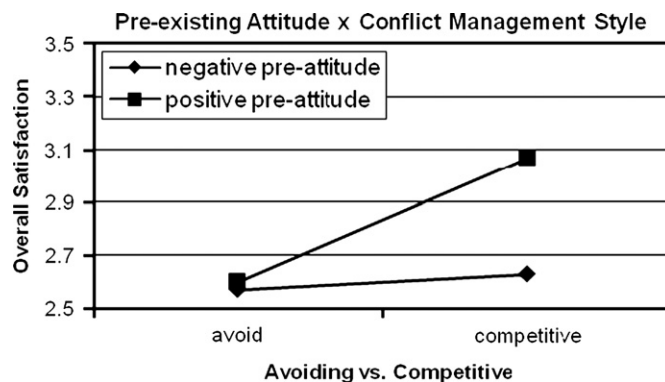


Fig. 1. Impact of pre-existing attitude on response to competitive style.

existing attitude \times conflict management style interaction was significant at the 10% level ($F(1, 149)=3.2$, $p < .08$). Those with positive pre-existing attitudes viewed a competitive approach somewhat more positively than an avoiding approach ($M=3.1$ vs. 2.6), but the same was not true for those with a negative pre-existing attitude ($M(\text{competitive, negative})=2.6$ vs. $M(\text{avoiding, negative})=2.6$, see Fig. 1). These results lend support for Hypothesis 4.

Hypothesis 5 proposed a second specific form of interaction between attitude and conflict management style. Specifically, the difference between a cooperative approach and either a competitive or avoiding approach would be less for those with negative pre-existing attitudes, compared to those with positive pre-existing attitudes. To test this hypothesis, a new conflict management style variable was created wherein competitive and avoiding styles were grouped together in one category and tested against a cooperative style. Therefore, the interaction of pre-existing attitude (positive vs. negative) and conflict management approach (competitive or avoiding vs. cooperative) was tested. An ANCOVA was run with pre-existing attitude, performance, and conflict management style as factors, age and gender as covariates, and overall satisfaction as the dependent variable. Pre-existing attitude and conflict management approaches significantly interacted to predict satisfaction, supporting Hypothesis 5 ($F(1, 228)=4.9$, $p < .05$, see Fig. 2).

Finally, Hypothesis 6 proposed a three-way interaction between the experimental factors such that satisfaction would be multiplicatively higher when all manipulations were optimized. Results from the ANCOVA used to test Hypothesis 1–3 were used to assess Hypothesis 6 as well. The three-way interaction was not significant ($F(2, 224)=.54$, $p > .05$). However the two-way interaction between conflict management style and performance was

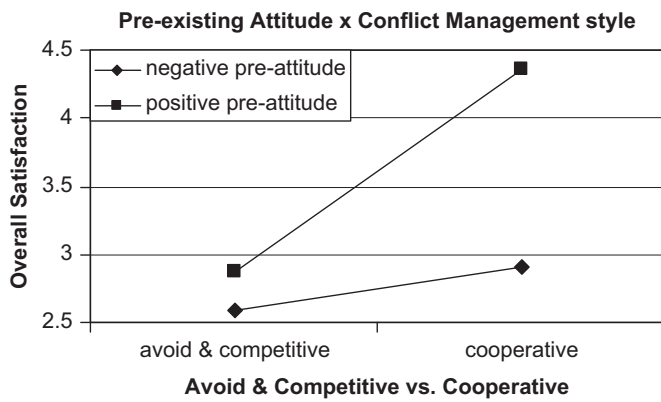


Fig. 2. Impact of pre-existing attitude on relative response to cooperative style.

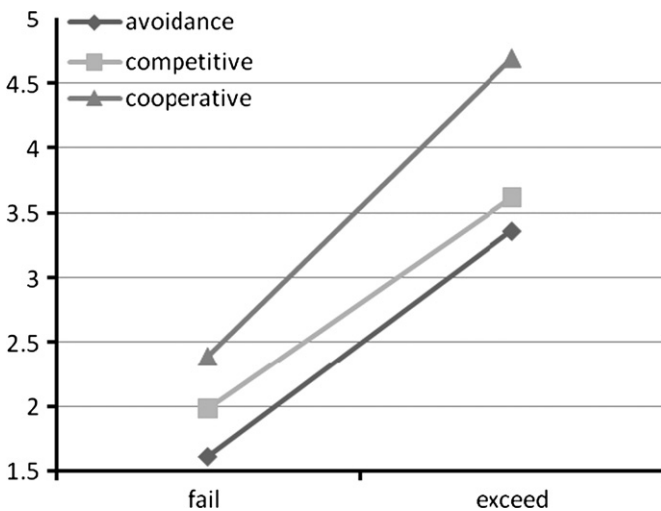


Fig. 3. Impact of conflict management style of perceptions of performance outcomes.

significant at the 10% level ($F(2, 224) = 2.4, p < .1$). Further examination of this interaction suggested that a cooperative approach and exceeding expectations resulted in satisfying the participant ($M = 4.7$ out of 7), whereas all other conditions resulted in significantly lower levels of satisfaction (means range from 1.6 for avoiding/fail to meet expectations to 3.6 for competitive/exceed expectations, see Fig. 3). These results suggest satisfying the customer depends upon optimizing conflict management style and performance. Interestingly, however, this is not dependent upon pre-existing attitude as was hypothesized, thus Hypothesis 6 is only partially supported.

4.3. Discussion

Results of the second study revealed the importance of customers' pre-existing attitudes. Customers with positive pre-existing attitudes respond much more favorably to a cooperative conflict management style, compared to customers with negative pre-existing attitudes. This suggests that, for those who start out disliking the company in the face of a service failure, conflict management style may not have an impact. On the other hand, for customers who start out with positive company attitudes, a cooperative approach in the face of service failure is likely to appease them. Moreover, service encounters are to some extent ambiguous and individuals may interpret human interactions in different ways. The results suggest that individuals' views of a

competitive conflict management style differ depending upon their pre-existing attitudes toward the company. Customers with positive pre-existing attitudes are significantly more satisfied with competitive style than those with negative pre-existing attitudes. Presumably those with a positive pre-existing attitude see the competitive approach as indicating a desire to pay attention to the customer, whereas those with a negative pre-existing attitude view this approach as denigrating them.

5. General discussion

This research offers a new perspective by examining interactional justice in the context of service failure through the lens of Conflict Management Theory. In applying Conflict Management Theory we acknowledge the conflict inherent in customer/service personnel contact in the face of failed service performance. We examine customer response to the most commonly used forms of conflict response—namely avoiding, competitive, and cooperative approaches. Additionally, we examine the impact of pre-existing attitude on response to service failure and recovery. This research stream has typically utilized experience measures to account for customers' prior interaction with a company. Using pre-existing attitude instead of experience measures allows us to include the influence of elements unrelated to actual customer experience that nonetheless impact customer perception of a company. Attitudes include experience elements, but they go beyond this as well to include general affect and cognition unrelated to actual experience. As such pre-existing attitude offers a broader measure than experience thus enriching our inquiry.

The results show that in a conflict situation, customers are more satisfied with a cooperative style rather than avoiding or competitive styles. This is not surprising. Cooperative style in a recovery process is in line with the customer co-production approach in the Vargo and Lusch (2004) Service Dominant Logic (S-D). According to this framework, customers are seen as partners who co-create and co-produce with the company rather than as end users (Vargo and Lusch, 2004). Also as expected, the level of customer satisfaction is higher when expectations are exceeded. Customers with a positive pre-existing attitude toward the company are more satisfied (or less dissatisfied) in a service failure situation, compared to those with a negative pre-existing attitude.

In the face of a service failure companies often focus on the performance, seeking to correct the failure. This is of course important, as is going beyond original expectations in an effort to compensate for the failure. However the present research demonstrates that these performance-based measures are not sufficient. In order to satisfy customers the company must also address the process through which the service failure is handled. A cooperative approach can be a vital element in customer satisfaction. In fact the present research demonstrates that a company can satisfy customers after a service failure only when original expectations are exceeded and a cooperative approach is used. This underscores the difficulty of satisfying customers in the face of a service failure.

Service encounters are to some extent ambiguous. Individuals may interpret human interactions in different ways. Research suggests that individuals process ambiguous information differently, depending upon their personal relationship to the issue. The present research reveals that individuals' view of a competitive conflict management style differs depending upon their pre-existing attitude toward the company. Customers with positive pre-existing attitudes are more satisfied with a competitive conflict management style than those with negative pre-existing attitudes. Presumably those with positive pre-existing attitudes see the competitive approach as indicating a desire to pay attention to

the customer, whereas those with negative pre-existing attitudes view this approach as combative. It is important then that companies carefully consider how employees are handling conflict situations. The same approach may be viewed quite differently depending upon the customer's attitude toward the company. An approach that may seem informative, such as explaining company policy, could be interpreted quite negatively. If employees point out that the customer is somehow responsible for the service failure, for example, customers with a negative attitude toward the company are likely to be less satisfied, whereas dissatisfaction is less likely for those with positive attitudes toward the company.

This finding suggests that companies may have somewhat more leeway in service recovery methods for customers with positive pre-existing attitudes. It is difficult if not impossible for a customer service representative to know the pre-existing attitude of a disgruntled customer, however. Therefore a helpful, cooperative approach should be employed at all times. This speaks to the crucial nature of properly training front-line personnel. Although few companies would aspire to offering an avoidance or competitive service recovery approach, improper training and lack of supervision may lead to this. Our research underscores the dire outcomes of inappropriate service response.

Positive, cooperative service recovery efforts on the part of customer service personnel result in a higher level of satisfaction, but the benefit of these extra efforts are muted for customers with negative pre-existing attitudes. Admittedly this finding adds a note of futility to our preceding argument. Even if a cooperative approach is employed, the beneficial impact is minor for those with negative pre-existing attitudes. Nonetheless the benefit is present, if muted. Thus taking care to offer the optimal cooperative interaction is important for all service failure and recovery encounters.

The results of this research demonstrate that the pre-existing attitude of the customer toward the company is very important when a competitive or a cooperative style of conflict management is used in a service failure situation. There is no difference in satisfaction when the service representative uses an avoiding style in a conflict situation, however. This suggests that regardless of the customer's attitude or the service failure situation, the problem should never be avoided. Instead it should be openly handled, whether or not the customer's expectations can be met.

Our research suggests that both performance and interaction are crucial elements to securing customer satisfaction. Specifically, a cooperative interactional approach, paired with exceeding the customer's service expectation, can result in satisfying the customer. Failing to provide either of these, however, may preclude a positive customer response. This result again speaks to the importance of properly training customer service personnel, and providing service enhancements in the face of service failure.

6. Limitations and future research

As with all research, this study faces several limitations. First, the scenario nature of the study may lack the impact of a real life situation. Although similar scenario-based approaches are commonly used for such research (e.g. McCollough et al., 2000), such approaches are not without criticism (e.g. Aronson and Carlsmith, 1968). Future research should seek to replicate using field work rather than a laboratory experiment. Field work could potentially take the form of surveys or depth interviews following service encounters.

In order to secure a reasonable response rate, it was necessary to keep our instrument sufficiently short. As a result, performance and conflict management manipulations were not checked in the main study. Although they were thoroughly tested in several pretests

and performed as expected in Studies 1 and 2, this lack of manipulation checks may be a study limitation. Given that the manipulations were checked in pretests and the hypotheses were supported we do not believe this to be a serious limitation, however future research should replicate with manipulation checks.

Study 2 examined service failure for situations in which recovery efforts either failed to meet customer expectations or exceeded customer expectations. Study 1 included conditions of just meeting original customer expectations, and the results were monotonic, falling directly between failing to meet expectations and exceeding expectations. The condition of meeting expectations was removed from Study 2 in the interest of managing study length. In the future this work should be extended to include the conditions in which recovery efforts just meet original customer expectations.

Finally, this research focused on Conflict Management Theory. Future research should include measures of interactional, distributive, and procedural justice to further clarify their relationships with regard to the effects of pre-existing attitudes and conflict management style on satisfaction.

Appendix A. Conflict management style manipulations

Now imagine that you are planning another trip, and have decided to again fly this airline. You have purchased an economy class airline ticket, and now the day has come for you to travel. You arrive at the airport 90 min in advance on the date of your flight. However, when you show your ticket to the airline representative, this person informs you that the airline has sold too many tickets for the flight you are supposed to be on. There is no seat for you on the plane.

A.1. Avoiding conflict management style

The representative also informs you that "Today, you are not the only passenger who is in this situation. We apologize for the inconvenience" and that "I do not have time to explain to everyone why this problem occurred". The representative concludes that "The only thing that we can do is change your ticket so that you can fly tomorrow instead or refund your money". You really need to fly today at the time that is specified on your ticket, but the representative is not willing to hear about your concerns. You keep trying to explain your situation, but the representative just guides you to another service desk. The next representative you speak with simply repeats that your choices are the following: "You can fly tomorrow or we will refund your money."

A.2. Competitive conflict management style

The representative also informs you that "Today, you are not the only passenger who is in this situation. We apologize for the inconvenience". The representative concludes that "The only thing that we can do is change your ticket so that you can fly tomorrow instead or refund your money". You really need to fly today at the time that is specified on your ticket. You start to explain your situation. The representative responds by stating "Unfortunately the airline's rules of flight state that we may on occasion oversell a flight. Customers are given seats based on their check-in time. Those checking in first receive seats before those checking in later. Although you checked in 90 min in advance, others checked in earlier. I cannot override those rules". The representative explains "Since passengers are denied boarding based on their check-in time it is not fair to ask the other passengers who came earlier to fly on the next flights. If you had arrived earlier you would have been given a seat instead of someone else".

A.3. Cooperative conflict management style

The representative also informs you that “Today, you are not the only passenger who is in this situation. We apologize for the inconvenience”. The representative concludes that “The only thing that we can do is change your ticket so that you can fly tomorrow instead or refund your money”. You really need to fly today at the time that is specified on your ticket. You start to explain your situation. So, the representative starts calling other airlines and checks the computer screen in order to find you a seat. After the representative has spent several minutes looking at options, you are told “OK, I found you a seat on a flight that departs 6 h later.” You explain that you planned a meeting according to your flight and the next flight is too late for you. The representative again begins making phone calls and checking the computer in an effort to find you a seat.

Appendix B. Service performance manipulation

B.1. Fail to meet expectations

Finally, the representative tells you that another seat cannot be found and the only options are refunding your money or postponing your flight for tomorrow.

Given that this has happened to you, please answer the following questions.

B.2. Meet expectations

Finally, the representative tells you that a passenger has cancelled his ticket and there is an available spot for the same plane which your ticket specified.

Given that this has happened to you, please answer the following questions.

B.3. Exceed expectations

Finally, the representative tells you that a passenger has cancelled his ticket and there is an available spot for the same plane which your ticket specified. However, this seat is in the “special business class”. Normally, it costs 50% more than what you have already paid but the representative offers you the seat without extra charge.

Appendix C. Pre-existing company attitude manipulations

C.1. Positive attitude

Company information: In a company-wide survey, employees of this airline ranked their job satisfaction as “very high”, on average. Also, an independently conducted survey of customers demonstrated very high levels of customer satisfaction. The company is headquartered in Toronto. The company’s board of directors has 11 members. An industry consortium of businesses voted to honor the company president for exceptional management. Finally, this company has never been reported to the Better Business Bureau for inappropriate marketing methods. Imagine that you have traveled with this airline several times, and have always had a very positive experience. Your flights have always been on time. You have received courteous service, and prices were reasonable.

C.2. Negative attitude

Company information: In a company-wide survey, employees of this airline ranked their job satisfaction as “somewhat low”, on average. Also, an independently conducted survey of customers demonstrated low to moderate levels of customer satisfaction. The company is headquartered in Toronto. The company’s board of directors has 11 members. The company president is under investigation for misuse of corporate funds. Finally, a recent newspaper article criticized the quality of this airline’s services. Imagine that you have traveled with this airline several times, and have had often bad experiences. Your flights have almost never been on time. You have not received courteous service, and prices were high compared to other airlines.

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