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# Organizational Responses to Customer Complaints: What Works and What Doesn't

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*The purpose of this article is to summarize the current research in the field of complaint handling, specifically to focus on how the organizational response to a customer complaint affects the postcomplaint customer behavior. A model framework is presented that divides these organizational responses into six separate dimensions (timeliness, facilitation, redress, apology, credibility, and attentiveness) and takes an in-depth look at each dimension in turn. Major questions and conclusions are presented for each dimension, which attempt to clarify what is really known or not known about the effect of that dimension on postcomplaint customer behavior. Special topics of future areas of research are discussed and a revised framework is presented to facilitate future research.*

**Keywords:** *complaint handling; service recovery; satisfaction; word of mouth; justice dimensions*

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The field of customer complaint behavior has been relatively well researched over the years, at least from the perspective of why the customer complains (see Andreassen 1988 or Dellande 1995 for a comprehensive review of the important areas). Unfortunately, with all of that complaining, the implications of customer complaint behavior for organizations have been examined far less often. Yet how an organization responds to a complaint can have a major impact on its customer's postcomplaint consumer behavior, from repurchase intentions to likelihood to engage in word-of-mouth activities, and it may even affect the va-

lence of the word-of-mouth message. In the past 20 years, only slightly more than 50 articles have appeared that empirically examine the relationship between some aspect of the organizational complaint response and postcomplaint consumer behavior, including satisfaction with the complaint response.

This article proposes to take an in-depth look at the field of organizational responses to complaint behavior in an attempt to highlight those aspects of organizational responses that most influence postcomplaint customer responses. Given that how an organization responds to a complaint will affect a customer's postcomplaint consumer behavior, it is perhaps surprising that so little theoretical research or managerial attention has focused on this aspect of defensive marketing. It is certainly not for lack of significance as the topic of customer loyalty and customer retention has long been listed as one of the top research priorities in marketing. It is also not due to an ignorance of the importance of the issues.

We have been aware of the lack of a solid research base in this area for some time, as these quotes attest:

Relatively little research attention has been given to what happens after consumers complain—how the organization responds to complaints, and how this response affects complainants' subsequent attitudes and behaviors (Gilly 1987, p. 293).

While extant research has provided considerable insight into the when, why, and for whom complaining is selected as the response to a product failure, it does not adequately address the issue of how organizational handling of complaints impacts further

consumer postpurchase activities (Tax and Chandrashekar 1992, p. 57).

To date, the field of consumer complaint behavior has made greater strides in identifying the major variables which are predictors of consumer complaint behavior. To a much lesser extent, researchers have focused on issues of redress, or the firm's response to consumer complaints (Dellande 1995, p. 23).

Although service recovery is recognized by researchers and managers as a critical element of customer service strategy, there are few theoretical or empirical studies of service failure and recovery issues (Smith, Bolton, and Wagner 1999, p. 256).

Despite the relative paucity of research in this area, there are several conflicting results regarding which aspects of organizational responses to complaints are most effective in shaping postcomplaint customer behavior and why. This suggests that even on the elementary issues of organizational responses to complaints, there is no real consensus on how managers should act or respond. Only recently have researchers even attempted to develop overall frameworks for measuring and managing organizational responses to complaints (Boshoff 1999; Davidow 2000; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998). This is a necessary first step in developing a complaint management theory that could then be a basis for managerial action. The importance of linking future market performance with complaint management or organizational responses to customer complaints is what is driving current research in this field. The ability to accurately quantify the costs and benefits of handling customer complaints will have a major impact on the field of customer loyalty and customer retention.

This article will summarize the existing complaint management literature within a framework and place each aspect of the organizational response in perspective along with the relevant research propositions. By focusing on each aspect of the organizational response as an independent variable, and complaint handling satisfaction and postcomplaint customer behavior as dependent variables, it is hoped that the effects of each response dimension can better be isolated and analyzed.

Every effort was made to locate all relevant articles on organizational responses to complaints. Journals were researched from the diverse areas of marketing, services, and tourism and hospitality. Any article found dealing with organizational responses to complaint behavior was analyzed, and references were checked in an effort to locate as many articles as possible. Almost 60 empirical studies (see Table 1) utilizing several different methodologies to investigate the effects of complaint management formed the basis for this article. Several research studies

(see, for example, Andreassen 2001; Liu, Sudharshan, and Hamer 2000; Maxham 2001; Parker, Beggs, and Keown-McMullan 2000; Smith and Bolton 1998; Tax and Chandrashekar 1992; Walsh 1996) have only focused on the overall handling of the complaint, without separating out the impact of each response dimension. These studies were not included in this article owing to their lack of prescriptive ability.

## The Framework

There are several possible complaint recovery frameworks that could serve as a basis for this article. However, Smith, Bolton, and Wagner (1999) looked only at satisfaction (and not repurchase or word-of-mouth activity) as a dependant variable, while focusing only on some of the organizational response alternatives. Boshoff (1999) developed and validated a six-factor scale, but it has never been tested. Tax, Brown, and Chandrashekar (1998) classified the actual organizational responses as fairness or justice dimensions, which were then used as antecedents to postcomplaint customer behavior, thus limiting managerial usefulness.

According to Davidow (2000), there are six different dimensions of organizational responses to complaints (timeliness, facilitation, redress, apology, credibility, and attentiveness) that affect postcomplaint customer behavior. His model, which was empirically tested, succeeded in empirically differentiating between the six organizational response dimensions, satisfaction, and the postcomplaint customer behaviors (such as repurchase and word-of-mouth activity). He presented a specific framework for understanding why customers behave the way that they do when presented with a specific organizational response to their complaint. No other empirical research study has ever looked at more than three of his organizational response dimensions at a time (mostly fewer), and of those studies looking at three response dimensions, very few have even focused on the same three dimensions (see Table 1). This lack of consensus among researchers has caused a problem in defining the range of organizational responses to complaints. Only one study has looked at four of the response dimensions (Johnston and Fern 1999), but their study was prescriptive in nature, listing complaint responses that consumers wanted rather than testing actual organizational responses.

All of the factors mentioned by Boshoff (1999) or Smith, Bolton, and Wagner (1999) are subsumed by the organizational dimensions tested by Davidow (2000), so it is the Davidow (2000) framework (see Figure 1) that will be utilized as the basis for this article to facilitate the review and analysis.

*(text continues on p. 232)*

**TABLE 1**  
**Studies Linking Organizational Response Dimensions to Complaining and Postcomplaint Customer Responses**

Study	Organizational Response Dimensions						Postcomplaint Response			Conclusions	
	Timeliness 1	Facilitation 2	Redress 3	Apology 4	Credibility 5	Attentiveness 6	Satisfaction	Word of Mouth	Repurchase		Attitude to Company
Baer and Hill (1994)			X		X		3+, 5+			3+, 5+	Survey. Explanations affect controllability (–) and avoidability (–).
Bitner, Booms, and Tetreault (1990)			Y		Y	Y	3+, 6+, 5+				Critical incident technique. Fixing the problem (redress), employee response, acknowledging the problem, and explanation impact satisfaction.
Blodgett (1994)		X						2*	2*		Survey. Whereas likelihood of success had no impact, perceived justice (elements of speed, redress, and attentiveness) had strong negative impact on WOM, and strong positive impact on repurchase intentions.
Blodgett and Anderson (2000)		X									Likelihood of success (facilitation) has a positive effect on complaining. Repurchase has inverse relationship with negative word of mouth.
Blodgett, Granbois, and Walters (1993)		X						2–	2*		Survey. Likelihood of success (proxy for facilitation) has significant impact on word of mouth, not on repatronage.
Blodgett, Wakefield, and Barnes (1995)		X	X			X	2–, 3–, 6–	2+, 3+, 6+			Survey. High likelihood of success leads to likelihood of complaint, less WOM, higher repurchase. Redress and politeness were both more likely to lower WOM and increase repatronage.
Blodgett and Tax (1993)			X			X	3–, 6–	3+, 6+			Experiment. Distributive justice (redress) and interactional justice (attentiveness) have significant impacts on postcomplaint consumer behavior.
Blodgett, Hill, and Tax (1997)	X		X			X	1*, 3–, 6–	1*, 3+, 6+			Experiment. Distributive justice (redress) and interactional justice (attentiveness) have significant impacts on postcomplaint consumer behavior; procedural justice (speed) has no effect.
Bolfing (1989)		X						2–			Survey. Responsiveness of company has positive impact on likelihood to complain, negative impact on negative WOM.

TABLE 1 (continued)

Study	Organizational Response Dimensions						Postcomplaint Response			Conclusions	
	Timeliness 1	Facilitation 2	Redress 3	Apology 4	Credibility 5	Attentiveness 6	Satisfaction	Word of Mouth	Repurchase		Attitude to Company
Boshoff (1997)	X		X	X			1+, 3+, 4*				Experiment. Time is not as dominant a factor as previously believed. There are interactions. Apology (no redress) has no effect on satisfaction.
Boshoff and Leong (1998)		X		X	X		2+, 4+, 5+				Conjoint. Full empowerment (facilitation), taking the blame (credibility), and a personal apology (redress implied) are key to satisfaction with response.
Brown, Cowles, and Tuten (1996)			X				3+				Experiment. Service recovery in a nonmonetary complaint has a positive effect on satisfaction outcome.
Clark, Kaminski, and Rink (1992)	X		X							3+, 1+*	Survey. Speedy response increases image only if redress is included.
Clopton, Stoddard, and Clay (2001)					X	X		5+, 6+	5+, 6+		Experiment. No interaction was found between the two dimensions.
Collie, Sparks, and Bradley (2000)						X	6+				Experiment. Support for differentiation between interactional justice and procedural justice. Interactional justice has positive impact on outcome fairness.
Conlon and Murray (1996)	X		X		X		1+, 3+, 5+		1+, 3+, 5+		Survey. Explanations, redress, speed all increase satisfaction and repurchase.
Davidow (2000)	X	X	X	X	X	X	1+, 2*, 3+, 4*, 5+, 6+	1+, 2*, 3-, 4+, 5+, 6-	1*, 2*, 3-, 4-, 5+, 6+		Survey. Redress had a nonsignificant total effect on repurchase despite a significant negative direct effect.
Davidow and Leigh (1998)		X	X				2+	2*, 3-	2+, 3+		Survey. The number of contacts necessary to achieve closure is negatively related to satisfaction and repurchase intentions.
Durvasula, Lysonski, and Mehta (2000)	X	X	X				1+, 2+, 3+				Survey. Timeliness, facilitation, and redress all have positive impact on satisfaction.
Estelami (2000)	X		X			X	1+, 3+, 6+				Survey. Attentiveness had the strongest impact, then compensation. Speed was significant for delighting, almost significant ( $p = .08$ ) for disappointment.

Fornell and Wernerfelt (1988)	X	X				2+, 3+	Mathematical model. Firms should facilitate complaints and compensate generously.	
Garrett (1999)		X			3*	3*	3*	Experiment. Above normal (full) compensation does not increase repurchase, WOM, or satisfaction. No test was done of less than full compensation.
Gilly (1987)	X	X			3+, 1+			Survey. Redress and perceived speed have positive impact on satisfaction.
Gilly and Gelb (1982)	X	X			3+, 1+*			Survey. Percent of loss reimbursed impacts satisfaction. Speed significant only if nonmonetary complaint.
Gilly and Hansen (1985)		X			3+	3+	3+	Overbenefitting (redress) has positive effect on satisfaction, repurchase, and word of mouth. Higher (lower) redress means more positive (negative) WOM.
Goodwin and Ross (1989)		X			3+		3+	Critical incident technique. Compensation and attributions of blame affect satisfaction and repurchase.
Goodwin and Ross (1992)	X	X	X		2+, 3+, 4*			Experiment. Voice and outcome are significant for satisfaction; apology is not. There are interactions.
Halstead, Droge, and Cooper (1993)	X				2+			Survey. Warranty expectations and disconfirmation affect satisfaction.
Hocutt, Chakraborty, and Mowen (1997)		X		X	3+, 6+			Experiment. Distributive (redress) justice and interactional (attentiveness) justice have significant impacts on satisfaction with the complaint handling.
Hoffman, Kelley, and Soulage (1995)	Y	Y	Y				1+, 3+, 4-	Critical incident technique looked at the defection rate (repurchase) in hotels. Apology (no redress) has low repurchase. Speed and redress increase repurchase.
Hoffman, Kelley, and Rotalsky (1995)	Y	Y	Y				1+, 3+, 4-	CIT looked at the defection rate (repurchase) for restaurants. Apology with no compensation has lowest repurchase. Speed and redress increase repurchase.
Hoffman and Chung (1999)		Y	Y				3+, 4-	CIT. Apology by itself is not effective. It should be combined with redress. Immediate compensation preferred over correction or delayed compensation.

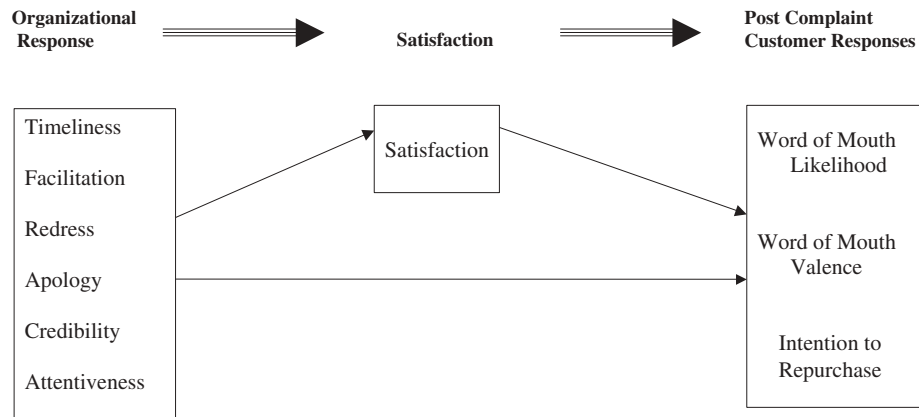
TABLE 1 (continued)

Study	Organizational Response Dimensions						Postcomplaint Response				Conclusions
	Speed 1	Facilitation 2	Redress 3	Apology 4	Credibility 5	Attentiveness 6	Satisfaction	Word of Mouth	Repurchase	Attitude to Company	
Johnston and Fern (1999)	Y		Y	Y	Y		1+, 3+, 4+, 5+				CIT. Consumers stated the recovery strategies they expected.
Kelley, Hoffman, and Davis (1993)			Y	Y					3+, 4+		CIT looked at retail recoveries and retention rate. Redress types and apology had highest retention ratings, showing need for proper redress procedures.
Kolodinsky (1992)		X							2+		Survey. The higher the probability of complaint being resolved (facilitation), the greater the likelihood of a complaint and of repurchase.
Lewis (1983)			X		X	X		3-, 6-, 5-	3+, 6+, 5+		Survey. Redress, corrective action, investigation, and the way complaint was handled will affect WOM and repurchase.
Mack et al. (2000)			Y						3+		CIT. Redress determines a good recovery effort leading directly to repurchase.
Martin (1985)	X		X			X		1-, 3*, 6*	1+, 3+, 6+	1+, 3+, 6+	Survey. Timeliness, tone, and action taken had positive effect on attitude and repatronage. Timeliness had negative impact on WOM.
Martin and Smart (1994)				X	X	X	4+, 5+, 6+		4*, 5+, 6+		Survey. Satisfaction and repurchase were positively related to knowledgeable, courteous, and interested operators. Apology only affected satisfaction.
McCullough (2000)			X			X	3+, 6+				Experiment. Distributive, interactional justice increase outcome satisfaction.
McCullough, Berry, and Yadav (2000)			X			X	3+, 6+				Experiment. Distributive and interactional justice increase postrecovery satisfaction. Interaction between distributive and interactional justice.
Megehee (1994)	X		X				1*, 3+				Experiment. Speed had no impact on satisfaction or appropriateness of redress.
Morris (1988)	X				X	X	1*	5-, 6-	5+, 6+		Survey. Complaint handling leads to lower WOM and higher repurchase. Speed has no effect. Content may be more important than redress.
Mount and Mattila (2000)			X						3+		Survey. Full or partial compensation has positive effect on repurchase.
Nyer (2000)		X					2+				Encouraging consumer venting (complaining) increases their satisfaction.

Richins (1983)		X	X					2-, 3-	Survey. Redress and making a complaint-handling mechanism available have positive impact on likelihood of complaint, negative impact on WOM.
Ruyter and Wetzels (2000)		X	X	X				2+, 3+, 4*	Experiment. Voice and outcome had positive impact on satisfaction. Apology did not.
Smith, Bolton, and Wagner (1999)	X		X	X				1+, 3+, 4+	Survey. Redress, speed, and apology all have an indirect effect on satisfaction through perceived justice dimensions.
Sparks and McColl-Kennedy (1998)		X			X			2+, 6+	Experiment. Neutrality (flexibility) has a negative (positive) impact on satisfaction. Voice was not significant.
Sparks and McColl-Kennedy (2001)		X	X		X			2*, 3*, 6+      2*, 3+, 6+	Experiment. Facilitation had no effect on satisfaction and repurchase, whereas attentiveness did. Redress affected repurchase not satisfaction. Interactions.
Sparks and Callan (1995)			X	X	X			3+, 5+, 6+	Experiment. The influences of explanations (credibility) and offers (redress) is very intertwined.
Sparks and Callan (1996)				X	X			5+, 6+	Experiment. Interactions among the variables that make up the response dimensions.
Sparks and Bradley (1997)		X			X			2+, 6+      2+, 6+	Experiment. Both factors have a negative effect on negative word of mouth. Interactions.
Spreng, Harrell, and Mackoy (1995)			X					3+      3+      3+	Survey. Satisfaction mediated between redress and repurchase and WOM.
Sundaram, Jurowski, and Webster (1997)			X					3+	Experiment. Criticality found to be important as an intervening variable.
TARP (1981)	X			X	X			1+, 6+, 5+	Survey. Timeliness, tone, and clarity have positive relationship with satisfaction. Satisfaction has strong relationship with repurchase and WOM.
Webster and Sundaram (1998)			X	X				3+, 4+*      3+, 4+*	Experiment. Redress has positive impact on satisfaction and loyalty. Apology used in context of "no redress." Low levels of redress (apology, partial discounts) more effective in low-criticality (than high-criticality) situations.



**FIGURE 1**  
**Organizational Responses to Complaints and Their Impact on Postcomplaint Customer Behavior**



SOURCE: Based on Davidow (2000).

A brief description of the organizational response dimensions follows:

*Timeliness.* The perceived speed with which an organization responds to or handles a complaint.

*Facilitation.* The policies, procedures, and structure that a company has in place to support customers engaging in complaints and communications.

*Redress.* The benefits or response outcome that a customer receives from the organization in response to the complaint.

*Apology.* An acknowledgement by the organization of the complainant's distress.

*Credibility.* The organization's willingness to present an explanation or account for the problem.

*Attentiveness.* The interpersonal communication and interaction between the organizational representative and the customer.

It is important to note that several studies included in this article focused on the justice or fairness dimensions. It is our contention that these dimensions are mislabeled. Fairness or justice dimensions deal with whether an action was fair or not; it is a subjective feeling. They do not deal with the actual action itself taken by the organization. Because the purpose of this article is to investigate the effects of organizational complaint responses on postcomplaint customer behavior, it is necessary to recategorize those studies. In those cases in which the actual organizational complaint response was manipulated or tested, this article took the liberty of labeling these according to the action taken (organizational complaint response). For instance, studies dealing with distributive justice that operationalized different levels of outcome were discussed in the redress section. If procedural justice was

operationalized according to response speed, it was discussed in timeliness; if it was operationalized as voice, it was discussed in the facilitation section. This is not meant to suggest that perceived justice is irrelevant, only that it has been misoperationalized. It is our belief that perceived justice as a construct is a critical piece in the organizational complaint-handling model, and it is discussed in a later section of this article.

We will now proceed to analyze the impact of each response dimension according to the current literature base. In addition to summarizing the literature, this article will develop certain research propositions (see Table 2 for a complete listing) pertaining to the response dimension, as well as highlight future research areas for that dimension.

### Timeliness

One of the first variables to be looked at was the speed with which organizations responded to complaints. The Society of Consumer Affairs Professionals (SOCAP) (1994) called for a prompt response as a key ingredient in effective consumer complaint management. Despite the intuitive answer that "the sooner the better," research results regarding response speed are not clear-cut. Blodgett, Hill, and Tax (1997) showed that timeliness had no effect on repurchase intentions or word-of-mouth activity. Boshoff (1997) reported that speed is not a dominant factor, and although significant for a long delay, for a short delay it was not important at all. Clark, Kaminski, and Rink (1992) utilized a survey approach and found that a speedy response improves a company's image (a proxy for satisfaction, perhaps?), but only if redress is included (implying an interaction). Otherwise, they found that the speed of a company's response has no effect. Conlon and Murray

**TABLE 2**  
**Propositions for Future Research**

<i>Number</i>	<i>Response Dimension</i>	<i>Research Proposition</i>
P <sub>1</sub>	Timeliness	Reasonable response speed may only be important in nonfinancial-loss-related complaints.
P <sub>2</sub>	Timeliness	Timeliness may only be a critical factor after an unreasonable delay.
P <sub>3</sub>	Timeliness	Acceptable response time is context specific and mode specific.
P <sub>4</sub>	Facilitation	Facilitation may have a significant impact on reducing negative word of mouth.
P <sub>5</sub>	Facilitation	Facilitation may have a significant impact on repurchase intentions.
P <sub>6</sub>	Redress	Partial redress is better than no compensation at all.
P <sub>7</sub>	Redress	More compensation appears to be better than partial compensation, up to a certain limit.
P <sub>8</sub>	Redress	Although still essential, redress needs appear to be less in a nonmonetary complaint than in a monetary complaint.
P <sub>9</sub>	Redress	Compensation must be clearly measured to ensure unambiguity.
P <sub>10</sub>	Redress	Different types of compensation may cause different types of postcomplaint customer behaviors.
P <sub>11</sub>	Redress	Under certain conditions, the process may become more important than the outcome (redress).
P <sub>12</sub>	Apology	Apology may affect different postcomplaint customer behaviors differently.
P <sub>13</sub>	Apology	Apologies may be perceived differently by managers and customers.
P <sub>14</sub>	Credibility	Credibility may be perceived differently according to context.
P <sub>15</sub>	Attentiveness	Attentiveness has a major impact on all aspects of postcomplaint customer behavior.
P <sub>16</sub>	Attentiveness	Attentiveness may be the most difficult dimension to consistently control.
P <sub>17</sub>	Interactions	Interactions between the response dimensions are an integral part of the organizational response.

(1996) found that response speed has a positive effect on satisfaction and intentions to repurchase. Davidow (2000) showed that timeliness had a positive effect on satisfaction and word-of-mouth valence, but no effect on repurchase intentions or word-of-mouth likelihood. Estelami (2000) found that speed had a significant effect on delight with the complaint handling, but no effect on dissatisfaction with the complaint handling.

Gilly and Gelb (1982) reported that response speed was significant only if the complaint was a nonmonetary complaint. Presumably, because money was involved, then response speed was not as critical. Gilly (1987) reported that whereas actual response speed had no impact on satisfaction, perceived response speed had a positive relationship with satisfaction. Hoffman, Kelley, and Soulage (1995) suggested, on the basis of a critical incident analysis of the hotel industry, that a prompt reaction is far superior to a delayed response, whereas Hoffman, Kelley, and Rotalsky (1995) confirmed this finding in the restaurant industry. Martin (1985) found that timeliness had a positive effect on attitude (a proxy for satisfaction, perhaps?) and repatronage. Durvasula, Lysonski, and Mehta (2000) showed that speedy action had a positive effect on satisfaction with claims handling, whereas Megehee (1994) reported that timeliness had no impact on satisfaction or appropriateness of the failure recovery. Morris (1988) reported that the speed of a response does not appear to influence guest satisfaction with the response. It is what management responds with and how it is expressed that really counts. Smith, Bolton, and Wagner (1999) reported that response speed has a positive effect on procedural justice, which in turn has a positive effect on recovery satis-

faction. TARP (1981) found that timeliness has a positive relationship with satisfaction, which has a strong relationship with repatronage and word-of-mouth activity.

Of the 18 studies (see Table 1) dealing with response speed, 9 reported a positive relationship between perceived response speed and postcomplaint customer behavior, 3 reported no relationship at all, and 6 reported mixed results. It is interesting to examine the 6 studies that presented mixed results, in the hope that they will provide some indication of context.

Estelami (2000) focused on differences between delight with the organizational response and dissatisfaction with the response. He showed that speed was a significant factor in delight from the organizational response but not significant in dissatisfaction. This would seem to imply a two-factor model for satisfaction with the organizational response. Davidow (2000) stressed that response speed only had an impact on satisfaction but not on repurchase intentions.

Clark, Kaminski, and Rink (1992) reported that response speed was significant only if redress was included in the organizational answer. If no redress was included, then response speed was not significant. The dependent variable was company image, however, and not satisfaction or repurchase intentions. One possible explanation might be that without a minimum level of redress, the consumer was so dissatisfied that response speed was not a factor. Regarding this point, Gilly and Gelb (1982) reported that when a monetary loss was involved, satisfaction with the organizational response was not significantly related to the length of time required to resolve the complaint. Only when the complaint issue was nonmonetary

was response speed a significant factor, perhaps because of a different set of expectations. This would certainly be another area of research. Due to a monetary loss, we expect financial redress, whereas after a nonmonetary complaint (where compensation is not an issue), we expect the company to listen and do something, that is, a different frame of mind. When money is involved, we need to be reimbursed—that takes precedence. When money is not involved, perhaps the other factors, such as response speed, become more important. Beyond the implication of an interaction, this also suggests the following proposition:

*Proposition 1.* Reasonable response speed may only be important in nonfinancial loss-related complaints.

Gurney (1990) made the point that not all waiting time is the same. At a fast-food restaurant, a customer appreciates speed, whereas the customer may prefer a little less speed and a little more care handling a complex loan. Perhaps this is another key for sorting out the importance of response speed. Can we differentiate between immediate response, necessary delay to solve the problem, and unnecessary delay? Response speed is certainly a factor when the response is severely delayed, but it may not be critical in the short term. Boshoff (1997) suggested that whereas a late response is significantly inferior to a slightly delayed response, an immediate response is less effective than a slightly delayed response, although not significantly so, raising an interesting question of how fast is too fast for service recovery. This implies that within reason, speed may not be a factor. It is only when the delay is beyond expectations that it becomes a significant factor. This point is strengthened by Gilly (1987), who reported that actual response time was not an important variable, but rather it was perceived response time that was important.

If this was the case, we could expect to find differences between surveys (which are subjective for the most part) and experiments (which are more objective) on the importance of response speed. Ten studies investigated timeliness using a survey methodology. Relying on respondent's perceptions would tend to eliminate or at least blur the differentiation between immediate response and slightly delayed response, especially if the consumer felt that the delay was justified. The same comment holds true for the studies using the critical incident technique, which also relies on consumer perceptions. In the three studies using an experimental base, two focused on only two levels of response speed (slow and fast), thus eliminating the possibility of a slightly delayed response. Only Boshoff (1997) modeled three levels of response speed. Because in an experiment we are using actual response times, this allows us to see whether consumers feel they are justified. Service recovery satisfaction rose slightly from a mean of 2.60 for immediate response speed to a mean of 2.69 (not signifi-

cant) for a slightly delayed (3 days) response. A major delay of 1 month caused the mean service recovery satisfaction score to drop to 2.35 (significant). This response would seem to suggest that perhaps an immediate response is not the best way to go (albeit most of the popular press seems to point in that direction). Current methodology, relying mainly on consumer perceptions, cannot make this differentiation, leading to the maxim that faster is better. Organizations might be better served if they investigate the complaint properly and then respond to the consumer.

*Proposition 2.* Timeliness may only be a critical factor after an unreasonable delay.

Consumers seem to have an idea of what constitutes a reasonable waiting time. It would seem logical that an organization would need a little bit of time to investigate the incident and respond accordingly. This amount of time would depend on where the complaint was filed. If I complain to a restaurant manager on the spot, there is not much leeway for response speed. However, if I complain by mail or by phone, then perhaps the leeway is slightly larger. Answering too soon may leave the impression that the organization did not even look into the problem, potentially leaving consumers more frustrated than before.

*Proposition 3.* Acceptable response time is context specific and mode specific.

Managerially speaking, it would appear that response speed is as perceived by the customer. This necessitates agreeing on a time frame with the customer and then sticking to it. Response speed may also differ in importance according to the context of the complaint.

#### **Future Research—Timeliness**

Research is needed focusing on the three propositions mentioned. Is timeliness dependent on whether it is a financial/nonfinancial complaint (or perhaps it is industry specific, services vs. products)? Ideally, the research would be undertaken in the same setting (for example, hospitality setting looking at monetary complaints vs. nonmonetary complaints) or across different industry settings.

Is timeliness only important when there is an unnecessary delay? We could utilize experimental methodology (using at least three levels of response speed) to determine the optimal response speed. Alternatively, consumer surveys could be used, providing the researcher can match consumer perceptions with actual case data (from the responding company). This would require an organizational commitment to utilize its complaint database for the purposes of mailing out a complaint-handling survey, and then matching the responses received with the actual case

data for the purposes of determining the difference between the objective organizational response and the subjective response as perceived by the complainant (see Garrett 1999; Gilly 1987; Gilly and Gelb 1982 for examples).

Is timeliness context specific? What are the relevant contexts? Perhaps method of complaint (letter, phone, Internet), importance of complaint, and perceived responsiveness of the company (facilitation) are important contexts. It would seem that a first step in this proposition would be to utilize in-depth consumer interviews to focus on this issue with open-ended questions. Future steps could then use the information gathered to construct appropriate scenarios or survey questions. Another approach would be an experimental approach, examining timeliness and method of complaint to determine differences.

### Facilitation

This dimension relates to the policies and procedures that a company has in place to facilitate complaint handling. How easy does a company make it for consumers to complain? Are the employees empowered to make decisions? Clear complaint-handling policies, a toll-free number, and a consumer-friendly reputation all encourage dissatisfied consumers to voice their complaint to the company. SOCAP (1994) called for fair policies, publicity for the system, accessibility of the staff, and flexibility. Some researchers have called this variable "likelihood of success," and it has a positive impact on the decision to actually complain (see, for example, Blodgett and Anderson 2000). This research will only look at those studies investigating facilitation in the context of an organizational response to a complaint (that is, the decision to complain has already been made and carried out). Boshoff's (1999) empowerment dimension is subsumed in this variable.

Blodgett, Granbois, and Walters (1993) reported that facilitation (likelihood of success) had a significant negative effect on negative word of mouth (the double negative means that an increased likelihood of success lowered negative word-of-mouth activity). But this surprisingly had no effect on repurchase intentions. Blodgett (1994) found that likelihood of success (facilitation) had no effect on repurchase intentions and word-of-mouth activity. Blodgett, Wakefield, and Barnes (1995) showed that facilitation had a negative effect on negative word-of-mouth activity as well as a positive effect on repurchase intentions. Boling (1989) reported that the responsiveness of a company has a positive impact on likelihood to complain and a negative effect on negative word-of-mouth activity. Boshoff and Leong (1998) showed that full empowerment to solve the problem immediately has a significant impact on satisfaction with the recovery. Durvasula, Lysonski, and Mehta (2000) found that claims handling, including a component

of simple and convenient claims procedures, had a positive effect on customer satisfaction levels.

Davidow (2000) found that facilitation was not a significant factor in postcomplaint customer behavior; Fornell and Wernerfelt (1988) utilized a mathematical model to demonstrate that facilitation has a positive impact on repurchase intentions. Goodwin and Ross (1992) reported that voice, or the opportunity to present feelings and opinions to a patient listener (facilitation), had a positive effect on satisfaction with the complaint handling. Dealing with just one aspect of facilitation, Halstead, Droge, and Cooper (1993) found that warranty expectations and disconfirmation were significant predictors of complaint-handling satisfaction. Kolodinsky (1992) reported that repurchase intentions were significantly related to the probability of the complaint being resolved (facilitation). Ruyter and Wetzels (2000) found that procedural fairness, as manipulated by voice (opportunity to express feelings), had a significant effect on satisfaction.

Nyer (2000) reported that venting, or encouraging dissatisfied consumers to express their feelings and opinions (complain), causes increased levels of satisfaction. Making a complaint-handling mechanism available (facilitation) has a positive impact on likelihood of complaining and a negative impact on negative word of mouth according to Richins (1983). Davidow and Leigh (1998), in a survey to dissatisfied consumers of a food manufacturer, reported that the number of contacts (effort expended) between the consumer and the company in order to resolve the complaint has a negative effect on repurchase intentions, but no effect on word-of-mouth activity. Sparks and McColl-Kennedy (1998) found that neutrality (treating all consumers the same) had a negative impact on satisfaction, thus showing that flexibility, or a willingness to step out of the box, was a necessary feature of facilitation.

The research presented here seems to present a clear picture of the necessity of having the proper infrastructure in place to handle complaints. Different studies presented different aspects of this dimension, most leading to the same conclusion, that the policies and procedures that a company has in place have a strong impact on postcomplaint customer behavior. However, the impact of facilitation on postcomplaint customer behavior differs among the behaviors. Eight of nine studies found a positive impact of facilitation on customer satisfaction. The only study that did not (Davidow 2000) explained that perhaps because the policies and procedures were in place before the incident, and had no effect on the actual specific response, facilitation did not impact satisfaction. Another possible explanation might be that by focusing on six dimensions, one or more of the other five has reduced the effectiveness of the facilitation dimension owing to a high degree of collinearity. However, it does seem clear that fa-



cilitation has a significant impact on customer satisfaction with the overall complaint handling.

The results regarding word-of-mouth activity and repurchase are, however, relatively ambiguous. Three out of the seven studies looking at the effect of facilitation on word-of-mouth activity found no effect. The four studies supporting the relationship all focused on negative word of mouth, whereas two out of the three nonsupportive studies focused on word of mouth in general, rather than negative word of mouth. The third nonsupportive study focused on perceived justice as a mediator between facilitation and negative word of mouth. Therefore, the disparity may be a result of measurement issues, leading us to the proposition:

*Proposition 4.* Facilitation may have a significant impact on reducing negative word of mouth.

Similarly, three out of the seven studies focusing on the effect of facilitation on repurchase behavior found no relationship. Blodgett (1994) focused on a sample of customers who had already reported complaining to the retailer, and therefore, likelihood of success (facilitation) may not have had an impact on repurchase. Blodgett, Granbois, and Walters (1993) focused on perceived justice as a mediating variable to the relationship, and Davidow (2000) tested six separate dimensions of organizational response. Possibly, the effect of facilitation was mitigated by the large number of dimensions tested (other research studies have investigated no more than three dimensions). Brown, Cowles, and Tuten (1996) stressed the importance of service reliability and service delivery systems over the potentially limited value of service recovery in the creation of long-term customer relationships. It therefore seems likely that

*Proposition 5.* Facilitation may have a significant impact on repurchase intentions.

Managerially speaking, facilitation is the one response dimension that can be anticipated and prepared before the complaint. It is also one of the most important aspects of the organizational response. Great care should be taken to allow customers hassle-free complaint resolution. This starts with making sure customers know of the willingness of the organization to handle complaints, followed by easy guidelines for filing a complaint and clear procedures for determining redress.

#### **Future Research—Facilitation**

Research is needed to validate the two propositions stated. Possible directions include a better definition of the constructs. Is word of mouth referring to all word-of-mouth activity or just negative word-of-mouth activity?

How do we measure it? What aspect of facilitation is being measured? Is voice a different construct than likelihood of success? How does perceived justice affect the relationship? Designing a research study that incorporates both positive word of mouth and negative word of mouth might enable us to better understand the relationship of policies and procedures on word-of-mouth activity. Similarly, designing a research study that focuses on different components of facilitation, as manifested in the literature, would allow us to determine the relative effectiveness of each element of facilitation. This is an extremely important task, as the other five dimensions are complaint specific, whereas facilitation capabilities are built in advance of the complaint. It would therefore be extremely beneficial to managers to know which elements of facilitation are most important to the complaining customer in order to invest only in those elements. Other areas of interest would include looking at process versus outcome issues. How much of an effect does facilitation have on postpurchase complaint behavior as opposed to redress? What is the effect of facilitation on perceived justice? These issues are just starting to be investigated, and further research would be welcomed.

#### **Redress**

Compensation is the most talked about and researched aspect of complaint handling. The basic premise is that complainers must at least be returned to their starting point (if not more) before the dissatisfaction; otherwise, they will still be dissatisfied with the response. SOCAP (1994) discussed having fair policies for replacements, repairs, and refunds, as well as no charge for filing a complaint and minimal cost, if any, for obtaining redress. This basic premise has been consistently supported by research. Only 2 studies from 23 failed to show a relationship between redress and customer satisfaction. Only 2 of 20 studies failed to show a relationship between redress and repurchase. Regarding word-of-mouth activity, the relationship is only a little less clear as 3 of 10 studies failed to show a relationship. However, despite this consistency, the questions about compensation and redress, and their relationship on postcomplaint customer behavior are less clear than ever.

Gilly (1987) reported that actual redress has a significant effect on perceived complaint response, which in turn had a positive effect on satisfaction and repurchase intentions. Spreng, Harrell, and Mackoy (1995) investigated satisfaction and service recovery in the moving industry and reported that satisfaction with the claims personnel (redress) was the primary determinant of overall satisfaction. Sundaram, Jurowski, and Webster (1997) found that redress had a positive effect on satisfaction. Davidow and Leigh (1998) showed that satisfaction with the complaint handling and compensation has a positive effect on repur-

chase intentions and a negative impact on word-of-mouth activity. McCollough (2000) found that redress (distributive justice) has a significant effect on recovery satisfaction. Hocutt, Chakraborty, and Mowen (1997) reported that redress has a significant impact on satisfaction with the complaint handling. Webster and Sundaram (1998) showed that as the recovery effort becomes more extensive, customer satisfaction and loyalty increase, whereas Ruyter and Wetzels (2000) found a significant relationship between outcome (redress) and customer satisfaction. Sparks and McColl-Kennedy (2001) reported that although redress had a positive effect on repurchase intentions, it did not affect satisfaction at all. Durvasula, Lysonski, and Mehta (2000) noted that fairness in judgment of liability claims and payment (redress) had a significant impact on customer satisfaction.

Goodwin and Ross (1989), in a critical incident analysis, reported that compensation had a positive impact on satisfaction and on repurchase intentions. Their operationalization of compensation included adequate (breakeven and breakeven plus a gift or free item) and inadequate (none, and partial compensation). Hoffman, Kelley, and Soulage (1995), using a critical incident technique, focused on the defection rate (proxy for repurchase) for various recovery strategies in the hotel industry. They reported that compensation had a negative effect on the defection rate (percentage of people indicating that they no longer patronize that hotel). Compensation for service recovery included free ancillary service, discounted room, free upgrade, or room at no charge. Similar results were reported by Hoffman, Kelley, and Rotalsky (1995) in the restaurant industry: Redress had a negative effect on defection rates and a positive impact on repurchase. Mack et al. (2000) showed that redress has a significant effect on repurchase. Johnston and Fern (1999) showed that redress and compensation (putting things right) were key recovery elements that were expected by customers.

Do we really need to give away the store in order to keep the customer? And if so, is it really worth it? Lewis (1983), in a study involving hotel complaints, found that the way the complaint was handled (redress) affected the repurchase rate. Lewis (1983) also examined customer expectations of redress and reported that 46% wanted their money back, 25% would have been happy with a complementary room or meal, and 29% would have been satisfied with a proper response from management or a more pleasant relationship. Kelly (1979) reported that consumers who complained to retailers about a clothing item primarily expected the item to be replaced. Although no correlation with the complaint problem was reported, it would seem that consumer expectations are just to solve the problem. It does not appear that consumer demands are excessively demanding, as has been documented in the popular press (Anderson and Zemke 1995).

Does a company have to fully compensate the consumer or is it possible to only partially compensate the consumer and still get full complaint-handling satisfaction? Mount and Mattila (2000) reported that full or partial compensation (discount, coupon, partial refund), as opposed to no redress, had a significant impact on repurchase intentions and company image. Sparks and Callan (1995) reported that the mere presence of redress does not reduce complaint behavior. Conlon and Murray (1996) operationalized compensation as to whether students had received any form of compensation from the company. This was usually in the form of coupons, although a few companies sent a refund check. They reported that some form of compensation resulted in much more willingness to do business with the company in the future. Kelley, Hoffman, and Davis (1993) supported this conclusion with their report that several different types of compensation, including discounts, had very high retention rates. Although it appears that some compensation (including partial) is obviously better than no compensation, no conclusion can yet be determined regarding the optimal amount of redress to be given, leading to

*Proposition 6.* Partial redress is better than no compensation at all.

How does partial redress compare to full compensation? In one of the first studies done on organizational responses to complaints, Gilly and Gelb (1982) focused on the percentage of monetary loss reimbursed and found that there was a positive relationship between the percentage of the financial loss reimbursed and satisfaction with the complaint response. In other words, partial compensation cannot lead to full satisfaction. Other researchers have also supported the notion that only full compensation would affect postcomplaint consumer behavior. The only item in Boshoff's (1999) RECOVSAT scale relating to redress (ATON3) specifies that consumers should not have out-of-pocket expenses, implying that full redress is necessary. Davidow (2000) showed that full redress or better has a significant positive effect on satisfaction and a negative effect on word-of-mouth likelihood. McCollough, Berry, and Yadav (2000) reported that full redress or better (distributive justice) has a positive effect on postrecovery satisfaction. Blodgett and Tax (1993) utilized an experimental setting of tennis shoes that wore out quickly to test the difference between high redress (exchange) and low redress (40% discount on another pair). They found that complainants demand total satisfaction. Smith, Bolton, and Wagner (1999) in an experiment in the restaurant and hotel industries reported that compensation has a positive effect on distributive justice, leading to increased service encounter satisfaction. Fornell and Wernerfelt (1988) utilized a mathematical model to show that gener-

ous compensation has a positive effect on repurchase. Although generous implies at least covering all the consumer's expenses, there is no explicit upper level determined. Is the sky really the limit?

Boshoff (1997) utilized an experimental setting where redress was either none (financial loss), compensation for incurred expenses (equity), or compensation and an additional tangible outcome (financial gain). The higher the compensation, the more consumers were satisfied. A similar result was reported by Gilly and Hansen (1985), who found that overbenefiting has positive effects on satisfaction, repurchase, and positive word-of-mouth activity. Although indicating that slightly more compensation than required increases satisfaction, it still does not answer the question of how much is too much. Megehee (1994) focused on a service establishment (stain on clothing at a dry cleaners) and tested different compensation amounts relative to the cost of the cleaning. She found that redress was positively related to satisfaction with the complaint handling and with repurchase intentions. Compensation ranged from 50% of the bill (\$5) to 300% of the bill, thus implying that satisfaction could be "bought" by offering more compensation. However, she also noted that respondents who received the exact amount of the error as redress had a greater intention to use the service again (repurchase) than those receiving more compensation than the original error. Mack et al. (2000) stressed that overspending on recovery efforts is not necessarily called for, and organizations should beware of overkill strategies of "giving away the house." Garrett (1999) also focused on this question in an interesting survey of complaints to a company where compensation was given at three levels: according to current company policy, twice as much, and three times as much compensation (the company was rightfully leery of testing a situation of below normal compensation). Above-normal compensation was not found to increase repatronage, word-of-mouth activity, or satisfaction. This point is further supported by Estelami and De Maeyer (2002), who reported that service provider overgenerosity may have a negative effect on customer evaluations. Thus, the issue of overcompensation has still not been fully determined, leading to

*Proposition 7.* More compensation appears to be better than partial compensation, up to a certain limit.

Could type of complaint affect redress needs? Gilly and Gelb (1982) reported a general difference in complaint-handling satisfaction between monetary complaints (79% satisfied with response) and nonmonetary complaints (50% satisfied with response). However, they do not test whether this difference also holds true for redress needs. Is there a difference in redress requirements between mone-

tary and nonmonetary complaints? In an experiment focusing on service delays (no direct financial loss), Goodwin and Ross (1992) reported that a 10% discount (redress) had a significant positive effect on satisfaction and fairness. They then suggested as an area for future research to investigate the "minimum tangible reward" that must be offered to make a difference. Would a 2% or 5% discount be enough to make a difference? Bitner, Booms, and Tetreault (1990) reported that fixing the problem (redress) has a positive effect on satisfaction. From their analysis of responses to service failures, compensation is a clear factor in increasing satisfaction. The amount of compensation was more than required but still in the range of being logical. In some cases, there was no explicit loss (slow service), but compensation was still used to convey sincerity. A similar effect was found by Brown, Cowles, and Tuten (1996), who in an experiment showed that offering free gift wrap (redress) in a retail setting after a situation of lack of attention and slow service has a significant effect on satisfaction.

*Proposition 8.* Although still essential, redress needs appear to be less in a nonmonetary complaint than in a monetary complaint.

A major issue in the literature is how do we measure compensation? Is compensation operationalized the same across all research studies? Baer and Hill (1994) reported that compensation had a significant effect on satisfaction with the complaint recovery. Respondents reported that they received coupons, free goods, and both coupons and free goods. There is no discussion as to the size of the compensation relative to the complaint. A similar problem was found in other studies. Blodgett, Wakefield, and Barnes (1995) reported that a fair and appropriate remedy (redress) has a positive impact on repurchase intentions and word-of-mouth activity. Their scale does not specify actual redress, leaving it up to the respondents to determine what is fair and appropriate. Estelami (2000) showed that compensation has a significant effect on both delightful and dissatisfactory complaint recoveries. However, compensation was classified as a wide variety of possible choices, including replacement, refund, repair, and discounts, thus making any definitive conclusion difficult. Martin (1985) reported that the action taken by the company (redress) had a positive effect on repurchase behavior; however, no definition was given for "the action taken." Clark, Kaminski, and Rink (1992) showed that redress had a significant positive effect on respondents' attitudes toward the company. Compensation included product replacement, free goods coupon, cents-off coupon, refund check, or a combination of a check and a coupon.

*Proposition 9.* Compensation must be clearly measured to ensure unambiguity.

Although the preponderance of research all supports the positive relationship between redress and post-complaint customer behavior, we are still not sure of what compensation is, both from a theoretical and a managerial perspective. For instance, red juice spills on a carpet, staining it permanently. Is compensation replacing the product, cleaning the carpet, and if that doesn't work, replacing the carpet? Where do organizations draw the line? Yet, if the stain is still in the carpet, even after professional cleaning, is the consumer really going to be happy with less than replacing the carpet? Richins (1983), in a survey to consumers of clothing and appliances, showed that redress has a negative relationship with negative word-of-mouth activity. Redress here was conceptualized as repair, replacement, or refund (equity). A similar problem was highlighted in a series of critical incident research regarding redress strategies (Hoffman and Chung 1999; Hoffman, Kelley, and Rotalsky 1995; Hoffman, Kelley, and Soulage 1995; Kelley, Hoffman, and Davis 1993) listing discounts, corrections, replacements, and refunds all as credible recovery strategies. How then are we to measure redress? In the study by Megehee (1994), compensation was giving a refund for failing to dry clean a stain out of a garment. Did consumers consider compensation the solution of choice, or were they more interested in re-cleaning the garment, or perhaps another solution? When is repair an option (by the second repair under warranty, most consumers would suggest that repair is no longer an option)? Which is more suitable, replacement or refund? Is it situation specific? Hoffman and Chung (1999) focused on compensatory strategies as opposed to corrective strategies and reported higher effectiveness and retention ratings for the compensatory strategies, leading to

*Proposition 10.* Different types of compensation may cause different types of postcomplaint customer behaviors.

When would one be preferable over the other? Future research needs to explore this area more carefully in order to be theoretically rigorous and managerially effective.

A study by Blodgett, Hill, and Tax (1997) utilized a scenario of tennis shoes that wore out too quickly, and they tested three levels of redress (distributive justice): full exchange, 50% discount, or a 15% discount. Although they found a significant main effect for redress, analysis of an interaction with attentiveness (interactional justice) revealed that the main effect of redress was significant only when attentiveness was high. In a low state of attentiveness (rudeness), the effect of redress was nonsignificant. Respondents receiving less than full redress (discount of

50%, 15%) but who were treated with courtesy and respect were more likely to repurchase and less likely to engage in negative word-of-mouth activity than subjects who received a full exchange but were treated rudely. Goodwin and Ross (1992) also reported an interaction between redress and facilitation and apology. Specifically, a little compensation increased the impact of both facilitation and apology beyond just the main effects. Interestingly enough, these interactions were not significant in some other studies (Blodgett and Tax 1993; Hocutt, Chakraborty, and Mowen 1997). This issue will be further examined later in this article.

*Proposition 11.* Under certain conditions, the process may become more important than the outcome (redress).

There are many managerial implications here. It seems that customers expect to be no worse off after the complaint response than before the dissatisfaction. Organizations tend to think of redress in monetary terms. Customers may have different ideas. It is important to check with the customer first about his or her redress expectations. It is also important to remember that redress is not always foremost on the customer's mind. It should be noted that certain types of redress may affect customer behavior differently. This may help managers plan the appropriate redress response.

#### **Future Research—Redress**

This review of the redress dimension seems to raise several interesting questions. Although there is little doubt that compensation has a significant effect on postpurchase customer behavior, a big question is whether the relationship is linear. Propositions 7 and 8 relate to this point. Although most of the surveys show a positive relationship, it seems ill advised to think that we can "buy" more satisfaction by increasing the compensation. Does more compensation mean higher satisfaction and repurchase intentions, or is there a limit beyond which compensation has no effect? It would seem intuitive that once reasonable compensation levels have been reached, then it would cease to be as important a variable in determining postcomplaint consumer behavior. This might be considered a type of needs hierarchy, below a certain level of which, compensation is necessary to cover expenses and replacement. Once that level is reached, compensation may not be as critical to postcomplaint customer behavior. This might be a factor in explaining Garrett's (1999) finding. Because of the conflicting results reported earlier, more research is necessary to determine how much is too much. Experiments (such as Megehee 1994 and Garrett 1999) would be one possibility, provided enough redress levels were used. Another possibility would be to link actual organizational responses to



customer-perceived responses, thus allowing an organization to actually see how their compensation is perceived by their customers. A third approach would involve in-depth consumer interviews in an attempt to discern at what point, if any, compensation ceases to affect the customer.

Another interesting question revolves around the type of compensation preferred, refund, replace, or repair. Most of the research covered looked only at financial compensation. But, depending on the product or the damage, consumers might prefer repair or replacement rather than refund. When is a financial solution preferred, as opposed to replacing or repairing the product? What are the moderating variables involved in this decision from the consumer's point of view? How can an organization determine the appropriate time for each option? It would appear that this area of research has not yet been explored, thus suggesting in-depth customer interviews to determine whether there is some sort of hierarchy of redress that customers expect. Another approach would be an experimental setting, where different forms of redress (all more or less on the same level) are offered, allowing an analysis as to the efficacy of each redress solution.

A related question revolves around the question, what is fair? There are three basic principles of redress that an organization must take into account when determining compensation. These are equity, equality, and need. To demonstrate, the *equity* principle dictates that consumers receive compensation according to their losses. If your flight is cancelled, you are entitled to receive your money back. The *equality* principle dictates that all consumers with the same problem get treated equally. If your flight is cancelled, all class customers get the same treatment (alternative flight), regardless of what they actually paid for the ticket. The *needs* principle dictates that consumers receive compensation according to their individual needs. If there is only one seat on an alternative airline, it goes to the passenger who needs it the most, regardless of what was paid, or how similar passengers are treated. If the consumer is expecting compensation according to the need principle, but receives compensation according to the equality principle, there will still remain a feeling of dissatisfaction. How can organizations determine what the proper basis of compensation is? Does this basis change depending on whether customers know what other customers have received? This last point has been examined by Collie, Sparks, and Bradley (2000), but further research needs to examine the efficacy of each of the three principles of redress in order to determine the appropriateness of each. It would appear that this area of research has also not yet been fully explored, thus suggesting in-depth customer interviews to determine whether there is some sort of contingency framework of redress that customers expect. Is there some sort of unwritten "code of honor" that would determine what customers consider fair in each type of sit-

uation? Another approach would be an experimental setting, where the three different principles of redress are offered, allowing an empirical analysis as to the saliency of each redress solution. Another research possibility might be a conjoint experiment to determine the part worths of each of the three redress principles.

Proposition 9 focused on the question of whether there is a difference in consumer compensation needs and expectations between a monetary and a nonmonetary complaint. In the first instance, are we more focused on the financial reimbursement, whereas in the second instance, because there is no financial restitution, are we more focused on other aspects of the redress? Could this be linked to Proposition 12 that focused on process and outcome? In a financial loss situation, redress is more salient, but in a nonmonetary complaint, the process is more important than the redress. A dual set of experiments could be used to determine these issues. The dependent variables would be the process (timeliness, facilitation, and attentiveness) and the outcome (redress), whereas the independent variable would be monetary complaint or nonmonetary complaint. A conjoint experiment would also enable us to examine the part worths of the various response dimensions. Last, a series of in-depth interviews might also give us some insights into these issues.

The last proposition in this section is a methodological one and concerns the necessity of having clearly defined measures. Although there is overwhelming support for a relationship between redress and complaint handling satisfaction, redress is defined differently in most of these research studies. How then are we to interpret these results? Is this a very robust variable, or is it simply coincidence? We need to work more on developing clear-cut definitions of what is meant by redress, so that we will have a common base for comparison and analysis.

These questions highlight how much is not known in this critical area of redress and compensation, and they provide ample opportunity for future research.

## Apology

An apology should be thought of as psychological compensation (Davidow 2000). Yet, despite a preponderance of managerial literature (Barlow and Moller 1996; Jenks 1993; SOCAP 1994; Zemke 1994) emphasizing the importance of an apology as part of an overall complaint recovery process, very little research has investigated this issue. Several elements of Boshoff's (1999) scale (feedback, atonement) relate specifically to this dimension. Some researchers (see, for example, Boshoff 1997; Hoffman, Kelley, and Rotalsky 1995; Hoffman, Kelley, and Soulage 1995; Webster and Sundaram 1998) focused on an apology in the sense that an apology is the only redress that was offered. This reclassifies apology as part of

the redress dimension (no redress; just an apology; partial redress; full redress; more than full redress). Hoffman and Chung (1999) referred to this as an empathetic response—the organization acknowledges the customer's complaint but fails to take responsibility for resolving the situation. This lack of action not only fails to resolve the customer's problem but also fails to acknowledge the customer's perceived seriousness of the situation. In this circumstance, it is not surprising that apology was found to have little or no effect on postcomplaint customer behavior.

More interesting, however, is the case where an apology is given to the complaining customer in addition to redress. Smith, Bolton, and Wagner (1999) reported that an apology has a positive significant effect on interactional justice and an indirect effect (through interactional justice) on complaint-handling satisfaction. Boshoff and Leong (1998) found that apology had a significant effect on satisfaction (it's effect was weaker than facilitation or credibility, but still significant). Goodwin and Ross (1992) showed that apology does not have a significant impact on satisfaction or fairness. Davidow (2000) reported that whereas apology had a positive effect on word-of-mouth valence, it had a negative effect on repurchase intentions and no effect on satisfaction. Martin and Smart (1994) found that whereas an apology has a significant effect on satisfaction, it did not have an impact on repurchase intentions. Ruyter and Wetzels (2000) claimed that apology did not affect satisfaction.

Although there are not enough research studies to make any clear assessments, it seems likely that apology does affect postcomplaint customer behavior. In the only study linking apology to word of mouth, Davidow (2000) found a positive relationship. Of the empirical relationship between apology and repurchase, the results are mixed. Davidow (2000) reported a negative relationship, perhaps due to a misunderstanding of the role of apology as an admission of guilt. Martin and Smart (1994) reported no effect between the two. Kelley, Hoffman, and Davis (1993) utilized a critical incident technique and found a positive relationship. Other research into the relationship used an apology as an instance of no redress, rather than as a stand-alone policy. The relationship between apology and customer satisfaction is a bit more complex. Several studies (Boshoff and Leong 1998; Johnston and Fern 1999; Martin and Smart 1994; Smith, Bolton, and Wagner 1999) reported a positive relationship, whereas several others (Davidow 2000; Goodwin and Ross 1992; Ruyter and Wetzels 2000) reported no relationship at all. It would therefore appear that

*Proposition 12.* Apology may impact different postcomplaint customer behaviors differently.

Perhaps more important than the main effect is the interaction effect that apology might have with the other five dimensions. One basis for this would be the fact that apology without redress (Boshoff 1997) is not significant. Goodwin and Ross (1992) reported an interaction effect between apology and redress. An apology enhanced customer satisfaction to a greater extent if there was redress than in situations where there was no redress.

One possible reason for the paucity of research into apologies is lack of resources. There are limitations as to how many variables can be examined in each study. As a result, we are sadly lacking in knowledge as to how an apology interacts with the other response dimensions. This point will be revisited again later in this article.

Jenks (1993) stated that all complainers expect an apology and should be given one. Barlow and Moller (1996) reported that an apology says a company is sorry that something has happened. It is an expression of the company's concern. Zemke (1994) stressed that even though it costs nothing to give, and goes a long way toward calming the customer, the customer receives an apology less than half the time. Mack et al. (2000) reported that the action most desired by customers to improve the organizational response was "just to admit that a mistake was made"; in other words, a simple apology. This would suggest the following:

*Proposition 13.* Apologies may be perceived differently by managers and customers.

Managerial implications for apology are simple. Give one if you believe the complaint is legitimate. Customers expect it, and it shows courtesy and respect. It can show understanding of the dissatisfaction felt by the customer, without admitting any guilt.

#### **Future Research—Apology**

A key area for future research would be to find out if managers' and consumers' perceptions of the apology differ, and if so, how? Is there a fear that an apology might be considered an admission of guilt, thus leaving an organization open to lawsuits? To what extent do consumers see apologies as admissions of guilt, rather than just as an expression of concern? How does the wording of the apology change this perception? Are there any confounding variables, such as attributions of blame, that may affect this perception? Given the conflicting results most empirical studies have shown, it is recommended to return to in-depth consumer interviews, or to look at critical incidents where apologies were or were not given, in an effort to understand how consumers relate to them or to their absence.

How critical an issue is this for them? Another issue relates to the fairness aspect. Is an apology regarded by consumers as psychological compensation, and therefore an aspect of distributive justice, or is it considered a form of interactional justice as some researchers have reported? Under what conditions does apology have a direct main effect, and under what conditions would it only be expected to have an interaction effect as reported by some researchers? Last, we must be more precise with our measurements and analysis. Using an apology as a form of “no redress, just apology” is fine, but the conclusion does not relate to the actual apology but rather to the lack of redress. Perhaps these two constructs should be analyzed more closely together in order to clarify their relationship.

### Credibility

Although it seems obvious that a consumer complains to receive redress, he or she also wants to know what the company is going to do to prevent the occurrence of the problem (Davidow and Dacin 1996) in the future. This explanation goes a long way to establishing the credibility of the organization in the customer's eyes, thus potentially increasing his or her satisfaction from the response. Indeed, the way the response is interpreted and explained can be more important than the response itself. SOCAP (1994) suggested having simple and clear communications with consumers, as well as being fair in investigating and analyzing the complaint. Some elements of Boshoff's (1999) RECOVSAT scale are included in this dimension (explanation; feedback).

Baer and Hill (1994) reported that using an excuse or explanation in a written response reduced consumers' belief that the company had control over the problem and reduced consumers' belief that the company could have avoided the problem, thus contributing to increased satisfaction. Bitner, Booms, and Tetreault (1990) showed that acknowledging the problem and giving an explanation had a positive impact on satisfaction, even if the desired service is unavailable. Boshoff and Leong (1998) focused on different types of excuses or explanations given by the company and found that the company taking blame was the best approach, rather than blaming a third party or the customer. Attributions (part of credibility) were the most important factor in determining customer satisfaction.

Conlon and Murray (1996) also focused on the explanations aspect of this dimension and showed that a company that accepted responsibility for the problem increased customer satisfaction with the response and their repurchase intentions over a company that does not accept blame. They also reported an interaction with redress in that receiving coupons or other compensation increased the satisfaction with the explanation. This would support the finding from the apology dimension that giv-

ing the customer something shows that the company is serious about their explanation. Davidow (2000) reported that credibility had a significant impact on satisfaction, repurchase intentions, and word-of-mouth valence. Out of the six response dimensions, credibility has the second strongest impact on repurchase intentions, thus stressing the important role that explanations have in determining postcomplaint customer behavior.

In one of the first studies investigating the effects of the organizational response on postcomplaint customer behavior, TARP (1981) noted that the clarity of the response given had a direct impact on complainant satisfaction. The higher the quality of the response, the greater the overall satisfaction. Furthermore, they found that the same relationship also held when the organization was just handling customer inquiries and not complaints. Morris (1988) noted that in many cases the content of the response is more important than any monetary compensation, as customers want a full explanation of why a problem arose and what is being done to prevent future recurrences. Lewis (1983) stated that the way a complaint is handled is the major factor in the likelihood of repurchase. Stressing the importance of credibility, he postulated that management has the considerable task of changing beliefs, and money does not do that, only proper communication can change beliefs. Martin and Smart (1994) reported that knowledgeable representatives who could offer explanations have a significant impact on satisfaction and repurchase. Johnston and Fern (1999) specified that information is required by complainers. They want explanations and assurances that it will not happen again. Sparks and Callan (1995) found that the explanation is interpreted differently depending on redress or communication style. In most cases, explanation had a significant impact on satisfaction and repurchase. In the extreme case, they found that redress without an explanation of the service failure seems to be judged as an admission of guilt, and as a result, it reduces satisfaction and repurchase. Therefore,

*Proposition 14.* Credibility may be perceived differently according to context.

Managerially speaking, credibility is a chance to regain some trust by explaining what went wrong, why, and what the organization will do to ensure it does not happen again. It gives managers a chance to close the loop. It is more effective with proper redress.

### Future Research—Credibility

Perhaps the paucity of research in this dimension is due to the seeming consensus on what has already been reported. However, it appears that there are still areas that need to be clarified. Can credibility stand by itself as a di-

mension, or does it need the support of redress, as suggested by some researchers? What are its critical components? Different researchers have looked at explanations, excuses, attributions, and clarity. Davidow (2000) referred to a willingness to account for the problem. This would suggest an acknowledgment, an honest investigation of the complaint, an explanation as to what happened and why, and steps to be taken to prevent similar problems in the future. Which of these four steps is most salient? How forthright does a company have to be? What are the implications for template answers that lack credibility? Perhaps, most important, how do we balance the need for an explanation, which takes time, with the need for response speed? In the only study to look at the interaction between speed and credibility, Conlon and Murray (1996) found that response speed positively influences the satisfaction with the company explanation. Boshoff (1997) suggested that a slight delay might increase customer satisfaction. How are organizations supposed to handle the trade-off between speed and explanation?

Gilly and Gelb (1982) discussed the difference between monetary and nonmonetary complaints. Would the role of credibility be different for each type of complaint? These would all be interesting areas of future research. Perhaps key to this dimension is the interaction effect with other response dimensions as it is very clear that credibility is a key element of the organizational response. Experiments that would look at the interaction of credibility with other response dimensions across different contexts would be extremely fruitful in understanding the importance of this dimension.

### Attentiveness

Attentiveness refers to the care and attention that the customer gets from the organization or its representatives. SOCAP (1994) suggested having a courteous and personalized response, whenever possible. Several items from Boshoff's (1999) RECOVSAT scale (atonement and communication) pertain to this dimension. Attentiveness comprises four distinct areas: respect, effort, empathy, and a willingness to listen to the customer.

Bitner, Booms, and Tetreault (1990) reported that the form (as well as the content) of an employee's response determines the customer's satisfaction. They stress that it is not the core service alone that creates dissatisfaction, but rather the employee's response to the failure that causes the dissatisfaction. Attitudes or behaviors of the service personnel stand out from the core service and have the opportunity to "make or break" the experience. Blodgett, Wakefield, and Barnes (1995) reported that complainers who were treated rudely (attentiveness) were more likely to engage in negative word of mouth and less likely to repurchase. Collie, Sparks, and Bradley (2000) found that

courtesy and respect (attentiveness) by service providers have a positive effect on outcome fairness and satisfaction. Blodgett and Tax (1993) showed that treating a customer with courtesy and respect (attentiveness) reduced negative word-of-mouth activity and increased repurchase intentions.

According to Davidow (2000), attentiveness is the single most important dimension, having the largest effect of any dimension on satisfaction and repurchase. It is also the only dimension to have any impact (negative) on the likelihood of engaging in word-of-mouth activity. Estelami (2000) also reported that attentiveness has a significant impact on satisfaction, stronger even than redress. Blodgett, Hill, and Tax (1997) showed that respect and courtesy (attentiveness) have a significant impact on both repurchase intentions (positive) and word-of-mouth activity (negative). Hocutt, Chakraborty, and Mowen (1997) found that empathy on the part of the service provider (attentiveness) has a significant impact on complaint-handling satisfaction. The way the complaint was handled was reported by Lewis (1983) to have a positive impact on repurchase intentions and a negative impact on word-of-mouth activity. Morris (1988) showed that the tone of the response is very important. She stressed the importance of addressing the feelings of the complainant and not just the reason for the complaint.

Knowledgeable, courteous, and interested operators were found by Martin and Smart (1994) to have a positive impact on satisfaction and repurchase intentions. Sparks and Callan (1995) reported that the communication style (attentiveness) had only minor influence on postcomplaint customer behavior. McCollough, Berry, and Yadav (2000) showed that courtesy and professionalism had a significant impact on postrecovery satisfaction. They also reported an interesting interaction effect with redress. It appears that if redress and attentiveness are similar in magnitude, then their mutual effect is positively heightened. However, if the main effects are mismatched, then the interaction becomes negative. This will be explored later in this article.

Martin (1985) found that the tone of the response had a significant effect on repurchase and attitude toward the company but had no effect on word-of-mouth activity. TARP (1981) also reported that the tone of the response has a positive relationship with satisfaction. McCollough (2000) showed that effort and courtesy had a significant effect on outcome satisfaction and general satisfaction. Sparks and McColl-Kennedy (1998) emphasized that service provider concern is of particular importance in shaping customer satisfaction evaluations. They also pointed out that for all of our concern with fairness, we also want employees to bend the rules for us. Neutrality has a negative effect on satisfaction. Therefore, another important component of effective complaint recovery is the extra ef-



fort expended by the representative. By holding the outcome constant, Sparks and McColl-Kennedy (1998) were able to show that procedural issues influence satisfaction with the outcome, independent of the actual outcome. From the research, it seems plain that

*Proposition 15.* Attentiveness has a major impact on all aspects of postcomplaint customer behavior.

*Proposition 16.* Attentiveness may be the most difficult dimension to consistently control.

Managerially speaking, it is not the initial failure to deliver the core service alone that causes dissatisfaction, but rather the employee's response to the failure. That is, most problems are caused by a double deviation (Bitner, Booms, and Tetreault 1990). This has plenty of implications on employee selection and training to ensure minimum deviations from service standards.

#### Future Research—Attentiveness

One of the more interesting research areas was highlighted by Blodgett, Hill, and Tax (1997). Their study showed that the interaction of high attentiveness and low redress was more satisfying than high redress and low attentiveness. Can a process element really be more significant than an outcome element? Would I really be happy if my doctor has a great bedside manner but can't cure me? Where exactly is the trade-off point? Davidow (2000) reported that attentiveness and credibility both had a stronger impact than redress on postcomplaint customer behavior. Why then the big fuss over redress? Although research has shown fairly conclusively that attentiveness can stand alone, it is becoming increasingly apparent that there is also an indirect effect through the interactions with other response dimensions. Perhaps after suffering through a problem, customers expect a more "high-touch" response to their complaint. Could the need for attentiveness be different between high-touch and low-touch services? Intuitively, it would seem that the more high touch the service, the more high touch the recovery needs to be. Is attentiveness really a necessity? Research is needed into situations where attentiveness may be less salient than others. Looking at the interactions with other response dimensions, there are numerous questions to be answered. Is attentiveness contingent on monetary versus nonmonetary complaints? Can attentiveness be effective without facilitation? What effect does attentiveness have on credibility? In addition to these experimental questions, further in-depth interviews should be done to determine the importance of attentiveness to the complainer.

From a managerial perspective, there is an overwhelming amount of research showing the importance of atten-

tiveness in complaint handling. Yet, how do you teach an employee to be attentive, to go the extra mile? Can empathy be taught? How has this affected hiring and training tactics? Research that could quantify the effect of attentiveness on the bottom line (repurchase) would make a significant contribution to the literature.

#### Organizational Response Dimensions—Interactions or "All Together Now"

Until now, this article has discussed the six organizational response dimensions independently from each other for the most part in an attempt to understand each dimension's overall contribution to postcomplaint customer behavior. This is not a realistic viewpoint. There are various issues that have appeared as future research imperatives in several of the response dimensions. It seems obvious that there are interactions between some of the dimensions, and those studies that have examined certain interactions have been for the most part briefly discussed previously. Although there is a lot of value in investigating overall influences, such as which dimension is the most important one or what is the impact of a dimension on a specific postcomplaint customer behavior, there is a growing need to address the interactions between the dimensions. Table 3 lists the handful of studies showing interactions between the six organizational response dimensions. Results are mixed at best, with almost half the studies testing interactions showing no significant interactions. Of more interest, however, are the studies comparing specific interactions. It is interesting to note that almost all of the studies examine redress in combination with one or more other dimensions.

Five studies investigated a possible interaction between redress and attentiveness. Three (Blodgett and Tax 1993; Hocutt, Chakraborty, and Mowen 1997; Sparks and McColl-Kennedy 2001) showed no interaction. Blodgett, Hill, and Tax (1997) found that redress was only significant if attentiveness was high. Rude personnel could erase any advantage of high redress. However, according to Smith and Bolton (2002), customers focus on the outcome (redress) itself, and it is not possible to make customers feel better about the failure through courtesy and concern (attentiveness). McCollough, Berry, and Yadav (2000) found a sham effect between redress and attentiveness. If one response dimension is high and the other dimension is low, there is a feeling of inconsistency, or hollow justice, causing immense dissatisfaction. Customers doubt the high sincerity of representatives if even the most basic of compensation is not provided, whereas high compensation without a feeling of empathy and understanding from representatives leaves customers feeling bought off. This is certainly an area for more research.

**TABLE 3**  
**Studies Involving Interaction Between Organizational Response Dimensions**

<i>Study</i>	<i>Interaction Effects</i>
Blodgett and Tax (1993)	No interaction between redress and attentiveness
Blodgett, Hill, and Tax (1997)	Interaction. Redress is only significant if attentiveness is high.
Boshoff (1997)	Interaction. Immediate refund plus has higher effect than delayed or late refund plus, but it is not significant from delayed refund.
Clopton, Stoddard, and Clay (2001)	No interaction between attentiveness and credibility.
Goodwin and Ross (1992)	Interaction. High redress has enhanced effect on facilitation and apology.
Hocutt, Chakraborty, and Mowen (1997)	No interaction between redress and attentiveness. Locus of causality has interaction with attentiveness.
McCullough, Berry, and Yadav (2000)	Interaction between redress and attentiveness. Sham effect if one high and other low.
Megehee (1994)	No interaction between speed and redress.
Ruyter and Wetzels (2000)	No interactions between facilitation, redress, and apology.
Sparks and McColl-Kennedy (1998)	No interaction. Trend (not significant). Attentiveness affects satisfaction only on low facilitation.
Sparks and McColl-Kennedy (2001)	Interaction between attentiveness (concern) and facilitation (voice, neutrality).
Sparks and Callan (1995)	Interaction. Three-way interaction between redress credibility and explanation. The effect of credibility is moderated primarily by redress and to a lesser extent by attentiveness.
Sparks and Callan (1996)	Interactions among some of the items that make up credibility and attentiveness.
Sparks and Bradley (1997)	Interaction between attentiveness and facilitation.
Webster and Sundaram (1998)	No interactions among the six response dimensions. Interaction between criticality and redress.

Three studies investigated the possible interaction between speed and redress. Two (Blodgett, Hill, and Tax 1997; Megehee 1994) found no interaction, whereas Boshoff (1997) reported that although an immediate refund plus extra compensation had the greatest impact, it was not significantly different than just a full refund 3 days later. Moreover, he reported that in the instance of just a refund, or of just an apology (no redress), a 3-day delay was superior to an immediate response. Again, the issue of timeliness has already been discussed, but it is clear that the interactions with other organizational response dimensions is another area of future research.

Whereas Goodwin and Ross (1992) showed that redress enhances the effect of facilitation and apology (the higher the redress, the higher the effect), Ruyter and Wetzels (2000) did not find an interaction between redress and facilitation or apology. Mattila (2001a, 2001b) focused on the effect of apology and compensation together (either high, high or low, low but not an actual interaction) and found a positive effect of the high, high condition on satisfaction, and loyalty. Unfortunately, the relative effect of each separate dimension could not be filtered out. Clopton, Stoddard, and Clay (2001) reported no interaction between attentiveness and credibility. Sparks and Callan (1995) reported a three-way interaction between credibility, redress, and attentiveness. They found that the impact of credibility was significant only if redress was given. Similar to the sham effect, how credible can a response be if no attempt at redress is offered? They showed that the effect of credibility was moderated primarily by redress and only to a lesser extent by attentiveness. Thus,

*Proposition 17.* Interactions between the response dimensions are an integral part of the organizational response.

The paucity of research into possible interactions leaves us with many more questions to be examined. Which dimensions have a tendency to interact, and which dimensions tend to stand alone? How can one dimension affect another dimension? For instance, does a late response affect redress or does facilitation impact credibility? This will necessitate a change in methodology as it is difficult to study interactional effects in a survey.

Perhaps it would be possible to triangulate methodologies and look at the effect of the same response variables in different methodologies in an attempt to develop a comprehensive base of knowledge. With the exception of Davidow (2000), no published empirical research study has ever looked at more than three response dimensions, and few of the many studies looking at three response dimensions have looked at all of the same variables. This would be a good place to start. One of the drawbacks to this research proposal is the necessity of working with large sample sizes. To investigate each of the six response dimensions with three levels per dimension, we would need 729 different cells. If we only looked at two levels per dimension, we would still have 64 cells. This would require an immense amount of data gathering. How would we even interpret a six-way interaction? One possible solution would be to focus on the three justice dimensions as surrogates for the six response dimensions, thus leaving us with far fewer cells to look at (between 8 and 27). Another solu-

tion would be to investigate different subsets of the dimensions (3 to 4 at a time) and see how they interact. A third possibility would be to use a fractional factorial design. Ignoring the interactions does not make them go away, it just undermines the validity of our results.

### Where Do We Go From Here?

Most of the current studies have focused only on satisfaction as the behavioral variable that is affected by the organizational response. Although satisfaction is a critical mediating variable, it is not an end in itself. Complaint handling is judged not by satisfaction with the organizational response, but by postcomplaint customer behavior such as repurchase intentions and word-of-mouth activity. More research is necessary to determine the direct effect of organizational responses on postcomplaint customer behavior, and the mediating effect of satisfaction and perceived justice on that relationship. We need to be able to trace a clear line between an organization's response to a complaint and the impact that response has on postcomplaint customer behaviors. Only by quantifying the effects of each response dimension on postcomplaint customer behavior will we be able to plan efficient and effective complaint management.

More than half of the current studies focused on only one or two dimensions. This does not let us evaluate the response dimension against the backdrop of the entire organizational response. More research is needed that attempts to link various response dimensions to each other. Which response dimensions are most salient or important to the customer? Does their importance change depending on the circumstances? Can overresponding in one dimension compensate for underresponding in another dimension? These questions have great importance for the manager attempting to maximize the effect of the organizational response. Preliminary work in this area (see Davidow 1995, for example) shows promise, but more research is required.

In a related area, we are witnessing a proliferation of different scales all purporting to be measuring the same construct. If procedural justice is measured in one study as "voice" (Goodwin and Ross 1992) and in another study as "timeliness" (Smith, Bolton, and Wagner 1999), how can we expect to achieve the same results, or if we achieve the same results, how can we expect them to mean the same thing when we have essentially measured two completely different concepts, even though they are called the same name? A similar situation exists for most of the variables discussed in this article. In the example mentioned above, both timeliness and voice are elements that affect procedural justice. Great care must be taken in defining our mea-

surements; otherwise, we are undermining our knowledge base rather than expanding it. Further research needs to evaluate the different conceptualizations and attempt to reach some sort of consensus not only on the relevant variables but also on their operationalization.

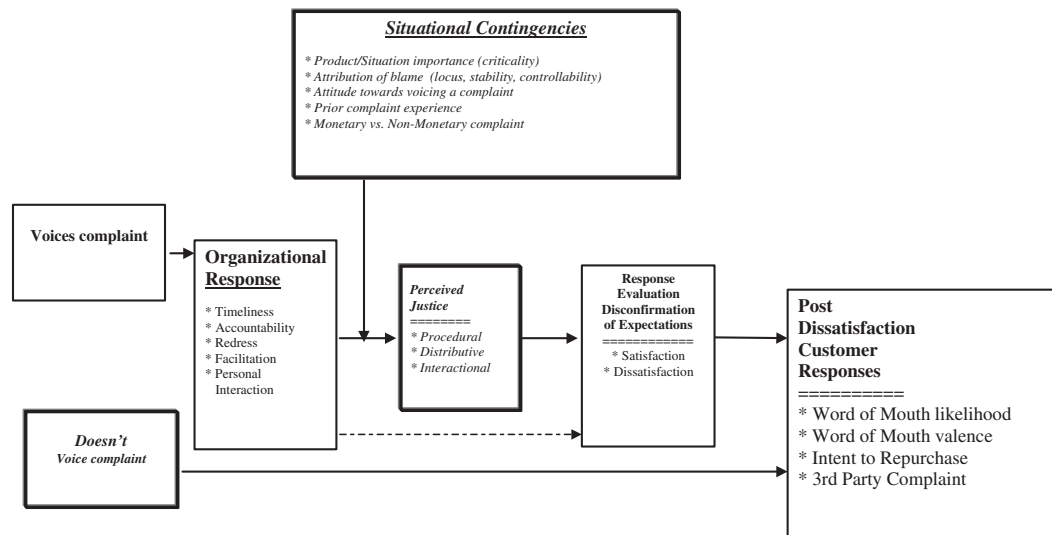
What is the role of confounding variables in this model? How do situational variables affect complaint handling and consumer perceptions? Some of the more relevant situational variables that could affect this model are stability and controllability (Blodgett 1994), magnitude of failure, first perceiver of failure and criticality (Mattila 1999), previous complaint experience (Tax, Brown, and Chandrashekar 1998), attitude toward complaining (Blodgett, Granbois, and Walters 1993), emotion and recovery initiation (Smith and Bolton 2002), product/situation importance (Andreassen 1988), and product/situation importance or criticality (Webster and Sundaram 1998). Another confounding variable that has emerged throughout this article and seems to have a major effect on complaint handling is the financial consequences of the source of dissatisfaction. Gilly and Gelb (1982) found a difference in satisfaction based on whether the complaint was monetary or nonmonetary. How does this segmentation influence our choice of complaint-handling strategy? Do the same response dimensions play the same role, or does the lack of monetary loss change consumers' perceptions of what they want, or perceive as fair? What is proper redress in a nonmonetary complaint? These questions will hopefully stimulate further research in this field.

### Research Framework Modifications

This article has attempted to focus on the field of complaint handling and analyze what we currently know and do not know, and where we should be headed in future research. Although some questions have been answered, it is clearly apparent that even more questions have been left unanswered. Although extremely frustrating for managers, this is as it should be for academics. However, even managers may take heart in the knowledge that we are getting closer and closer to quantifying the impact of organizational responses to customer complaints on future customer purchase behavior.

It is clearly apparent that none of the models that have looked at organizational responses to customer complaints can currently provide answers to some of these unanswered questions. With that in mind, this article would like to introduce an expanded model (see Figure 2) for testing. This model builds on the framework utilized in this article but explicitly recognizes the key roles of three main areas. First of all, perceived justice is postulated to be a possible mediating influence between the organizational response

**FIGURE 2**  
**Postcomplaint Customer Behavior Responses Model**



NOTE: New additions to the model are highlighted by heavy borders and italicized contents. The broken arrow suggests a possible direct effect.

and postcomplaint customer behavior (see, for example, Smith, Bolton, and Wagner 1999). A growing amount of complaint-handling research is focusing on perceived justice as a basis for determining complaint-handling satisfaction. A company's complaint-handling procedures lead to an interaction with the customer, at the end of which a complaint response is given. There are three types of justice, or fairness (Tax, Brown, and Chandrashekar 1998): distributive justice (Does the customer feel that the decision outcome is fair?), procedural justice (Does the customer feel that the decision-making process was fair), and interactional justice (Does the customer feel that the interpersonal behavior in the enactment of procedures and delivery of outcomes was fair?). Perceived justice is the customer's feeling or reaction to the organizational complaint response, and should have a major impact on satisfaction and postcomplaint customer behavior. Justice is generally considered an antecedent to satisfaction, leading to repurchase intentions and word-of-mouth activity. If we really want to understand postcomplaint customer behavior, we must first understand the three justice dimensions.

Although some articles in this article ostensibly looked at perceived justice, they did not look at it as a mediating variable. In most cases, they focused on the action itself, rather than the feeling of fairness that resulted from that action. Can consumers even differentiate between the organizational action taken and how that action made them feel? This is a question for further empirical research. Gilly (1987) reported that perceived speed had an impact

on satisfaction but actual speed did not. It would thus be very interesting to determine whether customers can separate the cognitive actions from their attitudes or feelings. Several questions come to mind to focus future research. Which organizational response affects which type of justice? Which organizational factors most influence the customer's feeling of fairness? Which of the perceived fairness dimensions is most influential in determining postcomplaint customer behavior? Is perceived justice a complete mediator, or is it possible to have a direct effect from the organizational response to the postcomplaint customer behavior? This area has only started to attract major interest in the past 10 years (see Blodgett, Granbois, and Walters 1993; Goodwin and Ross 1992) and will continue to be a main focus of complaint management in the future.

The second area that has been explicitly introduced into the model focuses on all of the confounding variables or situational contingencies associated with complaint management. Although some of these issues (as noted above) have been researched, their effect on the entire model has not yet been taken into account. Research into this area could include looking at the model with and without these confounding variables. Just taking the variables out of the model will not erase their effect—it will simply hide them. If these variables have a significant effect, then we need to eliminate that effect. One method of doing this would be to use partial correlations to separate the effect of these variables from the rest of the data (see, for example, Newcomb and Bentler 1988). This would enable us to partial out their



effect on the model and test the model again without the influence of the confounding variables. We could thus see the differences between the two models.

A third area that this article postulates is the addition of the effect of those who do not complain on postdissatisfaction customer behavior. Perhaps if managers could quantify their market losses from dissatisfied but noncomplaining customers, this would enable them to better determine complaint management. Without knowing the market damage from noncomplaining customers, how can we measure the effectiveness of complaint management? This question was addressed by Fornell and Wernerfelt (1988) but has not yet been formally addressed by current models. This would be especially relevant from a managerial perspective as managers could see the effect of facilitation (for example) on the percentage of dissatisfied customers who complain, or the ratio of complainers to noncomplainers. Particularly interesting would be to examine differences in postdissatisfaction market behavior between complainers and noncomplainers. Is service recovery really cost-effective? Can management leverage the information received from individual complaints into a major source of value for the organization? Is there some way to quantify the value added to the organization from analyzing aggregate customer complaints? Managers could better understand the implications of service recovery leading to a more efficient and more effective complaint management.

It is to be hoped that several of the research directions presented here will be pursued in the near future. Being the first major work of its kind in the field of complaint handling and management, the purpose of this article is to help stimulate further research in the field. Although every attempt has been made to ensure a comprehensive overview of the field, it is to be expected that there are certain deficiencies. These should likewise help stimulate future research.

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