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# Service recovery and the elusive paradox: an examination of the effects of magnitude of service failure, service failure responsiveness, service guarantee and additional recovery effort on service recovery comes

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**SERVICE RECOVERY AND THE ELUSIVE PARADOX:  
AN EXAMINATION OF THE EFFECTS OF MAGNITUDE OF SERVICE  
FAILURE, SERVICE FAILURE RESPONSIVENESS, SERVICE GUARANTEE  
AND ADDITIONAL RECOVERY EFFORT ON SERVICE RECOVERY  
OUTCOMES**

A Dissertation

Submitted to the Graduate Faculty of the  
Louisiana State University and  
Agricultural and Mechanical College  
in partial fulfillment of the  
requirements for the degree of  
Doctor of Philosophy  
In  
The E.J. Ourso College of Business Administration (Marketing)

by  
Anthony H. Kerr  
B.S., Louisiana State University, 1970  
M.B.A., Louisiana State University, 1972  
May 2004

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## **ABSTRACT**

Service failure and recovery remain critical issues for both academicians and marketing practitioners. Defined as a service provider's response to a failed service, service recovery can mean the difference between a firm's success and failure, for increasing customer retention and limiting customer defection are integral components of organizational growth and profitability.

The purpose of this dissertation was two-fold: (1) to test the effects of magnitude of service failure, service failure responsiveness, and the presence of a service guarantee on customer satisfaction levels and other service recovery outcomes (Study 1); and (2) to test the effects of additional recovery effort and magnitude of service failure on customer satisfaction levels and other service recovery outcomes (Study 2). Additional objectives of Study 2 included examining the data for evidence of two posited phenomena: (1) the plateau effect, characterized by a 'leveling off' effect in regard to the effects on the dependent variables as service failure recovery increases, and (2) the service recovery paradox effect, evidenced by increasing levels of satisfaction and repurchase intentions as recovery remuneration increases, to the point that levels of these criterion variables are higher among those experiencing a service failure compared to those who did not experience a service failure.

The results indicated several findings. Magnitude of service failure had a very strong individual and moderating influence on all outcome variables. Service failure responsiveness can have positive effects on these outcome variables, but only under the condition of a low level of magnitude of service failure. Service guarantee was found to have little effect on service outcomes. Evidence was present to indicate that a plateau

effect occurs as recovery remuneration increases, and very little support was found to support the contention that the recovery paradox effect should be present as recovery remuneration increases.

This research has made a contribution to the study of service failure and recovery. It is hoped that there will be continued interest in examining additional constructs, trying different methodologies, and studying new effects in this field of marketing research.

## **CHAPTER 1: INTRODUCTION AND OVERVIEW OF DISSERTATION**

Service failure and recovery remain critical issues today for both academicians and marketing practitioners. Defined as a service provider's response to a failed service, service recovery can mean the difference between customer retention and defection, which are in turn critical to company growth and profitability (McCollough et al. 2000). The cost of recruiting new customers is estimated to be five times that of keeping an existing customer (Maxham 2001). In certain situations, by increasing customer retention by 5%, a service provider can increase profits nearly 100% (McCollough et al. 2000).

Michel (2002) differentiates between service recovery activity and complaint management. Specifically, Michel (2002) viewed service recovery activity as a firm's response to a failed service prior to an actual complaint from a customer, whereas complaint management is based on customer complaints after a service failure has occurred. This study will adhere to this semantical differentiation, with the focal point being on service recovery activity. As Michel (2002) notes, the majority of dissatisfied customers do not complain and, thus, service recovery becomes a strategic tool for solving service failure problems before a subsequent complaint might occur and, it is hoped, before a customer leaves the business premises. Of course, there is a possibility that the service recovery attempt itself could also be unsatisfactory and, thus, serve to make matters worse by exacerbating already low evaluation levels. This phenomenon is referred to as a "double deviation" effect, and it intensifies customer dissatisfaction levels (Maxham and Netemeyer 2002). The importance of service recovery is clear, and the

many issues surrounding the topic shall continue to be of great interest to academicians and practitioners of marketing.

The purpose of this dissertation is two-fold: (1) to test the effects of magnitude of service failure, service failure responsiveness, and the presence of a service guarantee on customer satisfaction levels, and subsequently, other service recovery outcomes; and (2) to test the effects of additional recovery effort and magnitude of service failure on customer satisfaction levels, and subsequently, other service recovery outcomes. Specifically, in Study 1, the research objectives include the examination of the following issues: (a) main effects of magnitude of service failure; (b) the main and moderating effects of service failure responsiveness; and (c) the moderating effects of the presence of a service guarantee on customer satisfaction and other service recovery outcomes. Additionally, in Study 2, multiple research objectives involve the examination of the following issues: (a) to examine the effects of additional amounts of remunerative recovery on customer satisfaction and other service recovery outcome levels, determining if a plateau effect exists and at what point additional remuneration is no longer productive to the service provider; (b) to examine the effects of additional amounts of remunerative recovery on customer satisfaction and other service recovery outcome levels, determining at what level of such economic recovery might the service recovery paradox phenomenon emerge; (c) to evaluate the influence of magnitude of failure on the effects of additional amounts of remunerative recovery on customer satisfaction and other service recovery outcome levels, determining if a plateau effect exists and at what point additional remuneration is no longer productive to the service provider; (d) and to evaluate the influence of magnitude of failure on the effects of additional amounts of remunerative

recovery on customer satisfaction and other service recovery outcome levels, determining at what level of such economic recovery might the service recovery paradox phenomenon emerge.

As noted previously, and with further explanation provided later in this dissertation, additional recovery effort will be manifested in the form of remunerative cash or in-kind offerings to customers who have experienced a failed service encounter. This additional recovery effort will become a critical part of this research study. There is sufficient theoretical and empirical support for examining the issues of resource productivity or utility, and of the recovery paradox, that may emanate from the effects of additional amounts of recovery on levels of consumer satisfaction and other recovery outcomes. The recovery paradox referred to previously occurs when the satisfaction levels of customers who have experienced excellent post-failure recovery efforts are higher than among those customers who experienced no failed service encounter. The paradox will be discussed further in another section of this dissertation.

This dissertation research makes contributions to service recovery literature in several ways. The examination of the magnitude of service failure and service failure responsiveness constructs will replicate some past research efforts, while also introducing new effects for these constructs. The effects of the service guarantee construct has, thus far, gone unexamined in the service recovery context and should also be of value to the research in this area of study. The examination for the existence of the service recovery paradox, and an evaluation of the effects of the diminishing return behavior emanating from additional recovery remuneration, will add to the existing stream of thought in regard to these interesting phenomena. Given the results of this dissertation research,

additional constructs, relationships, and sample characteristics can be examined for continued contributions to the service recovery literature stream.

The organization of this dissertation will take the following track: Chapter 2 will examine the conceptual framework upon which this dissertation research is based, presenting a literature review, and explaining what are viewed as gaps in the service recovery research literature. Chapter 3 will present empirical models for the two main studies, develop theory-based support for the use of key constructs, and develop the hypotheses that will be tested with the two main studies. Chapter 4 will present the methodology and research design utilized during each of the pre-test phases of the research and the two main studies. Chapter 4 will also present the results from the three pre-tests. Chapter 5 will present the results of the two main studies. Discussion of the research results, the potential contributions and implications of this research to the service recovery literature, and concluding thoughts, will then be presented in Chapter 6.

## CHAPTER 2: CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

### Conceptual Framework

The process model exhibited in Figure 2.1a and Figure 2.1b depicts, in two distinct phases or parts, the general theoretical framework for service recovery. In Part 1, the initial recovery phase, Study 1 will empirically test the effects of magnitude of service failure, service failure responsiveness level, and the presence of a service guarantee on customer satisfaction and other service recovery outcomes. In Part 2, the additional recovery effort phase, Study 2 will empirically test the effects of additional recovery effort and magnitude of service failure on customer satisfaction and other service recovery outcomes. These constructs, as part of the empirical examination of this dissertation, along with the dependent variables relating to satisfaction, propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions, are highlighted with bold type in Figure 2.1a and Figure 2.1b. Detailed definitions, descriptions, and commentary regarding these constructs will be given in Chapter 3 as part of the discussion on the development of hypotheses and the presentation of empirical models, as illustrated in Figures 3.1 and 3.2.

The overall process model depicted in the initial recovery phase of Figure 2.1a follows a logical, systematic path from the point-of-origin of a service encounter to the resultant outcomes. The point-of-origin or starting point of a service encounter involves a critical cognitive process on the part of a customer. This process entails a comparison of service expectations with perceived service performance, and the net outcome of this comparison is an affect level along a satisfaction – dissatisfaction continuum. This affect

Part 1: Service Failure – Initial Service Recovery

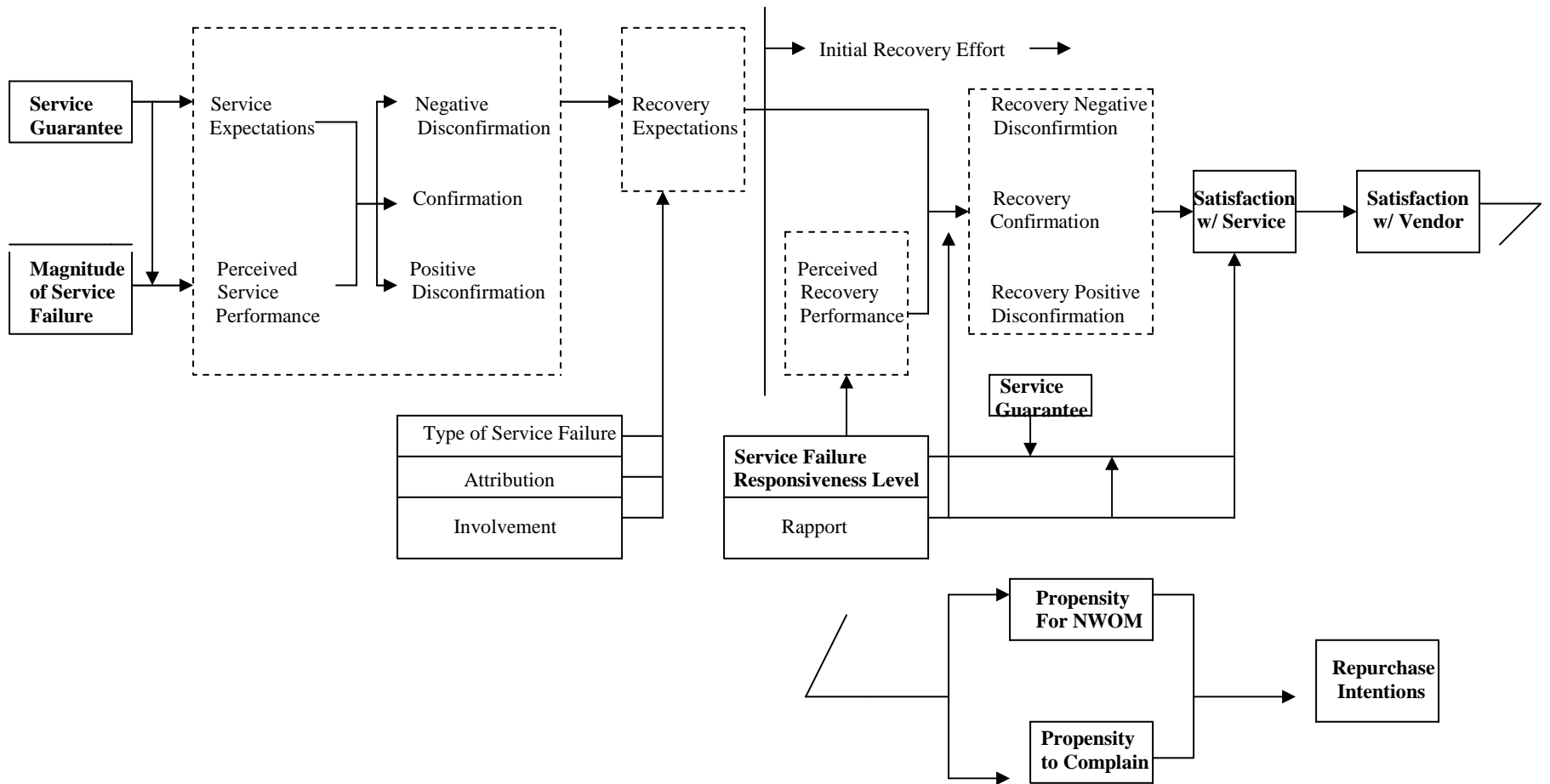


Figure 2.1a: Service Recovery Conceptual Process Model (Part 1)



Part 2: Service Failure - Additional Recovery Effort

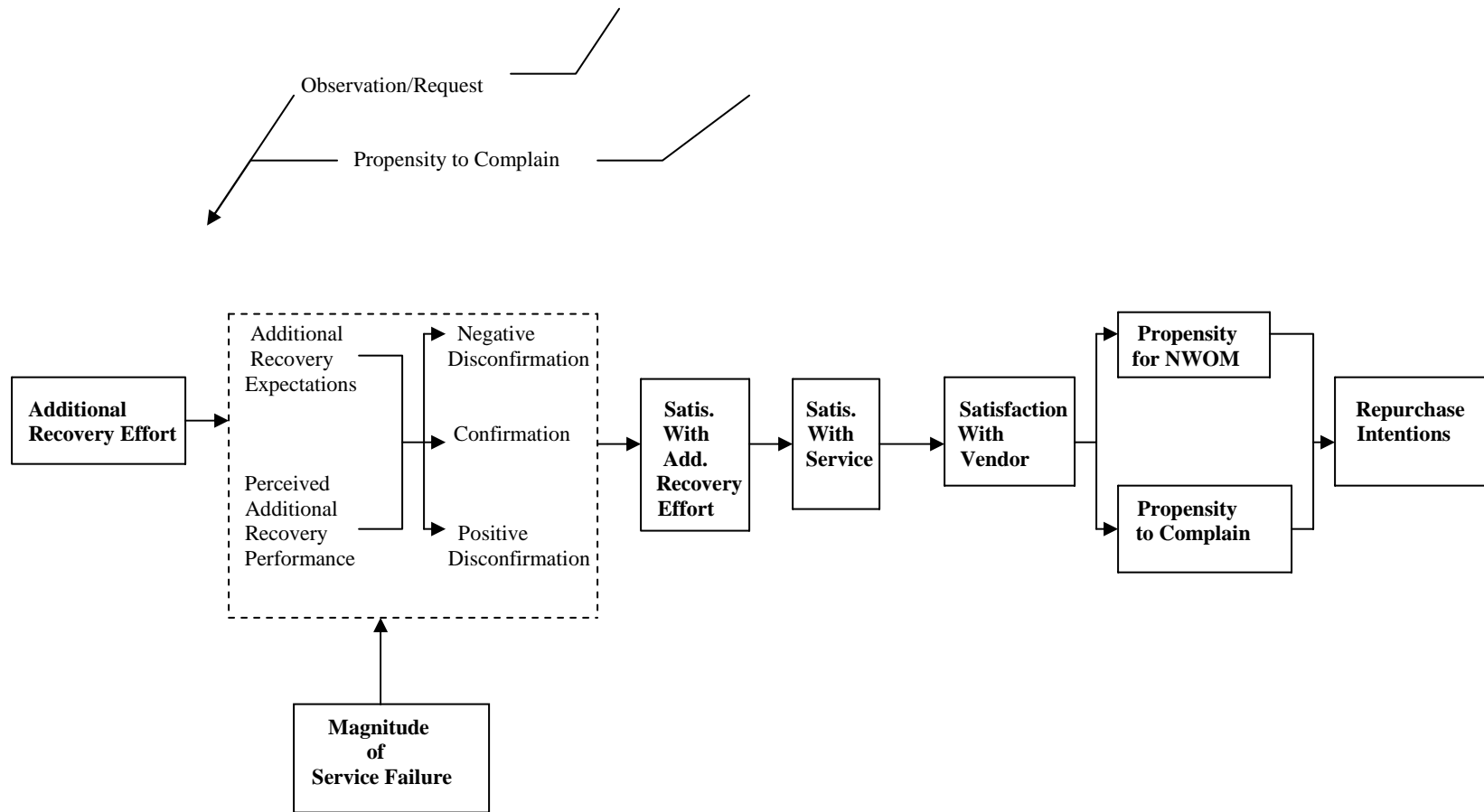


Figure 2.1b: Service Recovery Conceptual Process Model (Part 2)

level will be referred to as a disconfirmation level. It will be posited that the magnitude of service failure and the presence of a service guarantee will significantly impact this initial cognitive or evaluative process, and, subsequently, recovery evaluations and service outcomes. During this initial service evaluation process, the magnitude of service failure is likely to have a direct impact on perceived service performance and, subsequently in turn, recovery expectations, satisfaction with service and vendor, propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions.

The presence of a service guarantee is also likely to have a direct impact on service expectations, as well as moderating influences on the effect of magnitude of service failure on perceived service performance and on the effect of service failure responsiveness level on satisfaction with service. As with magnitude of service failure, the presence of a service guarantee should have a subsequent impact on recovery expectations and satisfaction with service and vendor.

If expectations are not met, then a service failure exists. A consumer will exhibit some level of dissatisfaction or disconfirmation, cognitively determining what should initially be expected from a service provider in the form of service failure recovery. At this point in time, the initial service recovery efforts begin, via observation by a provider's representative. An evaluative process thus begins regarding the initial service recovery efforts, comparing recovery expectations to perceived recovery performance. As seen in Figure 2.1a, the net outcome of the comparison of recovery expectations versus perceived recovery performance is a level of recovery disconfirmation. Recovery disconfirmation levels will have an effect upon levels of satisfaction with the service

received and the vendor. It will be hypothesized that service failure responsiveness (the service provider's effort to resolve a service failure) will have an effect upon satisfaction with service, and also have an influence upon the effect of magnitude of service failure on satisfaction with service. These effects will subsequently impact satisfaction with vendor, propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions.

Though not empirically tested in the two main research studies, it is likely that recovery expectations or perceived recovery performance should be influenced by such factors as service quality, type of service failure, presence of employee-customer rapport, focus and intensity of customer attribution, and level of customer involvement.

The additional recovery effort phase of Figure 2.1b depicts the cognitive, evaluative process that is prevalent after a service provider makes an additional recovery effort. This mental process on the part of customers will closely mirror the process described previously, except in this case, additional recovery expectations are compared to perceived additional recovery performance. The net outcome of this comparison leads to a point along a continuum between negative disconfirmation and positive disconfirmation, directly impacting satisfaction levels, complaint behavior, and repurchase intentions.

The following discussion of the key constructs found in this model will include a brief examination of the disconfirmation process as it pertains to service and recovery, and the key dimensions used by consumers to evaluate service quality, type of service failure, employee-customer rapport, attribution, involvement, satisfaction with service

and the vendor, propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions.

### **The Disconfirmation Process: A Prelude to Determining Satisfaction Levels**

McCollough et al. (2000), in their examination of post-recovery customer satisfaction noted that “the disconfirmation paradigm holds that customers compare perceived product performance to expectations.” This disconfirmation paradigm dominates research examinations and findings in the literature (for example, Andreassen 2001; Churchill and Surprenant 1982; Szymanski and Henard 2001; Smith et al. 1999; and Oliver 1980). Greater satisfaction levels should result from increased levels of positive disconfirmations, and lesser satisfaction levels should result from increased levels of negative disconfirmations. A positive disconfirmation would indicate that perceived performance exceeds expectations, whereas a negative disconfirmation would indicate that perceived performance levels fall short of expectations. When performance levels meet expectation levels, this is referred to as a confirmation (McCollough et al. 2000). Positive disconfirmations and confirmations should lead to satisfactory service evaluations toward a service and its provider. Of particular interest is the state of negative disconfirmation, the resultant recovery activity, and outcomes of recovery efforts. Negative disconfirmation should lead to initial dissatisfaction with the service provided and, in turn, directly impact customer service recovery expectations from a service provider.

Parasuraman et al. (1991) found that service expectations appeared to have two levels, desired and adequate. The desired service level is what a consumer hopes to receive, and the adequate level of service expectation is what would be deemed a

minimum acceptable level of service. Parasuraman et al. (1991) referred to the difference between these two levels of service expectation as a “zone of tolerance”. This zone of tolerance expands and contracts like an accordion. It can vary from customer to customer and, potentially, from one situation to the next for the same customer.” (Parasuraman et al. 1991). Any evaluation of service performance that falls short of this zone or range of service expectation would be unacceptable, and would thus presuppose dissatisfaction with the service provided. The proposed model depicts dissatisfaction as occurring when service performance falls short of a standard (i.e., the point of confirmation whereby service expectations just meet service performance, rather than a range of expectations).

Adaptation Level theory might explain the disconfirmation or service evaluation process regardless of whether the evaluation is based on a specific internal standard or a range of expectations. In effect, Adaptation Level theory states that an individual judges a particular stimulus either with some existing internal standard or with a range of expectations, similar in function to the “zone of tolerance” view proposed by Parasuraman et al. (1991). When a stimulus falls short of a standard or is determined to be outside a range of expectations, it is rejected or deemed implausible (Helson 1964). This standard, or the range of expectations, can be changed or adjusted by any number of factors, referencing the “accordion effect” posited by Parasuraman et al. (1991), such as cumulative experiences and individual situations.

Attempted service recovery activities by a service provider will undergo similar evaluations regarding perceived recovery expectations and performance. Recovery-related evaluative judgments will determine post-recovery satisfaction levels of a service

encounter and, subsequently, impact negative word-of-mouth communication, complaint behavior, and repurchase intentions.

### **Dimensions of Service Quality**

Berry et al. (1990) and Parasuraman et al. (1991) empirically found that service expectations, against which perceived service performance levels are compared, have as their bases five principal dimensions: reliability, tangibles, responsiveness, assurance, and empathy. Reliability refers to the service provider's ability to perform the promised service in a dependable and accurate manner. Tangibles refer to the appearance of what is seen by the service customer, including such issues as the physical facilities, the personnel, the equipment used in providing a service, and communication materials. Responsiveness corresponds to employee willingness to help customers and to provide prompt service to them. Assurance and empathy relate in part to the relationship between the employee and the customer. Assurance focuses upon the knowledge and courtesy displayed by the employee, and the development of the customer's trust and confidence in the employee's ability to service them. Empathy refers to an employee providing caring, individualized attention to and concern for the customer's service needs. Parasuraman et al. (1991) found that reliability was a dimension of service quality concerned primarily with service outcomes (the delivered service), while the remaining dimensions of service quality were primarily concerned with service process (the manner in which the service is delivered). Outcome and process concerns relate directly to distributive, procedural, and interactive justice perceptions and these important issues will be addressed during the discussion on the service failure responsiveness construct. The research findings of Parasuraman et al. (1991) also indicated that reliability was the

key dimension in terms of service performance perceptions relating to the meeting of service expectations, while the remaining process dimensions were most prominent in relating to performance perceptions exceeding service expectations.

This dissertation research will focus primarily on two of the aforementioned service dimensions: responsiveness and reliability. As noted previously, responsiveness is an important service process variable in regard to an employee's willingness or unwillingness to help customers and/or to provide prompt service. In this study, responsiveness will be examined in failed service scenarios to determine its effects on other key constructs. This will be discussed in detail in another section of the dissertation. Reliability relates to the perceived performance level of the service as viewed by the customer. Perceived service performance is a critical component of the disconfirmation process, and the determination of the level of customer satisfaction and other service outcomes. Tangibles measures may be an interesting post-dissertation component of a service-related study regarding the likely effects of atmospherics-related variables on customer satisfaction and other service outcomes. In another post-dissertation research study, assurance and empathy can likely be important components of employee-customer rapport measures, and the effects that this will have on satisfaction and other service outcomes.

### **Type of Service Failure**

Extant literature recognizes two types of service failures, outcome and process (Smith et al. 1999). Outcome related failures involve what consumers actually receive from the service encounter. In this case, the service provider does not fulfill the basic service need or perform the core service expected in the exchange. Process related

failures involve how the consumer receives the service or the manner in which it is delivered. In a process failure situation, the delivery of the core service is flawed or deficient in some way (Smith et al. 1999).

Customer evaluations of service failure recovery depend on the type and amount of resources lost or gained during the exchange, as well as the attributes of the recovery effort. Resources at stake in a failed exchange could be either economic (money, goods, or time) or social/psychological (status, esteem, or empathy) in nature. Interestingly, outcome-based service failures will tend to involve economic resources (the utilitarian exchange dimension) and process-based service failures will usually involve social resources (the symbolic exchange dimension). Key recovery attributes include compensation, responsiveness, providing apologies, and recovery initiation (Smith et al. 1999). In the process model, the amount of resources lost in a service failure is defined within the context of the magnitude of service failure construct. The magnitude of service failure, service failure responsiveness level, and compensatory/remunerative recovery constructs will be defined and presented during the discussion of the empirical model. Apologies and recovery initiation are assumed to be a part of the initial recovery efforts depicted in the process model.

In the process model illustrated in Figure 2.1a, the type of service failure is depicted as likely having an effect on recovery expectations. As noted previously, the primary scope and objective statements of the research considered in this proposal are focused on other areas of interest, and the effect of type of service failure will not be empirically tested.



## **Employee-Customer Rapport**

Employee-Customer rapport can be a vital component of a service provider's business strategy. The relationships established between customer contact personnel and their prospective and existing customers can be seen as being both sufficient and necessary for establishing and maintaining effective long-term business partnering dyads. When the mechanism for relational exchange is present, "long-term, mutually satisfying relationships" (Jones 2002) can develop and become a source of a significant competitive advantage.

Rapport has been defined in extant research in any number of ways. In their examination of the rapport construct, Gremler and Gwinner (2000) defined it as "a customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants." Rapport has been perceived as a dynamic between individuals that included a quality relationship, good chemistry, relations characterized by harmony and accord, and levels of satisfactory communication and understanding (Gremler and Gwinner, 2000).

Benefits can certainly accrue to the firm that puts in place a work culture that not only encourages, but insists, on a relational exchange mind-set. Using social capital theory as theoretical support, Jones (2002) explains that social networks "are the product of a firm's investment in relationships that may be beneficial either in the short or long term". Social relationships that are derived from these networks help generate economic exchanges. Significant empirical relationships have been found between rapport and customer satisfaction, loyalty, and word-of-mouth communication (Gremler and Gwinner 2000; Gremler et al. 2001). Finally, Price and Arnould (1999) termed these rapport-

based business relationships as commercial friendships and also found that these friendships are strongly correlated with satisfaction, loyalty, and positive word-of-mouth outcomes. They found a particularly strong relationship between friendship and loyalty.

Given the strong empirical support of the rapport construct in terms of its influence on customer satisfaction, loyalty, and positive word-of-mouth, and its inherent characteristics involving interpersonal dyadic communication and relationship formation, it should translate into having a very likely influence on the outcome of failed service experiences. Increases in satisfaction with service should translate into subsequent effects positively manifested in the form of higher levels of satisfaction with vendor, reduced propensity for complaint behavior, reduced propensity to engage in negative word-of-mouth communication, and increased repurchase intentions.

The importance of establishing a comfortable, social relationship with customers throughout any given service process lends logical, ecological credence to the influence that rapport is likely to have from the beginning to the end of the service encounter. As with the positive effects that stem from offering a service guarantee, the presence of employee-customer rapport would likely be viewed as a “unit of value” within the process of determining the effect of the level of magnitude of failure, and therefore likely lessen the direct and subsequent negative effects of higher levels of magnitude of failure. In turn, the presence employee-customer rapport should likely accentuate the positive direct and subsequent effects of higher levels of service failure responsiveness. Higher levels of responsiveness should likely further substantiate and validate the commercial bond or friendship established through the presence of rapport between the employee and

the customer, and further heighten social capital formation emanating from the relationship.

In the process model provided in Figure 2.1a, the presence of employee-customer rapport is depicted as likely having an initial effect on the perception of recovery performance. As noted previously, the primary scope and objective statements of this research effort are focused on other areas of interest, and the effect of the presence of employee-customer rapport will not be empirically tested.

### **Attribution**

Attributions are what consumers perceive to be causes for what they observe (Bitner 1990). In the context of this study, attributions relate to the perceived causes of a failed service situation. These perceived causes can be classified into three dimensions, including locus (who is held responsible?), control (among those responsible, did they have any control over the situation?), and stability (will the failed exchange likely recur, or is it an infrequent event?) (Bitner 1990; Weiner 2000). In prior literature, the importance of attribution is viewed from several perspectives. Weiner (2000) reasoned that the enduring interest in attribution theory is due to its focus “upon the universal concern with explanation --- why a particular event, or state, or outcome has come about and the consequences of phenomenal causality”. Swanson and Kelley (2001) stated that extant research has found attribution to influence customer communication, recovery expectations, and recovery outcome effects on satisfaction and repurchase intentions. Swanson and Kelley (2001) also perceived that attribution could help explain consumer perceptions and intentions in regard to their service recovery experiences. Bitner (1990) presents a well-founded argument in using the attribution construct as a mediator between

disconfirmation and service encounter satisfaction. Smith and Bolton (1998) see attribution as having a direct effect on cumulative satisfaction and repurchase intentions, as do Maxham and Netemeyer (2002). Moderating effects of attribution would also appear to be likely. Attribution's likely effects on the disconfirmation process and service outcomes are seen as being important and are recognized in the conceptual process model.

In Figure 2.1a, attribution of blame for the failed service encounter is presented as having a meaningful effect on service recovery expectations. As noted previously, the primary scope and objective statements of this dissertation research are focused on other areas of interest, and the effects of attribution will not be empirically tested.

### **Involvement**

The involvement construct has experienced diverse definitions and measures over time, and this is probably due to the different applications of the term itself (Zaichkowsky 1985). In her examination of the measurement of the involvement construct, Zaichkowsky (1985) focused on the concept of personal relevance when defining the construct. Similarly, it is with this focus that this study views the involvement construct. Richins and Bloch (1991), in a study of car buyers to determine the effect of involvement on satisfaction levels, found that product involvement levels influenced satisfaction evaluations during the disconfirmation process. Involvement has also been posited to be an important mediator in the context of consumer behavior (Mitchell 1979; Bloch and Richins 1983). Involvement is likely to play an important role in the service context. Considering the effect of personal relevance on product evaluation, and translating this effect to the service industry, involvement is seen in Figure 2.1a as having a direct effect

on service recovery expectations. The assumption would be, in the personal relevance context, that the more involved a consumer was in a failed service encounter, the more clearly defined would be the recovery expectations. As noted previously, the primary scope and objective statements of this research study are focused on other areas of interest, and the effects of involvement will not be empirically tested.

### **Satisfaction**

Satisfaction can be viewed as what the consumer senses is the net result of what a purchase will provide, comparing outcomes against a standard of pleasure versus displeasure (Oliver 1999). Also using the disconfirmation paradigm as their basis, Churchill and Suprenant (1982) conceptually defined satisfaction as “an outcome of purchase and use resulting from the buyer’s comparison of the rewards and costs of the purchase in relation to the anticipated consequences.” There is strong empirical evidence indicating that higher levels of satisfaction lead to decreased levels of negative word-of-mouth communication and complaint behavior, and increased repurchase intentions (Andreassen 2001; Smith and Bolton 1998; Richins 1983; and Szymanski and Henard 2001).

### **Complaint Behavior**

Complaint behavior can be described as a “behavioral expression of an unfavorable attitude toward an object, person, or situation.” (Kowalski 1996). Consumer complaint behavior reflects dissatisfaction arising from an exchange, and Kowalski (1996) notes that it is generated from a disconfirmation of expectancies, and complaining is a behavioral mechanism or expression of the dissatisfaction. Complaint behavior may take several variations in regard to exhibited behavior. This research study examines the

propensity to complain and the propensity to engage in negative word-of-mouth communication (NWOM). Negative word-of-mouth communication can be defined as a process of negatively oriented interpersonal communication among consumers concerning their personal experiences with a firm, product, or service (Sundaram et al. 1998). Given that complaint behavior is an outcome of dissatisfaction levels of evaluation, this behavior will likely increase as dissatisfaction levels rise and, conversely, decrease when dissatisfaction levels decline.

### Repurchase Intentions

Repurchase intentions for a given product or service should be higher when there are higher levels of satisfaction with a product or service. Many research studies have shown this relationship between satisfaction and repeat purchasing to be positive (Oliver 1980; Szymanski and Henard 2001; Maxham and Netemeyer 2002, 2003).

### **Research Questions**

Several interesting research questions remain to be addressed and evaluated. As noted previously, one issue that this research study will address concerns the effects of magnitude of service failure and service failure responsiveness. These constructs have been approached previously (Smith et al. 1999), and their likely effects on service failure outcome behavior warrant additional evaluation. The effect that the presence of a service guarantee may have on the impact of service failure magnitude and service failure responsiveness on customer satisfaction and other service recovery outcomes is also an interesting research gap that will be examined in this dissertation. The research questions that may be of most interest lay with the issues of the service recovery paradox and discovering more insight as to why and when this phenomenon exists. An examination

of what will be described as the diminishing marginal effects of additional recovery remuneration efforts may help provide additional insight into the question of the service recovery paradox, and into other behavioral questions as well.

### **CHAPTER 3: EXAMINATION OF KEY CONSTRUCTS AND THE DEVELOPMENT OF RESEARCH HYPOTHESES**

A discussion of the key constructs that will be examined in this dissertation will now be presented. Conceptual support for each construct will also be examined. Hypotheses will be developed and posited as the theoretical support unfolds. The key constructs involved in this dissertation research effort are as follows: magnitude of service failure, service failure responsiveness level, presence of a service guarantee, and additional recovery effort. The posited influences and effects that these constructs will have on the service recovery process are shown in Figure 3.1 and Figure 3.2.

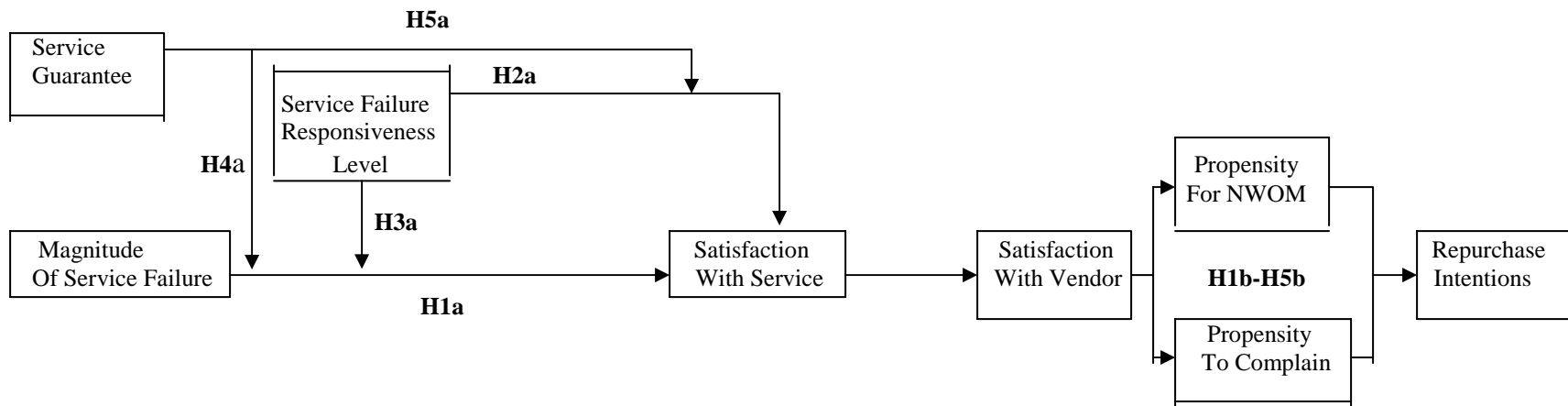
#### **Effects of Magnitude of Service Failure and Service Failure Responsiveness Level: Conceptual Support and Research Hypotheses**

Smith et al. (1999) defined service failure as an exchange in which a customer experiences a loss due to the failure. Figure 3.1 empirically illustrates the portion of the previously presented conceptual model that is of research interest in regards to the magnitude of service failure and service failure responsiveness.

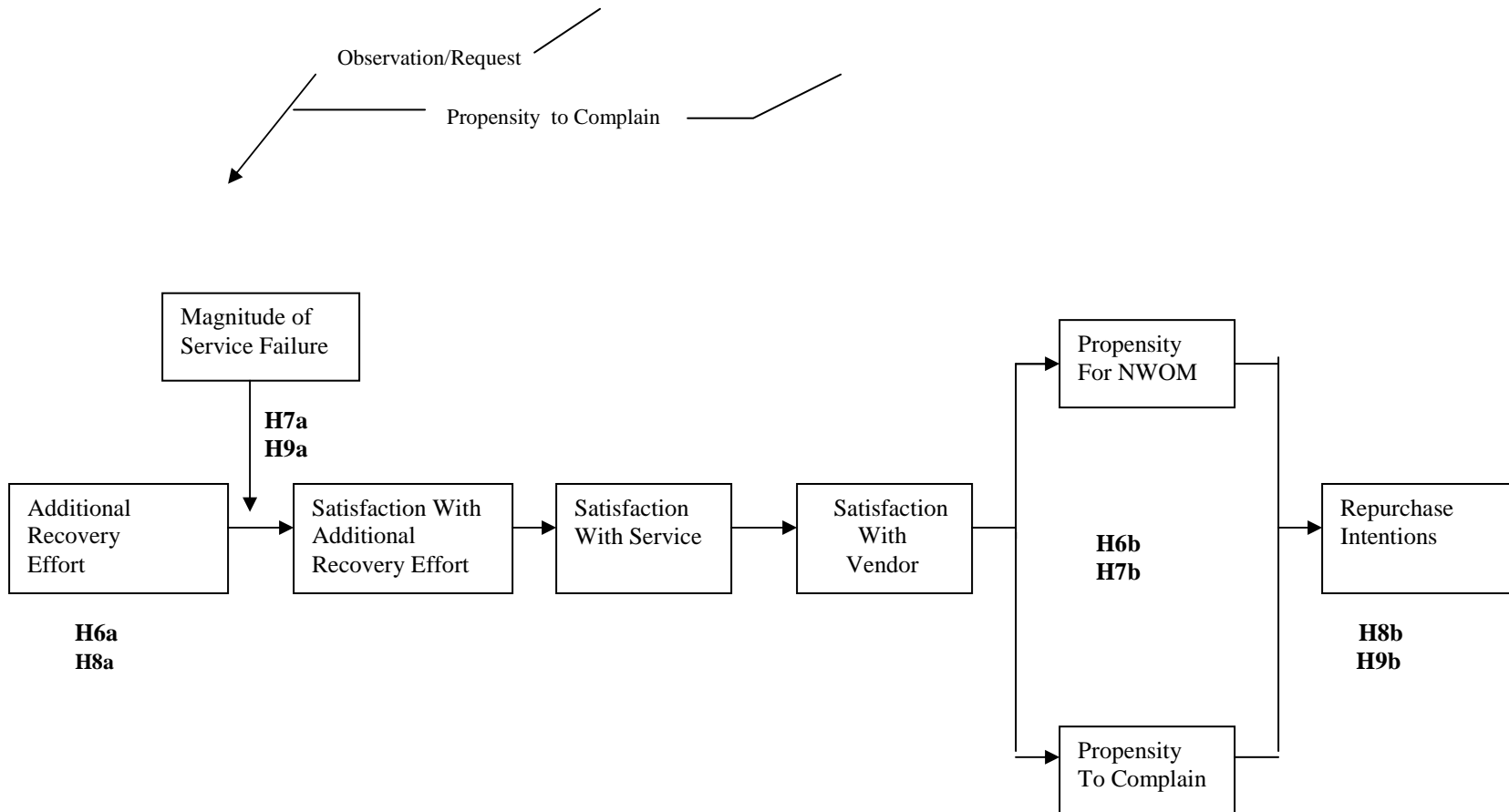
Service failures can encompass economic and/or social resource losses for service customers. Smith et al. (1999) posited and empirically found that the magnitude of failure in a service exchange influences the effect of recovery attributes on perceptions of distributive, procedural, and interactional justice. As the magnitude of a service failure increases, the perceived inequity of the situation and the level of dissatisfaction (negative disconfirmation) also increase.

From the discussion above, it follows that higher levels of service failure should decrease the perception of the performance level as viewed by a customer, and should





**Figure 3.1: Study 1 Empirical Model of Hypothesized Effects of Magnitude of Service Failure, Responsiveness, and Service Guarantee**



**Figure 3.2: Study 2 Empirical Model of Hypothesized Effects of Additional Recovery Effort and Magnitude of Service Failure**

negatively impact the disconfirmation process, leading to lower levels of service satisfaction. As noted in the discussion on the conceptual framework of the service recovery process model, decreases in satisfaction with service or satisfaction with a service provider should translate into subsequent effects negatively manifested in the form of increased propensity for complaint behavior, increased propensity to engage in negative word-of-mouth communication, and decreased repurchase intentions.

The magnitude of service failure plays an integral part in the proposed model and in the research questions that this dissertation hopes to answer. The posited effect of this construct on the initial service encounter, customer satisfaction levels, and subsequent behavioral outcomes can seemingly find support in a number of theories, including social exchange theory and mental accounting theory. In the context of service encounters, social exchange theory would state that the magnitude of the resources expended for a service and the expectations set as a result of this resource expenditure should be in balance with perceived service performance. Resources should be exchanged in equivalent amounts (Smith et al. 1999). Simply stated, a consumer desires a balance between what is given in an exchange and what is subsequently received. Mental accounting theory posits that individuals form psychological accounts for the costs and benefits of product or service outcomes (Hirst et al. 1994). This theory suggests that losses and gains are evaluated separately (Smith et al. 1999). Greater service failure would enhance or accentuate the cost of an exchange in the mind of a consumer and, thus, create a negative imbalance. This will result in lower levels of satisfaction with service and satisfaction with vendor. In turn, lower levels of satisfaction might be

negatively manifested in the form of higher levels of complaint behavior and lower levels of repurchase intentions.

It is therefore hypothesized that:

**H1a:** Higher (versus lower) magnitude of service failure will result in lower perceived satisfaction with a (i) service and (ii) vendor.

**H1b:** Higher (versus lower) magnitude of service failure will result in (i) higher propensity to engage in negative word-of-mouth communication, (ii) higher propensity to complain, and (iii) lower repurchase intentions.

Perceived responsiveness to a service failure is defined as the perception a consumer forms regarding those efforts taken by a vendor to correct or resolve a failed service situation. Service provider responsiveness originates as a result of observation on the part of a vendor's employee (service recovery activity), or by a complaint generated by a customer (complaint management). Figures 3.1 and 3.2 illustrate the two uses of the service failure responsiveness level construct. In Figure 3.1, service failure responsiveness is depicted as a service recovery effort, occurring prior to a consumer complaint. In Figure 3.2, service failure responsiveness takes the form of additional recovery efforts in the form of remuneration, in the context of either a service recovery activity, occurring prior to a consumer complaint, or a complaint management activity, depicted in the proposed research as stemming from a propensity to complain.

Smith et al. (1999) found that satisfaction with a service encounter will depend on the levels of perceived distributive, procedural, and interactional justice experienced during a failed service situation, and that these justice issues, in turn, are impacted by what is identified as recovery attributes. Recovery attributes can be in the form of response speed, an apology, initiation of corrective action, or compensation. In the proposed research, response speed, an apology, and initiation of corrective action are

associated with the perceived responsiveness construct. Compensation, however, will not be examined under the responsiveness construct, but rather under the additional recovery effort construct. Compensation, in the context of either a service recovery or complaint management activity, encompasses distributive justice issues, relating to resource allocation and the perceived outcome of a recovery effort (Smith et al. 1999).

Smith et al. (1999) empirically tied perceived responsiveness to procedural and interactional justice processes. Procedural justice processes refer to the fairness of procedures and policies used to correct or resolve a failed service situation. Interactional justice refers to the quality of interpersonal treatment received from representatives of a business while a failed recovery is being corrected or resolved. In this dissertation research, interactional justice, under the perceived responsiveness construct, is associated with proactive and appropriate apologies, and vendor initiated recovery activities. It has been shown that higher levels of recovery speed (procedural justice), proactive and appropriately placed apologies (interactional justice), and vendor initiated recovery activities (interactional justice) will have positive effects on customers' perception of justice and, subsequently, customers' level of satisfaction (Smith et al. 1999).

From the discussion above, it follows that given that the impact of responsiveness is so strongly tied to perceptions of procedural and interactional justice processes, it should likely be seen as having an effect on satisfaction with service and vendor. In other words, higher levels of service failure responsiveness is likely to result in positive effects on satisfaction with service and its provider. In addition, increases in satisfaction with service or satisfaction with vendor should translate into subsequent effects positively manifested in the form of decreased propensity for complaint behavior, decreased

propensity to engage in negative word-of mouth communication, and increased repurchase intentions.

Hence, it is hypothesized that:

**H2a:** Higher (versus lower) service failure responsiveness levels will result in higher perceived satisfaction with a (i) service and (ii) vendor.

**H2b:** Higher (versus lower) service failure responsiveness levels will result in (i) lower propensity to engage in negative word-of-mouth communication, (ii) lower propensity to complain, and (iii) higher repurchase intentions.

The previous discussion noted that empirical evidence supports the view that service recovery responsiveness level, as defined and encapsulated by activities related to procedural and interactional justice, will effect a customer's perception of justice regarding a failed service encounter and subsequent determinations of satisfaction. These perceptions of justice will logically impact perceived recovery performance, as illustrated in Figure 2.1a. This process, in brief, includes the evaluation of recovery expectations and perceived recovery performance, a resultant disconfirmation level, and subsequent impact on satisfaction with service.

Previously, it was hypothesized also that magnitude of service failure would effect satisfaction levels with service and vendor. These effects were due to the need for balance in an exchange, equating resources expended and service received, and the presence of psychological accounts that weigh the costs and benefits of service outcomes. Service failure responsiveness, given its empirical support as a mechanism providing a perception of procedural and interactional justice to the service recovery process, would appear likely to impact the weighing of psychological accounts and the resultant sense of exchange balance that are at the heart of the explanation of direct and subsequent effects of magnitude of service. It would then appear likely that the positive influence of "units"

of procedural and interactional justice, manifested in the form of perceived responsiveness, would help to offset any negative imbalance caused by higher levels of magnitude of service failure.

Therefore, it is hypothesized that:

**H3a:** Service failure responsiveness level will moderate the effect of magnitude of service failure. Specifically, the effects of high (versus low) magnitude of service failure on satisfaction with (i) service and (ii) vendor will be lower for high (versus low) service failure responsiveness level.

**H3b:** Service failure responsiveness level will moderate the effect of magnitude of service failure. Specifically, the effects of high (versus low) magnitude of service failure on (i) propensity to engage in negative word-of-mouth communication, (ii) propensity to complain, and (iii) repurchase intentions will be lower for high (versus low) service failure responsiveness level.

### **Effects of Service Guarantee: Conceptual Support and Research Hypotheses**

Service guarantees have become strategic weapons in today's dynamic, competitive marketplace. Firms using service guarantees in appropriate situations are placing themselves in position to accrue such potential benefits as increased customer satisfaction and retention, improved service quality, increased market share, strengthened customer loyalty, and established in-house service quality standards. These benefits can ultimately lead to a substantial impact on profits (McDougall et al. 1998). Service guarantees can deliver these benefits because they force marketers to focus on customers and to understand customer expectations, to set clear standards, to create a system that generates feedback and discovers errors, to understand why a firm fails, and to develop marketing strength through reducing purchasing risk and enhancing loyalty (Hart 1988). Figure 3.1 empirically illustrates the portion of the previously presented conceptual model that is of research interest in regards to the service guarantee construct.

As McDougall et al. (1998) noted, “service guarantees are an extension of product warranties to the service setting.” Unlike product warranties, which are normally very specific as to any manifest problems that it may ameliorate, service warranties are typically unconditional without specifying which parts of the service are covered, the time duration in effect, or warranty payout. Those service guarantees that are not unconditional apply to specific steps or outputs, and can effectively utilize quantitative results (McDougall, et al. 1998). Hart (1988) found in his examination of the service guarantee concept that an effective service guarantee has the following characteristics: It is unconditional (no exceptions), easy to understand (simple, concise language), meaningful (regarding customer-focused service attributes), easy to invoke (the process followed to exercise a warranty claim), and easy to collect (payout should be quick and painless).

In addition to the benefits of offering service guarantees noted above, Shimp and Bearden (1982) suggest that service warranties represent assurances of quality and value, increase consumer self-confidence, reduce consumers’ feeling of risk, and decrease dissonance, thereby increasing satisfaction. Purchase decisions are inherently associated with risk. Such risks can be classified as being performance, psychological, social, financial, convenience, and physical risks. Performance and financial risks appear to be most susceptible to service warranty influence. Consumers utilize a variety of risk reducing purchase-decision strategies, and service guarantees serve to provide an additional means with which to evaluate competing products. This risk-reduction role of service guarantees may be especially important in the case of newly introduced services (Shimp and Bearden 1982).



The process of evaluating products so as to reduce those risks associated with purchasing products or services is performed by drawing inferences about the product or service from its warranty. For example, research has found that a superior warranty will be associated with having greater quality and less risk (Wiener 1985). The decision-based inferences that consumers draw from the warranties offered by marketers have signaling theory as its primary theoretical basis. Simply put, a signal is a visible feature associated with a product or service that consumers can use to evaluate invisible product features (Kelley, 1988). Signaling theory emerged from information economics with the assumption that buyers and sellers own asymmetric information when interacting in the marketplace (Boulding and Kirmani 1993). Asymmetric information ownership is certainly common among consumer markets, for the producer of a product or service is fully aware of the level of effort and quality involved in producing any given market offering, but the purchaser may not possess this information. Therefore, to overcome this information asymmetry, the seller can convey or signal such information to a prospective buyer (Biswas et al. 2002). Wiener (1985) investigated and found that reliability inferences drawn by consumers from warranty information were accurate and valuable. Therefore, warranty terms that give a consumer better protection in regard to the extent of coverage and the time of coverage, would appear to be more reliable than those with lesser warranty terms (Kelley 1988). This reliability component of the information signaling process has its theoretical base in economic theory, with the presumption that product warranty information is an accurate signal of its reliability. This presumption is based on the economic incentive accruing to the producer to reduce the level of warranty

claims. The reduction in warranty claims is attained by producing a more reliable product (Wiener 1985).

Of the two primary types of service guarantees offered, unconditional (a guarantee with no restrictions) and specific, both types of guarantees receive support from consumers. McDougall et al. (1998) found in their examination of service guarantees that when consumers focused on guarantee characteristics involving the invoking of the guarantee, the specific guarantee was preferred. Since the specific guarantee is associated with manifest or specified issues, consumers were clear as to the coverage and resolution of claims. In effect, invoking a specified guarantee is viewed as being easier to do versus the unconditional guarantee. Conversely, McDougall et al. (1998) found that when consumers selected a service based on the type of service guarantee offered, the preference was toward the unconditional guarantee. The wider coverage of the unconditional service guarantee was found to be appealing among consumers, signaling higher quality and confidence levels. In their examination of guarantees and service evaluation, Ostrom and Iacobucci (1998) reported that extant research found that “disconfirmation of guarantee and service recovery expectations may influence consumers’ final evaluative judgments.”

Upon review of the service guarantee literature, it would certainly appear that the presence of a service guarantee should likely have influence on judgments pertaining to satisfaction levels. Miller et al. (2000) incorporated a service guarantee in their investigation of a service recovery framework, utilizing it as one of several elements that could possibly raise recovery expectations, explaining that customers expect a firm to make a guarantee that is sound and easily invoked. It will be presumed in the proposed

study that an unconditional service guarantee is utilized due to its overall appeal and signaling nature of this type of service guarantee. It is this signaling property of service guarantees that provides the compelling proposition that they are very likely to have some moderating influence on the effects of other constructs on satisfaction with service, as well as having an impact on service expectations, as discussed previously and as illustrated in Figure 2.1a.

As discussed previously, a service guarantee has signaling theory as its primary theoretical support to explain the benefits derived from offering the guarantee. In essence, information signaled to a consumer from a service provider encompasses perceived assurances of quality, value, reliability, and reduced risks associated with a service encounter. Research suggests that offering service guarantees will positively impact customer satisfaction and retention, service quality, customer loyalty, and service provider market share. A service guarantee can be seen as “unit of value” when accounting for the magnitude of failure and the prevailing balance of service costs and benefits. It can also likely be seen as an “element of responsiveness” on part the of a service provider, relating to an expected sense of post-purchase justice that will prevail, stemming from the covenant of a guarantee. Given the existence of the signaling effects of a service guarantee and the positive outcomes that research suggests that it possesses, it would then appear likely that the positive outcomes from offering a service guarantee would lessen the negative direct and subsequent effects of higher levels of magnitude of service failure. Additionally, offering a service guarantee should further enhance the positive direct and subsequent effects of higher levels of service failure responsiveness. The signaling effects of a service guarantee, with its accompanying increased levels of

service expectations, should likely augment or heighten the effects of higher levels of responsiveness to service failures. At higher levels of service failure responsiveness, prior signals or perceived assurances of service quality, value, and consistency become validated, substantiated, and welcomed by a consumer.

Hence, it is hypothesized that:

- H4a:** Service guarantee will moderate the effect of magnitude of service failure. Specifically, high (compared to low) levels of service failure will result in lower satisfaction with a (i) service and (ii) its vendor when service guarantee is absent compared to when it is present.
- H4b:** Service guarantee will moderate the effect of magnitude of service failure. Specifically, high (compared to low) levels of service failure will result in (i) higher propensity to engage in negative word-of-mouth communication, (ii) higher propensity to complain, and (iii) lower repurchase intentions when service guarantee is absent compared to when it is present.
- H5a:** Service guarantee will moderate the effect of service failure responsiveness level. Specifically, high (compared to low) service failure responsiveness levels will result in higher satisfaction with a (i) service and (ii) its vendor when service guarantee is present compared to when it is absent.
- H5b:** Service guarantee will moderate the effect of service failure responsiveness level. Specifically, high (compared to low) service failure responsiveness levels will result in (i) lower propensity to engage in negative word-of-mouth communication, (ii) lower propensity to complain, and (iii) higher repurchase intentions when service guarantee is present compared to when it is absent.

#### **Effects of Additional Recovery Effort: Conceptual Support and Research Hypotheses**

In the context of this examination of service recovery, remuneration may be given to a customer after a service failure has either been observed by a service provider's employee, or when there exists a propensity to complain by a dissatisfied customer. The remuneration may be in the form of a cash payment or an in-kind voucher or coupon, valued at some cash equivalent amount. Successful recovery efforts have been shown to

have a positive impact on satisfaction levels, reduced propensity to complain and engage in negative word-of-mouth, and increased repurchase intentions (Michel 2002).

Research indicates that it appears very likely that additional levels of service recovery remuneration will have an effect on satisfaction with service. A linkage can be found between favorable recovery evaluations and remunerative compensation by service providers, in the form of cash payments or in-kind payments where a value level can be easily placed. As compensation increases, so should evaluations of the recovery effort and levels of satisfaction. Using the theories previously discussed can help explain these effects of increased compensation. Additional compensation, where the value is easily discerned, would be likely to positively impact the psychological accounting mechanism espoused by the mental accounting theory and, in turn, positively offset any negative imbalance as explained by social exchange theory. Progressively increased compensation will also likely enhance perceptions of distributive justice, where the outcome of resource allocation within the recovery context is discerned and evaluated.

Davidow (2002) concluded that additional compensation appears more effective than partial compensation, but up to a limit, and that future research should examine this issue. Garrett (1999) found that greater amounts of compensation did not necessarily significantly increase service recovery outcomes. Drawing on previous research, Garrett (1999) explained that recovery remunerations may be “too fair” or above what is considered to be a fair recovery outcome, causing “distress or guilt because they [customers] believe they are receiving more than they deserve” (Garrett 1999). As noted previously, this situation is termed “positive inequity”, and mild amounts of which are likely to lead to increased satisfaction (Garrett 1999). This leads to the conclusion that

increased levels of positive inequity might lead to increased duress and resultant attenuation of satisfaction levels.

Estelami and DeMaeyer (2002) posited similar customer behavior as result of service provider overgenerosity. Defining generosity as a “willingness to share” and “giving freely, free from meanness or prejudice” to the extent that expectations are surpassed, Estelami and DeMaeyer (2002) noted that extant research suggests that such generosity should positively impact “customer delight” with the exchange and subsequently impact attitude, word of mouth, and repurchase intentions. Additional benefits might also include increased attention, trust, and loyalty among the patrons of the service provider. Examples of generosity would include accepting return merchandise on items not carried by a service provider, accepting cash payments that may be a few cents short, and compensating customers for service failures. Estelami and DeMaeyer (2002) note however that service provider generosity may “trigger cognitive processes, with potentially negative effects on customer satisfaction. Overgenerosity may be misinterpreted by customers in terms of the perceived ethical standards of the service provider (questioning the possible reasons for the overgenerosity).

Smith et al. (1999) used equity theory to suggest that “overrewarded consumers may be less satisfied than those who receive equitable rewards because they feel distress and guilt about the inequity of the exchange”. This suggestion is on point with the effects of positive inequity as discussed by Garrett (1999).

Contentions that greater compensation levels might not significantly increase service recovery outcomes are somewhat contrary to the theoretical support provided by social exchange, mental accounting, and justice theories for such increase. Therefore, it

appears likely that as recovery remuneration is increased to levels where positive inequity is deemed to be too high, there should be an absence of any additional significant positive effects manifested in the form of higher levels of satisfaction with service and vendor. In turn, there should likely be an absence of any additional significant positive effects manifested in the form of lower levels of negative word-of-mouth communication and complaining, and higher levels of repurchase intentions. This behavioral phenomenon is akin to a theoretical timberline effect, whereby within the range of egocentric bias, increased satisfaction and other positive outcomes will emerge from increase recovery effort. Once beyond this range or cognitive timberline, positive inequity takes effect and diminished positive results ensue. In other words, there may be a plateau effect for additional service recovery remuneration. If this is the case, then a service provider should not expend any more resources/remuneration than necessary to bring a customer up to a satisfaction level that avoids negative, harmful outcomes.

Therefore it is hypothesized that:

- H6a:** Among those customers who experience a service failure, higher (versus lower) levels of additional service recovery remuneration will result in higher levels of perceived satisfaction with (i) the additional recovery effort, (ii) a service, and (iii) its vendor. However, the higher the service recovery remuneration level, the greater the likelihood of generating a plateau effect, or the absence of significant changes, in the form of higher perceived levels of satisfaction.
- H6b:** Among those customers who experience a service failure, higher (versus lower) levels of additional service recovery remuneration will result in (i) lower propensity to engage in negative word-of-mouth communication, (ii) lower propensity to complain, and (iii) higher repurchase intentions. However, the higher the service recovery remuneration level, the greater the likelihood of generating a plateau effect, or the absence of significant changes, in the form of perceived changes in recovery outcomes.

### **Moderating Effect of Magnitude of Service Failure**

Though the theoretical support and rationale leading to the posited effects of additional recovery effort as stated in H6a and H6b are sound, an important question remains: Will the effects of additional service recovery remuneration be the same regardless of the level of service failure? Previously, theoretical and empirical support was provided in the discussion regarding the importance of magnitude of service failure and its effect on service outcomes. Additionally, a reasonable contention can be made as to the likely influence that magnitude of service failure may have on the effects of additional service recovery on service recovery outcomes. The elements of theoretical support common to magnitude of service failure and additional recovery effort provide the basis for such a contention. These common elements are found in mental accounting, social exchange, and justice theories. As additional recovery efforts increase, the positive impact emanating from these efforts on the psychological accounting and exchange balance processes would likely be greater when the magnitude of service failure is low and less when the magnitude of service failure is high. Low levels of magnitude of failure would imply lesser units of costs that would burden the psychological and exchange balance processes, and therefore enhance the impact of additional recovery efforts on recovery outcomes. In this case, the primary “drag” on the effect of progressively higher levels of recovery on recovery outcomes would be the role of the positive inequity condition. An outcome-based distributive justice evaluation would also likely play a part in enhancing the impact of additional recovery efforts. As distributions increase to those who have experienced a service failure, perceptions of equity will likely increase and positively impact recovery outcomes, and as noted previously, those who



have experienced lower levels of service failure will experience a deceleration of such positive impact due to the positive inequity condition. In other words, the plateau effect hypothesized in H6a and H6b is more likely to emerge for those who experience lower levels of service failure compared to those who experience higher levels of service failure.

Hence, it is hypothesized that:

**H7a:** Magnitude of service failure will moderate the effect of additional service recovery. Specifically, when the magnitude of service failure is low (versus high), customers who experience a service failure and receive higher levels of additional service recovery remuneration will show a greater likelihood of generating a plateau effect, or the absence of significant changes, in the form of higher levels of perceived satisfaction with (i) the additional recovery effort (among those experiencing a service failure only), (ii) a service, and (iii) its vendor.

**H7b:** Magnitude of service failure will moderate the effect of additional service recovery. Specifically, when the magnitude of service failure is low (versus high), customers who experience a service failure and receive higher levels of additional service recovery remuneration will show a greater likelihood of generating a plateau effect, or the absence of significant changes, in the form of (i) lower propensity to engage in negative word-of-mouth communication, (ii) lower propensity to complain, and (iii) higher repurchase intentions.

### **Magnitude of Service Failure, Additional Recovery Effort, and the Service Recovery Paradox**

When satisfaction and repurchase intentions increase to the point where they are above comparable levels registered by customers who did not experience a service failure, then the recovery paradox phenomenon is evident. To date, extant research is very mixed in terms of the existence of the service paradox. Some have found paradoxical evidence under certain situations, while others flatly deny its existence (Michel 2002). In his exploration of the service recovery paradox phenomena, Michel (2002) found that among those who denied the existence of the service recovery paradox,

satisfaction levels are highest when no service failure occurred and that lost satisfaction can only be partially recovered with service recovery efforts, albeit remunerative or non-remunerative.

Those researchers who discovered evidence of a service recovery paradox found it to be intermittent, unsystematic, and elusive. Maxham (2001) suggested that the service recovery paradox may “eventually occur given a long period of consistently good customer service (subsequent to a service failure).” If the service recovery paradox emerges in a given situation, it would appear very likely to occur in cases where increased compensation is given to the customer. Garrett (1999) noted that extant research indicates that “dissatisfied consumers are more favorably impressed with a company’s response to a complaint when some amount of monetary compensation is included as compared to when the company responds without any compensation offer.” It appears then that the phenomenon of the recovery paradox is likely to emerge as the amount of recovery compensation increases.

Garrett (1999) used equity theory to support the contention that additional compensation will favorably impact satisfaction levels. Equity theory posits that the degree of consumer satisfaction will be based on the level of perceived fairness of the total exchange relationship. As perceived fairness increases, so should the likelihood of increases in satisfaction. Garrett (1999), however, noted that perceived fairness might reach too high a level, causing distress or guilt because of what is perceived to be an undeserved recovery effort. This condition is referred to as “positive inequity” (Garrett 1999).

Prior research has shown that mild amounts of positive inequity, due to a consumer's "egocentric bias" will more favorably impact satisfaction levels compared to situations where an equitable, or even exchange of resources, recovery response was received (Garrett 1999). And by definition, when consumer satisfaction levels among those experiencing a service failure increase to the point where they surpass comparable levels among those customers who did not experience a service failure, the recovery paradox is present. The service paradox is aptly named, for it would certainly seem contradictory to expect increased satisfaction levels among those who have experienced a service failure.

There is strong theoretical support to explain, and some empirical support to suggest, that the paradox can be found under those scenarios where compensation is provided to the dissatisfied, and often disheartened, consumer. Among those experiencing service failure, higher remuneration levels should likely result in higher levels of satisfaction with service and vendor compared to those who did not experience a service failure. In turn, higher levels of satisfaction with service and vendor might be positively manifested in the form of lower levels of propensity to engage in negative word-of-mouth and complaining, and higher levels of repurchase intentions.

It is therefore hypothesized that:

- H8a:** Among those customers who experience a service failure, higher (versus lower) levels of additional service recovery remuneration will result in higher levels of perceived satisfaction with (i) a service, and (ii) its vendor than will customers who do not experience a service failure.
- H8b:** Among those customers who experience a service failure, higher (versus lower) levels of additional service recovery remuneration will result in higher repurchase intentions than will customers who do not experience a service failure.

Previously, in the discussion in support of H7a and H7b, it was posited that magnitude of service failure would likely influence the effect of additional recovery effort on recovery outcomes and the attainment of a plateau effect among these outcomes. Similar theoretical support and discussion will likely apply to the phenomenon of the recovery paradox. Evidence of a recovery paradox condition would appear to be more likely when additional recovery efforts increase and the level of magnitude of service failure is low. As previously discussed, in this situation, the positive impact of additional recovery efforts are at an enhanced state, and not attenuated by the mental accounting and exchange balance processing of the costs associated with magnitude of service failure. At high levels of magnitude of service failure, similar levels of positive impact by additional recovery efforts would likely be more difficult to attain, making the emergence of the recovery paradox condition more difficult to develop.

It is therefore hypothesized that:

**H9a:** Magnitude of service failure will moderate the effect of additional service recovery. Specifically, when the magnitude of service failure is low (versus high), customers who experience a service failure and receive higher levels of additional service recovery remuneration will show higher levels of perceived satisfaction with (i) a service and (ii) its vendor than will customers who do not experience a service failure.

**H9b:** Magnitude of service failure will moderate the effect of additional service recovery. Specifically, when the magnitude of service failure is low (versus high), customers who experience a service failure and receive higher levels of additional service recovery remuneration will show higher levels of repurchase intentions than will customers who do not experience a service failure.

The continued discussion among academics concerning the existence of the service recovery paradox, and the lack of research in the area of diminishing outcome response from additional recovery remuneration levels should lend some degree of importance to this stage of the dissertation research.

## **CHAPTER 4: METHODOLOGY AND RESEARCH DESIGN OF PRE-TESTS AND MAIN STUDIES**

Two main studies are planned for the dissertation. Study 1 will empirically test H1 through H5, as depicted in the empirical model shown in Figure 3.1. Study 2 will empirically test H6 through H9, as depicted in the empirical model shown in Figure 3.2. Student interviews were conducted and three pre-tests were designed, implemented, and evaluated to maximize the validity of the service scenarios that were used in the two main studies. A discussion of the methodology and design of the student interviews, pre-tests, and main studies will now be presented.

### **Student Interviews**

It is imperative that steps be taken to ensure that the scenarios used in Studies 1 and 2 are realistic for any given service context described. Results of this research effort cannot achieve any desired validity level unless the scenarios, from which responses are asked, appear to be realistic to the respondent. The context of the scenarios used in Studies 1 and 2 are in a restaurant setting, involving the service provided by the wait staff and other employees and managers. To this end, interviews were conducted among five students who had experience in the restaurant industry as waiters. Interviews averaged 45 minutes in duration, and with the exception of one session with two students, the interviews were conducted on a one-on-one basis. Key topics covered during the interviews are shown in Table 4.1. A complete list of interview topics and the notes from the interviews, are provided in Appendix A.

The results of these interviews allowed the researcher to depict a situation in each scenario presented that appeared to be realistic in terms of the purpose of the restaurant

visit, the service failures presented, and the efforts made by the restaurant management or staff to recover from a failure.

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**Table 4.1**  
**Key Interview Topics**

- |  |
|--|
| <ul style="list-style-type: none"><li>• Examples of service failures.<ul style="list-style-type: none"><li>■ Process.</li><li>■ Outcome.</li></ul></li><li>• Determinants of the magnitude of service failure, relating to issues, situations, and events.</li><li>• Typical recovery processes in the event of service failure occurrences.</li><li>• Remunerative recovery occurrences and policies.</li></ul> |
|--|

As listed in Table 4.1, service failures are differentiated as being either process or outcome failures. Process failures reflect how a customer receives a service or the manner in which it is delivered. These failures occur when the delivery of the service is flawed, and fails to meet service expectations. In contrast, outcome failures involve what a customer receives from a service. A failure here involves a deficiency in the core service provided, and thus fails to meet service expectations. (Smith et al. 1999). The input from the interviews helped provide a sound footing for the measurements used in Pre-Tests 1, 2, and 3.

### **Pre-Test 1**

The outcomes of the student interviews assisted greatly in the determination of the various elements to evaluate relating to the importance of the restaurant visit, and through scenarios presented to respondents, describe realistic service failures. The pre-tests that followed the interviews were designed and implemented to clearly and effectively capture these elements and service failures so as to depict realistic scenarios and valid measures of the variables examined.

The primary objectives of Pre-Test 1 were two-fold: (1) to determine the extent by which various restaurant service failures contribute to a restaurant service evaluation, and (2) to rate the importance of various events or occasions in terms of their association with a restaurant visit. The survey instrument distributed to respondents is provided in Appendix A. Respondents (N=28) were given 7-point scales from which to respond to each activity or event/occasion. The service failures presented to respondents were process oriented, involving the manner in which a restaurant service was delivered to them. These service failure instances were based on the student interviews. Process failures tended to predominate the discussions during these interviews, and for this reason, Pre-Test 1 included only process service failures for the respondents to evaluate. As will be shown, service failure activities that were outcome oriented, involving what the customer receives from a service, were subsequently incorporated in Pre-Test 2 along with process service failures. The events or occasions listed for evaluation were also based on the student interviews, with additional events and occasions added based on researcher observation, custom, or practice.

### **Pre-Test 2**

The primary objectives of Pre-Test 2 were two-fold: (1) to determine the extent by which various restaurant service failure activities, including both process and outcome activities, contribute to a restaurant service evaluation, and (2) to rate the importance of various events or occasions in terms of their association with what would be perceived as a special occasion, involving a visit to a restaurant.

The survey instrument used with Pre-Test 2 is provided in Appendix A. Respondents (N=25) were given 7-point scales from which to respond to each activity or

event/occasion. Process and outcome activities may likely have differing effects on a customer's evaluation of the service provided. Smith et al. (1999) found that failure type (process vs outcome) did indeed impact consumers' perception of justice stemming from recovery activity. After reviewing the findings of Smith et al. (1999), and with the knowledge that Pre-Test 1 employed only process failures, it was clear that outcome failures needed to be included in Pre-Test 2. The importance given to individual process and outcome activities were of assistance in preparing scenarios for Studies 1 and 2, which will involve a combination of these activities.

One constant that will be utilized within each scenario that will ultimately be presented to the respondents of the main studies will relate to the purpose of the restaurant visit. The pre-test strategy relating to events or occasions in Pre-Tests 1 and 2 is to determine if any one event should be used in the scenarios presented to the respondents of Study 1 and 2, or should the common contextual theme be described as simply a special occasion, and leaving the specific event to the imagination of the respondent. Pre-Test 1 asked for responses based on the extent that a given event is associated with a visit to a restaurant. In Pre-Test 2, respondents are asked to provide the extent to which a specific event or occasion is associated with what one would consider to be a special occasion. This feedback helped determine how to construct the scenarios in Studies 1 and 2.

### **Pre-Test 3**

Using the input from Pre-Tests 1 and 2, eight scenarios were developed and questions assembled to pre-test a 2 (magnitude of service failure) x 2 (service failure responsiveness) x 2 (service guarantee) between subjects design. The purpose of Pre-



Test 3 was to ascertain the targeted levels of magnitude of service failure (high vs low), service failure responsiveness (high vs low), and service guarantee (present vs absent). The structure, scenarios, and the survey instrument used in Pre-Test 3 are provided in Appendix A.

Respondents (N=40) were given 7-point scales from which to respond to four scenarios. Survey instruments were distributed such that half of the respondents read and responded to Scenarios 1 through 4, and half of the respondents read and responded to Scenarios 5 through 8. The structure of each scenario followed the composition that is detailed in the description of the structure of Pre-Test 3 found in Appendix A. In regard to magnitude of service failure, each scenario described four failures, the composite representing either high or low magnitude. Of the four failures given, two were process oriented and two were outcome oriented. The process failures related to timeliness, and the outcome failures were based on the meal order's accuracy or preparation. Distinguishing time variances as being high or low among a group of respondents represented a challenge in scenario preparation, and emphasized the value of this pre-test for purposes of feedback. As a basis from which to start, five individuals were interviewed for their perceptions of magnitude of failure (high vs low) relating to the delivery of beverages and the taking of meal orders, and the delivery of the meal order. The results are listed in Table 4.2.

The results from this small sample of consumers were helpful on the low dimension. In the scenarios presented in Pre-Test 3, the low magnitude dimension was represented by 10 minutes and 20 minutes, for delivery of beverages/taking meal orders and delivery of the meals, respectively.

**Table 4.2**  
**Perceptions of Waiting Times and**  
**Magnitude of Service Failure**

Respondent	Delivery of Beverage/Meal Order		Delivery of Meal	
	Low	High	Low	High
1	4-5 min.	10 min.	15 min	20-25 min.
2	5	5	15	15
3	10	15	15	25
4	3-4	8	25	25
5	10	15	20	30
Average	6.4-6.8 min.	10.6 min.	18 min.	23-24 min.

The variation of low vs high from the interviews was thought to be too narrow for the scenario development. Therefore, for the pre-test and to consciously attempt to clearly differentiate the low and high dimensions, the high dimension was represented by 30 minutes and 50 minutes, for delivery of beverages/taking meal orders and delivery of the meals, respectively. In regard to responsiveness, the high dimension included repeated apologies and an initial explanation, while the low dimension included one apology and an initial explanation. Service guarantee presence was represented by a menu notice, explaining management’s desire for complete customer satisfaction.

### Study 1

In Study 1, hypotheses H1 – H5 will be tested experimentally in a 2 (magnitude of service failure) x 2 (service failure responsiveness level) x 2 (service guarantee) between-subjects design. Figure 3.1 depicts the effects to be tested, and this represents the initial recovery phase or part illustrated in the conceptual model presented in Figure 2.1a. Student subjects were used to complete the experiments. A total of eight service scenarios, using a first time visit at an in-town restaurant as the context, were depicted and distributed systematically among students taking marketing coursework. Pre-tests were conducted to differentiate the conditions under each scenario involving magnitude

of service failure, service failure responsiveness level, and presence of a service guarantee. Conditions under each construct were as follows: magnitude of service failure (high vs low), service failure responsiveness level (high vs low), and presence of a service guarantee (present vs absent). Dependent variables were gauged using existing measures. A description of the structure, the scenarios, and a copy of the survey instrument used in Study 1 are found in Appendix B. The results of Pre-Test 3 indicated that in regard to magnitude of failure, the high dimension was clearly observed by the respondents. The low dimension was not as clearly identified. Therefore, the process and output failures for the low dimension were tweaked slightly to further differentiate the high vs low dimensions. Low level process failures were assigned times for beverage delivery/taking meal orders and delivery of meal orders as 5 minutes and 15 minutes, respectively. Low level output failures were changed slightly, and the description is given in Appendix B. Responsiveness and service guarantee depictions remained the same as what was used in Pre-Test 3.

The use of a student sample is within reason in this study and in Study 2. Students are very active purchasers of services and frequent patrons at area restaurants. Michel (2002) discussed the use of scenario-based experiments, indicating that though external validity is claimed for the scenario driven methodology, the effects on outcomes and the service paradox may very well be understated. This is due to these situations being cognitively controlled and respondents not being emotionally involved in real-life settings. Hence, methodology based on recounting real-life restaurant situations, versus the use of scenario-based experiments, may result in more accurate measurements of outcomes. Opinions, however, are mixed in this regard. Smith and Bolton (1998) found

that scenarios demonstrate ecological validity and are appropriate for examining customer reactions to service failure and recovery encounters for several reasons. These reasons include the view that observations or enactments of a service scenario are costly and involve several other issues to consider, and experimental scenarios avoid undesirable elements associated with recall of events, such as memory lapses, tendencies to rationalize, and consistency factors.

## **Study 2**

Study Two will experimentally test hypotheses H6 – H9 in a 2 (magnitude of service failure) x 4 (additional service recovery) + 1 (control group) between subjects design. Figure 3.2 depicts the effects to be tested, and this represents the additional recovery effort phase or part of the conceptual model presented in Figure 2.1b. As in Study One, existing scales were utilized in the research instrument, eight scenarios or manipulations, in addition to a control group (no service failure and no additional service recovery will be provided to the customer) were depicted to a student sample, and the context of each scenario presented was a first time visit at an in-town restaurant. Magnitude of failure was represented by the same high and low dimensional depictions that were used in Study 1. Recovery outcomes included the following four monetary or in-kind (e.g., coupons for free services) recovery conditions, expressed as a percentage of the value of the service purchased: 20%-50%-100%-150%. Extant research has tended to use one or perhaps two remunerative values. To evaluate the progressive effects of several remunerative levels and to keep the necessary sample size reasonable, four levels were set by the researcher at intervals deemed to be realistic (as ascertained from the student interviews) and sufficient for evaluation and analysis. A description of the

structure, the scenarios, and a copy of the survey instrument used in Study 2 are found in Appendix C.

### **Pre-Test Results**

The findings from Pre-Tests 1, 2, and 3 are given below. As noted previously, the cumulative effect of each successive pre-test assisted in the design and development of Studies 1 and 2.

#### Pre-Test 1

The mean values for the activities involving restaurant service failures, and the results of a one-sample t-test, can be found in Table 4.3. To the extent that an activity or behavior would be viewed as being important in evaluating a restaurant service, unfriendliness ranked first (Mean=6.22;  $t=9.233$ ,  $p=.001$ ), followed by the untimely taking of drink or menu orders (Mean=5.30;  $t=5.20$ ,  $p=.001$ ), and the untimely delivery of the bill (Mean=5.04;  $t=3.641$ ,  $p=.001$ ). Friendliness is certainly an important facet of being served in a restaurant setting, relating to skills in interpersonal communications, rapport, and the atmosphere set for the dining experience. It is such a strong a factor that when combined with any of the other service failure types in a scenario, it would skew any attempt to differentiate high vs low levels of any given construct. The other rated activities can be combined and varied to offer realistic, well-crafted scenarios depicting the desired dimensions of each construct under review. Not making recommendations and not offering dessert or coffee were deemed to be unimportant by the respondents, in regard to evaluating a restaurant service.

The mean values of the importance of the events or occasions that are perceived to be associated with a visit to a restaurant are shown in Table 4.4.

**Table 4.3**  
**Service Failure Activities: Mean Values and a One-Sample**  
**T-Test (Test Value of 4)**

Activity	Mean Value	t-value	p-value
Not friendly	6.22	9.233	.001
Untimely taking of drink or menu orders	5.30	5.200	.001
Untimely bill delivery	5.04	3.641	.001
Not refilling beverages	4.93	3.119	.004
Not close by	4.78	2.563	.017
Untimely greeting	4.74	2.431	.022
Not making recommendations	3.96	-.104	.918
Not asking if dessert or coffee desired	3.93	-.196	.846

p-value<.05

The most important event was an engagement or anniversary (Mean=6.52; t=18.695, p=.001), followed by college graduation (Mean=6.04; t=9.699, p=.001), and Mother’s Day (Mean=5.48; t=5.305, p=.001). Easter Sunday was the only event not viewed as important in the context of a restaurant visit. One constant that will be utilized within each scenario ultimately presented to the respondents of the main studies will relate to the purpose of the restaurant visit. The first pre-test was conducted to select an event which is considered by the respondents as important in the context of a restaurant visit. As the results in Table 4.4 show, almost all of the events were considered important. Given these findings, the second pre-test was conducted to assess which of these events were viewed as a more special occasion than the other events.

Pre-Test 2

The mean values for the process and outcome oriented activities involving restaurant service failures can be found in Table 4.5. To the extent that an activity or behavior would be viewed as being important in evaluating a service, key process failures in this regard included unfriendliness (Mean=5.60; t=4.753, p=.001), followed by the untimely

taking of drink or menu orders (Mean=5.32; t=4.194, p=.001), and waiting too long for the delivery of the menu order (Mean=5.00; t=2.810, p=.010).

**Table 4.4**  
**Importance of Events or Occasions: Mean Values and a**  
**One-Sample T-Test (Test Value of 4)**

Event/Occasion	Mean Value	t-value	p-value
Engagement/Anniversary	6.52	18.695	.001
College graduation	6.04	9.699	.001
Mother's Day	5.48	5.305	.001
Valentine's Day	5.48	4.878	.001
On date	5.41	4.793	.001
Prior to dance or party	5.37	4.393	.001
Business lunch	5.11	4.405	.001
Birthday	4.85	2.590	.016
Easter Sunday	4.07	.193	.849

p-value<.05

In terms of outcome oriented service failures, not getting what one ordered (Mean=5.80; t=4.869, p=.001) ranked first, followed by the meal not being prepared properly or in an unsatisfactory manner (Mean=5.76; t=5.836, p=.001), and an inaccurate bill/check (Mean=5.44; t=3.940, p=.001). The results are very close to what was found in Pre-Test 1. Of the top four process-oriented service failures, the two pre-test results are the same for first, second, and fourth ranked activities. The two pre-tests also determined that menu recommendations and offering dessert or coffee were not important service evaluation criteria. On the basis of these findings, the following service failure activities were selected for manipulation in the two main studies: untimely beverage delivery and taking menu orders (process), untimely meal delivery (process), receiving what was not ordered (outcome), and receiving what has not been prepared properly (outcome).

The mean values of how special certain events or occasions are in the context of a restaurant visit are shown in Table 4.6.

**Table 4.5**  
**Service Failure Activities: Mean Values and a**  
**One-Sample T-Test (Test Value of 4)**

<b>Process Failure</b>	<b>Mean Value</b>	<b>t-value</b>	<b>p-value</b>
Not friendly or personable	5.60	4.753	.001
Untimely taking of drink/menu orders	5.32	4.194	.001
Waiting too long for meal order to arrive	5.00	2.810	.010
Not refilling beverages	4.72	1.984	.059
Untimely greeting	4.68	2.198	.038
Not remaining close by	4.60	2.167	.040
Untimely check/bill delivery	4.56	1.799	.085
Not offering dessert or coffee	3.96	-1.132	.896
Not making menu recommendations	3.64	-1.122	.273
<b>Outcome Failure</b>	<b>Mean Value</b>	<b>t-value</b>	<b>p-value</b>
Not what was ordered	5.80	4.869	.001
Not prepared properly/unsatisfactory	5.76	5.836	.001
Check/bill not accurate	5.44	3.940	.001

p-value<.05

The most special events or occasions were an engagement or anniversary (Mean=6.44;  $t=17.140$ ,  $p=.001$ ), college graduation (Mean=6.04;  $t=7.141$ ;  $p=.001$ ), and a birthday (Mean=5.76;  $t=6.943$ ;  $p=.001$ ). As in Pre-Test 1, an engagement/anniversary and college graduation were ranked highest, and thus were clearly viewed as events that are associated with a restaurant visit and as special occasions. A business lunch was the only event, and logically so, not viewed as a special occasion (Mean=4.24;  $t=.768$ ,  $p=.450$ ). Any other differences between the two pre-tests in regard to the event/occasion issue can be explained by the manner in which the two questions were asked. As noted previously, Pre-Test 1 focused on the importance of an event in the context of a restaurant visit and Pre-Test 2 focused on assessing which events were viewed as more special occasions than other events. Again, the pre-test strategy relating to events or occasions is to



determine if any one event should be used in the scenarios presented to the respondents of Study 1 and 2, or should the common contextual theme be described as simply a “special occasion”. Based on the results of the two pre-tests, which indicated, at varying degrees of order and strength, that several events would be viewed as important and special in the context of a visit to a restaurant and as special occasions, the “special occasion” scenario context was chosen for the two main studies. Using this scenario context would eliminate any concern about how any one event would be viewed by the respondents, and thus leaving any thought of a reference to a specific event in the mind of the individual respondent.

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**Table 4.6**  
**Events or Occasions Viewed as Special Occasions: Mean**  
**Values and a One-Sample T-Test (Test Value of 4)**

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<b>Event/Occasion</b>	<b>Mean Value</b>	<b>t-value</b>	<b>p-value</b>
Engagement/anniversary	6.44	17.140	.001
College graduation	6.04	7.141	.001
Birthday	5.76	6.943	.001
Mother’s Day	5.60	5.779	.001
Valentine’s Day	5.16	3.462	.002
Prior to dance or party	4.96	2.918	.008
On date	4.88	2.971	.007
Easter Sunday	4.76	1.724	.098
Business lunch	4.24	.768	.450

p-value<.05

### Pre-Test 3

The objective of Pre-Test 3 is to assess whether the manipulations of magnitude of service failure and service failure responsiveness are perceived as expected by the respondents. Two 2 (magnitude of failure: high vs low) x 2 (service failure responsiveness: high vs low) x 2 (service guarantee: present vs absent) ANOVAs were

run to assess the effectiveness of the manipulations. The results are presented in Tables 4.7 and 4.8.

In regard to magnitude of service failure, the dimensions of high vs low produced means of 6.31 vs 4.92 respectively (see Table 4.7). As presented in Table 4.8, a univariate analysis of variance for magnitude of failure indicated that these mean differences were statistically significant ( $F=52.76$ ,  $p=.001$ ). Also, under the magnitude of failure analysis, an interaction between magnitude of failure and responsiveness was not present ( $F=.31$ ,  $p=.581$ ), as was the absence of an interaction between magnitude of failure and service guarantee ( $F=.11$ ,  $p=.745$ ). In addition, a three-way interaction among the independent variables was not present ( $F=.40$ ,  $p=.526$ ). The respondent evaluations of the high and low dimensions of magnitude of failure were neither dependent on the level of service failure responsiveness, the presence of a service guarantee, nor the three-way interaction among the independent variables. In regard to the evaluation of service failure responsiveness, the dimensions of high vs low, produced means of 4.51 vs 2.35 respectively (see Table 4.7). As presented in Table 4.8, a univariate analysis of variance for responsiveness indicated that these mean differences were also statistically significant ( $F=83.25$ ,  $p=.001$ ). No interaction effect was found between responsiveness and magnitude of service failure ( $F=.001$ ,  $p=.971$ ). In addition, no interaction effect was found between responsiveness and service guarantee ( $F=.48$ ,  $p=.488$ ). Also, a three-way interaction among the independent variables was not present ( $F=.06$ ,  $p=.801$ ). The respondent evaluations of the high and low dimensions of responsiveness were neither dependent on the level of magnitude of service failure, the presence of a service guarantee, nor a three-way interaction among all independent variables.

**Table 4.7**  
**Means Comparisons of High vs Low Dimensions**  
**of Magnitude of Service Failure and Service**  
**Failure Responsiveness**

Variables	High	Low
Magnitude of Service Failure	6.31 (.91)	4.92 (1.49)
Service Failure Responsiveness	4.51 (1.72)	2.35 (1.37)

Standard deviation in parentheses.

**Table 4.8**  
**Univariate Analysis of Variance of High vs Low**  
**Values of Magnitude of Service Failure and Service Failure Responsiveness**

Main Effects	Perception of Magnitude of Service Failure			Perception of Responsiveness		
	F-value	Significance	df	F-value	Significance	df
Magnitude	52.76	.001	1	19.97	.001	1
Responsiveness	10.85	.001	1	83.25	.001	1
Service Guarantee	.11	.745	1	.02	.883	1
Mag x Resp	.31	.581	1	.001	.971	1
Mag x Svce Gty	.11	.745	1	.35	.556	1
Resp x Svce Gty	1.66	.200	1	.48	.488	1
Mag x Resp x SG	.40	.526	1	.06	.801	1
Residual			148			148

p-value<.05

As shown in Table 4.9, when a service guarantee was given in a scenario, 74.4% of the respondents correctly observed that a service guarantee was present, while 25.6% of the respondents did not observe that a guarantee was present. In contrast, when a service guarantee was not given in a scenario, 93.6% of the respondents correctly observed that a guarantee was not present, while 6.4% did not observe that a guarantee was absent. This may be a result of some degree of inattentiveness. When a service guarantee is present, highlighting the part of the scenario that describes the existence of a service guarantee may help in alerting more of the respondents to the fact that a guarantee is offered.

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**Table 4.9**  
**Service Guarantee Analysis: Correct Identification**  
**of Presence or Absence of Service Provider's Guarantee**

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	Service Guarantee	
	Present	Absent
<b>Correct</b>	74.4%	93.6%
<b>Incorrect</b>	25.6%	6.4%

Based on these pre-tests, eight scenarios were developed for Study 1. These scenarios and the relevant questionnaire are presented in Appendix B. For Study 2, eight scenarios were developed based on the magnitude of service failure manipulations used in Study 1 and the additional remuneration efforts of 20%, 50%, 100%, and 150%. These scenarios and the questionnaire are presented in Appendix C.

## CHAPTER 5: MAIN STUDY RESULTS

As noted previously, the overall two-fold purpose of this research effort was (1) to test the effects of magnitude of service failure, service failure responsiveness, and the presence of service guarantee on customer satisfaction and other service recovery outcomes (Main Study 1), and (2) to test the effects of additional recovery effort and magnitude of service failure on customer satisfaction and other service recovery outcomes (Main Study 2).

### Study 1

The specific research objectives of Study 1 included the examination of main effects of magnitude of service failure (H1a and H1b), main and moderating effects of service failure responsiveness (H2a, H2b, H3a, and H3b), and moderating effects of the presence of a service guarantee on customer satisfaction and other service recovery outcomes (H4a, H4b, H5a, and H5b).

#### Overview

Study 1 employed a 2x2x2 between subjects factorial design, including the independent variables of magnitude of service failure (high vs low), service failure responsiveness (high vs low), and service guarantee (present vs absent). Dependent variables were satisfaction with service, satisfaction with vendor, propensity for negative word-of-mouth, propensity for complaining, and repurchase intentions. As mentioned previously, Figure 3.1 presents an empirical model depicting the relationships among these variables. A respondent was presented with one of eight written scenarios (Appendix B) and then asked to respond to questions related to dependent variable scales

and manipulation checks (relating to the intended level of the independent variables), and questions related to demographics, employment, and frequency of restaurant visits.

In regard to the measurement of dependent variables, modified Likert and semantic differential scales were adapted from those used in prior research. Satisfaction with service utilized a four item, seven-point scale adapted from Maxham (2001), and Maxham and Netemeyer (2002 and 2003). Items used in Study 1 included: “I am satisfied with the service received at this restaurant.” (1=very dissatisfied to 7=very satisfied); “In my opinion, the service provided by this restaurant was satisfactory.” (1=strongly disagree to 7= strongly agree); “How satisfied are you with the quality of the service provided during this visit to the restaurant?” (1=very dissatisfied to 7=very satisfied); and “I am satisfied with the overall dining experience during this visit to the restaurant.” (1=strongly disagree to 7=strongly agree).

Satisfaction with vendor measurement used a four item, seven-point scale adapted from Maxham (2001), Maxham and Netemeyer (2002 and 2003), and Smith et al. (1999). Items used in Study 1 included: “As a whole, I am satisfied with this restaurant.” (1=strongly disagree to 7=strongly agree); “In my opinion, this restaurant provides a satisfactory dining experience.” (1=strongly disagree to 7=strongly agree); “How satisfied are you overall with the quality of this restaurant?” (1=very dissatisfied to 7=very satisfied); and “How do you feel about this restaurant as a food service business on this particular occasion?” (1=very dissatisfied to 7=very satisfied).

Propensity for negative word-of-mouth was measured using a four item scale adapted from Swanson and Kelley (2001), and Maxham and Netemeyer (2001, 2002, and 2003). Items utilized included: “I would not try to convince my friends and relatives to

eat a meal at this restaurant.” (1=strongly disagree to 7=strongly agree); “How likely are you to spread negative word-of-mouth communications about this restaurant?” (1=extremely unlikely to 7=extremely likely); “I would not encourage others to go to this restaurant to eat a meal.” (1=strongly disagree to 7=strongly agree); and “How likely are you to speak negatively to your friends, relatives, and acquaintances about your experience at this restaurant?” (1=extremely unlikely to 7=extremely likely).

Propensity for complaining was measured using a four item scale adapted from Richins (1982), and from complaint literature. Items used included: “How likely are you to complain to the manager about your experience at this restaurant?” (1=extremely unlikely to 7=extremely likely); “How strongly do you feel that the manager of this restaurant should be told of any dissatisfaction that you have concerning the service received.” (1=not strongly at all to 7=extremely strongly); How likely are you to express your dissatisfaction to the manager regarding the quality of service at this restaurant.” (1=extremely unlikely to 7= extremely likely); and “If I complain to the restaurant manager about the service provided, the quality of the service will improve over the long run.” (1=strongly disagree to 7=strongly agree).

Repurchase intentions were measured from a five-item scale adapted from Swanson and Kelley (2001), Maxham (2001), and Maxham and Netemeyer (2001, 2002, and 2003). Items used included: “In the future, I intend to return to this restaurant to eat a meal.” (1=strongly disagree to 7=strongly agree); “I would choose to go to this restaurant again if I had a choice.” (1=strongly disagree to 7=strongly agree); “It is likely that I would go back to this restaurant to eat a meal.” (1=strongly disagree to 7=strongly agree); “If you and your friends are looking for a restaurant to eat a meal, you would recommend

that the group choose this restaurant?” (1=strongly disagree to 7= strongly agree); and “In the future, how likely are you to go to this restaurant for a meal.” (1=extremely unlikely to 7= extremely likely).

The following questions were presented to respondents as manipulation checks: magnitude of service failure – “I perceive the magnitude of the service failure described in the scenario to be very large.” (1=strongly disagree to 7=strongly agree); service failure responsiveness – “I believe that the employee(s) of this restaurant made every effort to apologize, explain, satisfy, resolve, or otherwise respond to negative situations, such as untimely service and incorrect orders.” (1=strongly disagree to 7=strongly agree); and service guarantee – “Was a service guarantee, ensuring total customer satisfaction, offered by the restaurant?” (yes/no).

Study 1 survey questionnaires were administered to undergraduate marketing and management students during their normal class hours. Nine classes were visited during the time period between April 29 and May 8, 2003. After the data cleaning process, N=238 surveys remained for final analysis. Of the 238, 53.8% were female, 95.0% were between 20-25 years of age, and 59.2% were at a senior-level classification. Most of the respondent sample (N=238) were employed (72.7%), and 40.3% of the sample had ever worked in a restaurant. Of those who had previously worked in a restaurant, approximately two-thirds of them had worked as waiters. The respondents were frequent restaurant patrons. Of the total number of respondents, 58.4% go to a restaurant four or more times per month, with 10.5% of the total reporting eight or more restaurant visits per month.



### Manipulation Checks and Other Deletions

First, a frequency analysis was run for all variables to determine if any variable response was improperly inputted. Few errors were found and by returning to the original questionnaires, the responses were corrected. A service guarantee manipulation check was a question asking the respondent if a service guarantee was present or absent from the scenario that they were shown. Respondents incorrectly answering the manipulation question were filtered from the list of eligible respondent cases. In regard to the intended levels of magnitude of service failure and service failure responsiveness (high vs low), two 2x2x2 ANOVA runs were examined with categorical values of magnitude of service failure, service failure responsiveness, and service guarantee as independent variables and the metric values of respondent perceived values of magnitude of service failure and service failure responsiveness as dependent variables. Mean differences were found to be statistically significant among the high and low levels of magnitude ( $M=6.04$  vs  $3.63$ ;  $F[1, 230]=187.13$ ,  $p=001$ ) and responsiveness ( $M=4.83$  vs  $2.60$ ;  $F[1, 230]=119.39$ ,  $p=.001$ ), and no interactions were present to suggest that the effects of magnitude of service failure and service failure responsiveness on satisfaction were due the effects of another variable.

### Correlation and Reliability Analyses

As noted previously, measurement scales used for the dependent variables in the survey questionnaires for Study 1 were adapted from those found in research literature. The Cronbach Alpha levels of each of the scales proved to be very satisfactory for satisfaction with service ( $\text{Alpha}=.97$ ), satisfaction with vendor ( $\text{Alpha}=.97$ ), propensity

for negative word-of-mouth (Alpha=.91), propensity for complaining (Alpha=.87), and repurchase intentions (Alpha=.98).

To determine the extent of the relationship between and among the summated values of each of the dependent variables, a correlation analysis was run between satisfaction with service and satisfaction with vendor, between satisfaction with vendor and propensity for negative word-of-mouth, and between satisfaction with vendor and propensity for complaining. A correlation analysis was also completed among the variables of propensity for negative word-of-mouth communication, propensity for complaining, and repurchase intentions. The correlation between the two satisfaction measures was very high and statistically significant (.937,  $p=.001$ ). Due to the strength of this relationship, it was determined that only the summated satisfaction with service variable would be used in the analysis of Study 1, and not both satisfaction measures. The other correlation measures between and among the dependent variables were at expected levels and directions, and all showed statistically significant relationships.

### **Hypotheses Testing**

#### Overall Analyses

Hypotheses H1a-H5a posited main and moderating effects of the independent variables magnitude of service failure, service failure responsiveness, and service guarantee on the dependent variables satisfaction with service and satisfaction with vendor. As noted previously, due to the very high correlation found between satisfaction with service and satisfaction with vendor, only satisfaction with service will be used in the analyses. Hypotheses H1b-H5b posited main and moderating effects of the independent variables noted above on the dependent variables propensity for negative

word-of-mouth, propensity for complaining, and repurchase intentions. Results of two full factorial models will be discussed, prior to a discussion of the individual hypotheses.

An analysis of H1a-H5a was initiated using a 2 (magnitude of service failure: high vs low) x 2 (service failure responsiveness: high vs low) x 2 (service guarantee: present vs absent) ANOVA with the summated scale of satisfaction with service as the dependent variable. The results of this analysis are shown in Table 5.1.

**Table 5.1**  
**The Effects of Magnitude of Service Failure, Service Failure Responsiveness,**  
**and Service Guarantee on Satisfaction with Service (Study 1)**

<u>Sources</u>	----- ANOVA -----			
	<u>F-value</u>	<u>Significance</u>	<u>Effect Size</u>	<u>df</u>
Main Effects				
Mag	1220.68	.001	.841	1
Resp	65.55	.001	.222	1
SG	.21	.650	.001	1
Interaction				
Mag x Resp	47.73	.001	.172	1
Mag x SG	.99	.321	.004	1
Resp x SG	1.18	.279	.005	1
Mag x Resp x SG	5.86	.016	.025	1
Residual				230

p-value<.05

As shown in Table 5.1, a significant three-way interaction of magnitude of service failure, service failure responsiveness, and service guarantee on satisfaction with service was present ( $F[1,230]=5.86$ ,  $p=.016$ ), as was a two-way interaction of magnitude of service failure and service failure responsiveness on satisfaction with service ( $F[1, 230]=47.73$ ,  $p=.001$ ). Additionally, magnitude of service failure ( $F[1, 230]=1220.68$ ,  $p=.001$ ) and service failure responsiveness ( $F[1,230]=65.55$ ,  $p=.001$ ) had significant main effects on satisfaction with service. Service guarantee ( $F[1, 230]=.21$ ,  $p=.650$ ) did not have a main effect on the satisfaction variable.

An analysis of H1b-H5b began with a 2 (magnitude of service failure: high vs low) x 2 (service failure responsiveness: high vs low) x 2 (service guarantee: present vs absent) MANOVA using summated scales of propensity for negative word-of-mouth, propensity for complaining, and service guarantee as dependent variables. The results of this MANOVA are shown in Table 5.2.

**Table 5.2**  
**The Effects of Magnitude of Service Failure, Service Failure Responsiveness, and Service Guarantee on Propensity for Negative Word-of-Mouth, Propensity for Complaining, and Repurchase Intentions**

Sources	----- MANOVA -----				d.f.	----- ANOVA -----		
	Wilks'	F-value	Sig	Effect Size		NWOM	Complain	Repurchase Intentions
<b>Main Effects</b>								
Mag	.387	120.62	.001	.613	1	222.79 (.001)	144.71 (.001)	249.62 (.001)
Resp	.907	7.79	.001	.093	1	5.82 (.017)	15.77 (.001)	12.16 (.001)
SG	.989	.87	.457	.011	1	1.35 (.247)	1.05 (.306)	.002 (.964)
<b>Interactions</b>								
Mag x Resp	.956	3.49	.016	.044	1	2.42 (.121)	9.32 (.003)	2.75 (.098)
Mag x SG	.993	.52	.667	.007	1	.16 (.690)	1.02 (.313)	.14 (.708)
Resp x SG	.978	1.73	.162	.022	1	4.15 (.043)	.178 (.674)	3.93 (.049)
Mag x Resp x SG	.979	1.60	.190	.021	1	1.12 (.292)	3.88 (.050)	1.78 (.183)
Residual					230			

p-values are provided in parentheses.

As indicated in Table 5.2, the only significant multivariate interaction effect on the dependent variables was found with magnitude of service failure and service failure responsiveness (Wilks'=.956;  $F[1, 230]=3.49$ ,  $p=.016$ ). This interaction appears to be due primarily to a significant univariate interaction effect on propensity for complaining ( $F[1, 230]=9.32$ ,  $p=.003$ ), and a marginally significant univariate interaction effect on repurchase intention ( $F[1, 230]=2.75$ ,  $p=.098$ ). Significant multivariate main effects on the dependent variables of negative word-of-mouth, complaining, and repurchase

intentions were found with magnitude of service failure (Wilks'=.387;  $F[1, 230]=120.62$ ,  $p=.001$ ) and service failure responsiveness (Wilks'=.907;  $F[1, 230]=7.79$ ,  $p=.001$ ). Service guarantee did not have a significant multivariate effect on the dependent variables (Wilks'=.989;  $F[1, 230]=.87$ ,  $p=.457$ ). Magnitude of service failure had significant univariate effects on negative word-of-mouth ( $F[1, 230]=222.79$ ,  $p=.001$ ), complaining ( $F[1, 230]=144.71$ ,  $p=.001$ ), and repurchase intentions ( $F[1, 230]=249.62$ ,  $p=.001$ ). Service failure responsiveness had significant univariate effects on negative word-of-mouth ( $F[1, 230]=5.82$ ,  $p=.017$ ), complaining ( $F[1, 230]=15.77$ ,  $p=.001$ ), and repurchase intentions ( $F[1, 230]=12.16$ ,  $p=.001$ ).

#### Specific Hypotheses Tests: H1a-H5a

H1a and H2a were tested by conducting specific planned mean comparisons. H3a-H5a were tested by conducting appropriate 2x2 ANOVAs and then mean contrasts.

It was posited in H1a that higher magnitude of service failure would result in lower perceived satisfaction with a service and the service vendor. An independent samples t-test, using the level of magnitude of service failure as the grouping variable and the summated scale of satisfaction with service as the dependent variable is recorded in Table 5.3. The t-test found significant means differences between high ( $M=1.21$ ) vs low ( $M=3.82$ ;  $t=-25.59$ ,  $p=.001$ ) levels of magnitude of service failure. H1a was therefore supported.

It was proposed in H2a that higher service failure responsiveness levels would result in higher perceived satisfaction with service and vendor. The results of an independent samples t-test, using the level of service failure responsiveness as the grouping variable and the summated scale of satisfaction with service as the dependent

variable is shown in Table 5.3. The t-test provided significant means differences between high (M=2.60) vs low (M=2.03; t=2.95, p=.004) levels of service failure responsiveness.

H2a was thus supported.

**Table 5.3**  
**Mean Contrasts of Satisfaction with Service Between**  
**the Effects of High and Low Levels of Magnitude of Service Failure**  
**and Service Failure Responsiveness**

DV	Magnitude of Service Failure			Service Failure Responsiveness		
	High	Low	T	High	Low	t
Satisfaction with Service	1.21	3.82	-25.59 (.001)	2.60	2.03	2.95 (.004)

p-values are in parentheses and are two-tailed, unless otherwise stated.

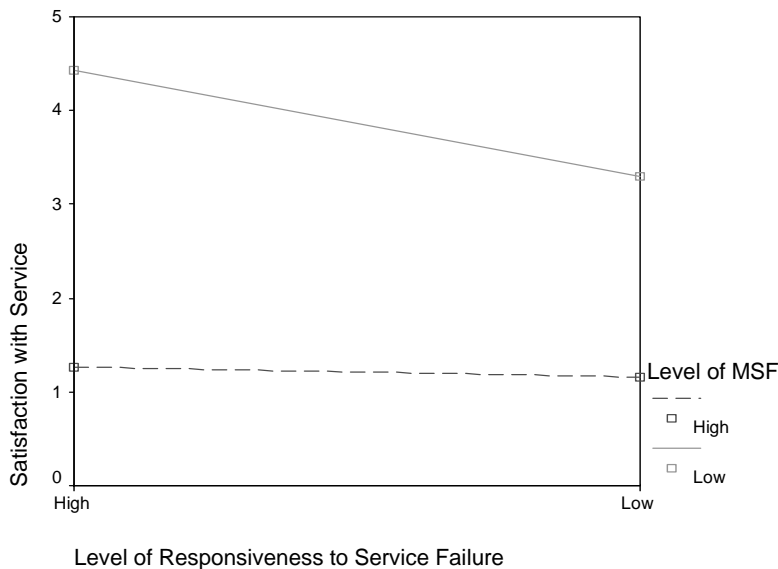
Hypothesis 3a posited that service failure responsiveness levels will moderate the effect of magnitude of service failure on satisfaction with service and vendor, in that the effects of high magnitude of service failure on satisfaction with service and vendor will be reduced for high service failure responsiveness levels. To examine this hypothesis, a 2x2 ANOVA was run using magnitude of service failure and service failure responsiveness as independent variables and the summated scale of satisfaction with service as the dependent variable. As shown in Table 5.4, the interaction effect on satisfaction with service was found to be significant ( $F[1, 234]=46.47, p=.001$ ), as was the individual main effects of magnitude of service failure ( $F[1, 234]=1221.71, p=.001$ ) and service failure responsiveness ( $F[1, 234]=67.90, p=.001$ ). As shown in Figure 5.1 and Table 5.5, when service failure responsiveness level was high, satisfaction with service at the high magnitude of service failure level had an estimated marginal mean value of 1.26, significantly higher than the estimated marginal mean value of satisfaction with service when responsiveness level was low ( $M=1.16; t=1.78, p=.039, 1$ -tailed),

implying that higher levels of service failure responsiveness can reduce the effect of high levels of magnitude of service failure. However, a lower level of magnitude of service failure also resulted in higher satisfaction with service when service failure responsiveness was high (M=4.43) as opposed to when it was low (M=3.29;  $t=6.96$ ,  $p=.001$ ). Therefore, some support was found for H3a.

**Table 5.4**  
**Effect of Interaction of Magnitude of Service Failure and Service Failure Responsiveness on Satisfaction with Service**

<u>Sources</u>	----- ANOVA -----	-----	-----	-----
	<u>F-value</u>	<u>Significance</u>	Effect Size	<u>df</u>
<b>Main Effects</b>				
Mag	1221.71	.001	.839	1
Resp	67.90	.001	.225	1
<b>Interactions</b>				
Mag x Resp	46.47	.001	.166	1
Residual				234

Note:  $p\text{-value} < .05$



**Figure 5.1: Interaction Effect of Level of Responsiveness and Level of Magnitude of Service Failure on Satisfaction with Service**

H4a posited that service guarantee would moderate the effect of magnitude of service failure on satisfaction with service and vendor. Specifically, high levels of magnitude of service failure would result in lower levels of satisfaction with service and vendor when service guarantee was absent compared to when it was present.

**Table 5.5**  
**Mean Contrasts of the Interaction Effect of Level of Responsiveness and Level of Magnitude of Failure on Satisfaction with Service**

DV	High MSF			Low MSF		
	High RL	Low RL	T	High RL	Low RL	t
Satisfaction with Service	1.26	1.16	1.78 (.039, 1-tailed)	4.43	3.29	6.96 (.001)

p-values are in parentheses and are two-tailed, unless otherwise stated.

As indicated in Table 5.1, the interaction between magnitude of service failure and service guarantee was not significant ( $F[1,230]=.99, p=.321$ ). However, given that the 3-way interaction among magnitude of failure, responsiveness level, and service guarantee was significant ( $F[1,230]=5.86, p=.016$ ), H4a was tested separately for high and low levels of responsiveness. Table 5.6 displays the mean contrasts of the interaction effect of magnitude of service failure and service guarantee on satisfaction with service, under conditions of high and low responsiveness level. The plots for each level of service failure responsiveness are found in Figures 5.2 and 5.3. Under a high level of service failure responsiveness, there was no significant difference between mean values of satisfaction with service in the two guarantee conditions ( $M=1.18$  vs  $M=1.32$ ;  $t=-1.50, p=.138$ ) when the level of magnitude of service failure was high. When the level of magnitude of service failure was low, the difference between mean values of satisfaction with service under service guarantee present versus absent conditions ( $M=4.61$  vs

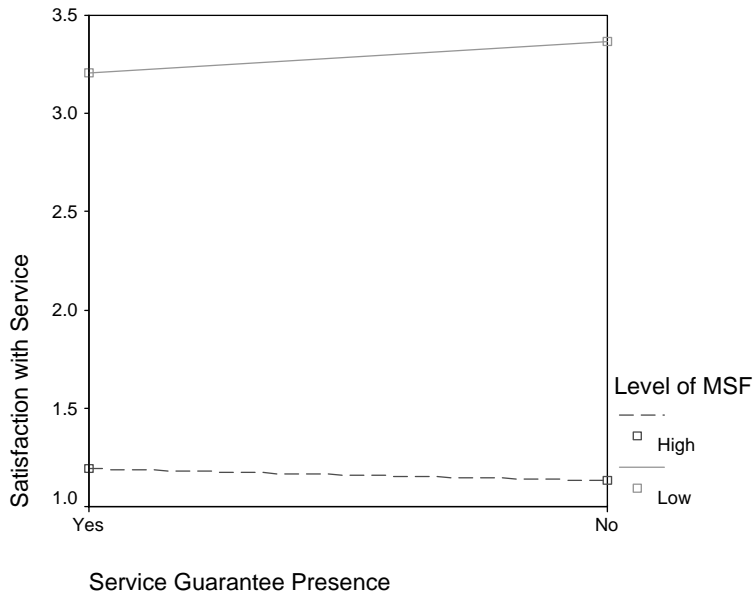


M=4.23; t=1.34, p=.186) was not significant. In contrast, when the level of service failure responsiveness was low, and the level of magnitude of service failure was high, there was no significant difference between mean values of satisfaction with service when service guarantee was either present or absent (M=1.19 vs M=1.13; t=.839, p=.404). However, the mean values for service guarantee presence versus absence were what would be anticipated in this case (i.e., service guarantee presence should have a higher mean value). When the level of service failure responsiveness was low, and the level of magnitude of service failure was low, there was no significant difference between mean values of satisfaction with service when service guarantee was either present or absent (M=3.21 vs M=3.37; t=-.926, p=.359). The data also indicated that under both conditions of high and low levels of service failure responsiveness, and under service guarantee presence or absence, a high magnitude of service failure results in a significant decrease in satisfaction with service. Therefore, the results of the data analysis indicate that H4a is not supported.

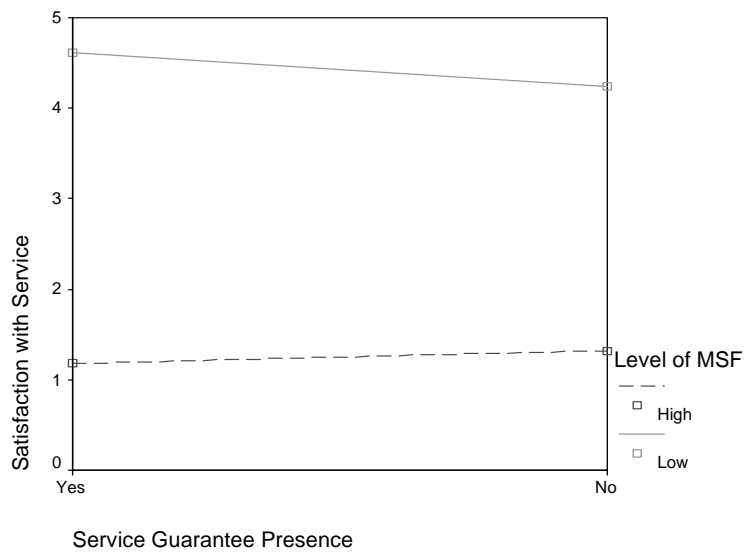
**Table 5.6**  
**Mean Contrasts of the Interaction Effect of Level of Magnitude of Failure and Service Guarantee on Satisfaction with Service Under Conditions of High and Low Responsiveness**

DV	High Service Failure Responsiveness				Low Service Failure Responsiveness			
	High MSF		Low MSF		High MSF		Low MSF	
	SG Yes	SG No	SG Yes	SG No	SG Yes	SG No	SG Yes	SG No
Satisfaction with Service	1.18	1.32 (t=-1.50; p=.138)	4.61	4.23 (t=1.34; p=.186)	1.19	1.13 (t=.839; p=.404)	3.21	3.37 (t=-.926; p=.359)

p-values are in parentheses and are two-tailed, unless otherwise stated.



**Figure 5.2: Effect of Interaction of Magnitude of Service Failure and Service Guarantee on Satisfaction with Service Under the Condition of Low Responsiveness**



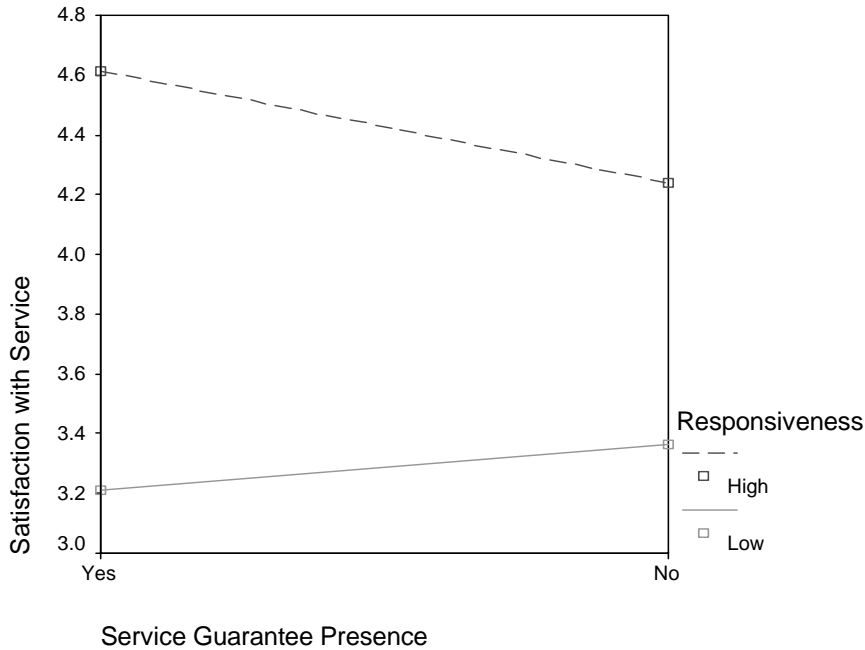
**Figure 5.3: Effect of Interaction of Magnitude of Service Failure and Service Guarantee on Satisfaction with Service Under the Condition of High Responsiveness**

H5a posited that service guarantee would moderate the effect of service failure responsiveness on satisfaction with service and vendor. Specifically, high levels of service failure responsiveness would result in higher levels of satisfaction with service and vendor when service guarantee was present compared to when it was absent. As indicated in Table 5.1, the interaction between service failure responsiveness and service guarantee was not significant ( $F[1,230]=1.18, p=.279$ ). However, given that the 3-way interaction among magnitude of service failure, service failure responsiveness level, and service guarantee was significant ( $F[1,230]=5.86, p=.016$ ), H5a was tested separately for high and low levels of magnitude of service failure. Table 5.7 displays the mean contrasts of the interaction effect of service failure responsiveness and service guarantee on satisfaction with service, under conditions of high and low magnitude of service failure level. The plots for each level of magnitude are found in Figures 5.4 and 5.5.

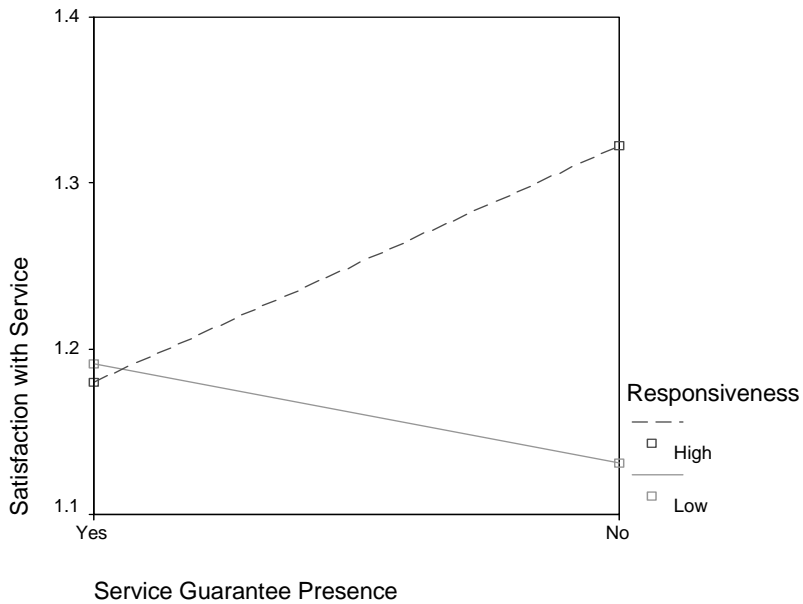
**Table 5.7**  
**Mean Contrasts of the Interaction Effect of Level of Service Failure**  
**Responsiveness and Service Guarantee on Satisfaction with Service Under**  
**Conditions of High and Low Magnitude of Service Failure**

DV	High Magnitude of Service Failure				Low Magnitude of Service Failure			
	High RL		Low RL		High RL		Low RL	
	SG Yes	SG No	SG Yes	SG No	SG Yes	SG No	SG Yes	SG No
Satisfaction with Service	1.18	1.32 ( $t=-1.50$ ; $p=.138$ )	1.19	1.13 ( $t=.839$ ; $p=.404$ )	4.61	4.23 ( $t=1.34$ ; $p=.186$ )	3.21	3.37 ( $t=-.926$ ; $p=.359$ )

p-values are in parentheses and are two-tailed, unless otherwise stated.



**Figure 5.4: Effect of Interaction of Service Failure Responsiveness Level and Service Guarantee on Satisfaction with Service Under the Condition of Low Magnitude of Service Failure**



**Figure 5.5: Effect of Interaction of Service Failure Responsiveness Level and Service Guarantee on Satisfaction with Service Under the Condition of High Magnitude of Service Failure**

When the level of magnitude of service failure was low, and the level of service failure responsiveness was high, there was no significant difference between mean values of satisfaction with service when service guarantee was present versus absent ( $M=4.61$  vs  $M=4.24$ ;  $t=1.34$ ,  $p=.186$ ). The mean values for service guarantee presence vs absence were what would be anticipated in this case (i.e., service guarantee presence should have a higher mean value). When the level of magnitude of service failure was low, and the level of service failure responsiveness was low, there was no significant difference between mean values of satisfaction with service when service guarantee was either present or absent ( $M=3.21$  vs  $M=3.37$ ;  $t=-.926$ ,  $p=.359$ ). The data also indicated that under conditions of high and low levels of magnitude of service failure, and under both service guarantee presence or absence, there was a significant change in satisfaction between a high service failure responsiveness level and a low service failure responsiveness level (with one exception, when magnitude of service failure is high and a service guarantee is present).

When the level of magnitude of service failure was high, and the level of service failure responsiveness was high, there was no significant difference between mean values of satisfaction with service when service guarantee was present versus absent ( $M=1.18$  vs  $M=1.32$ ;  $t=-1.50$ ,  $p=.138$ ). Though the mean differences were not significant, the mean values were contrary to what was posited in H5a (i.e., service guarantee presence should have higher mean value). When the level of magnitude of service failure was high, and the level of service failure responsiveness was low, there was also no significant difference between mean values of satisfaction with service when service guarantee was

present versus absent ( $M=1.19$  vs  $M=1.13$ ;  $t=.839$ ,  $p=.404$ ). Therefore, the results of the data analysis indicate that H5a was not supported.

#### Specific Hypotheses Tests: H1b-H5b

H1b and H2b were tested by conducting appropriate independent samples t-tests for the outcome variables of propensity for negative word-of-mouth, propensity to complain, and repurchase intentions. H3b-H5b were tested by conducting 2x2 MANOVAs and then appropriate mean contrasts.

It was posited in H1b that higher magnitude of service failure will result in (i) higher propensity to engage in negative word-of-mouth communication, (ii) higher propensity to complain, and (iii) lower repurchase intentions. Three independent samples t-tests were conducted using the level of magnitude of service failure as the grouping variable and the summated scales of propensity for negative word-of-mouth, propensity to complain, and repurchase intentions as the dependent variables. The results of these t-tests are presented in Table 5.8. The analysis provided significant means differences between high vs low levels of magnitude of service failure for (i) propensity to engage in negative word-of-mouth communication ( $M=6.00$  vs  $M=3.69$ ;  $t=14.219$ ,  $p=.001$ ), (ii) propensity to complain ( $M=5.32$  vs  $M=3.38$ ;  $t=11.300$ ,  $p=.001$ ), and (iii) repurchase intentions ( $M=1.74$  vs  $M=3.91$ ;  $t=-15.112$ ,  $p=.001$ ). H1b was therefore fully supported.

It was posited in H2b that higher service failure responsiveness levels would result in (i) lower propensity to engage in negative word-of-mouth communication, (ii) lower propensity to complain, and (iii) higher repurchase intentions. Three independent samples t-tests were conducted using the level of service failure responsiveness as the grouping variable and the summated scales of propensity for negative word-of-mouth,

propensity to complain, and repurchase intentions as the dependent variables. The results of these t-tests are presented in Table 5.8. The analysis provided significant means differences between high vs low levels of service failure responsiveness for propensity for negative word-of-mouth (M=4.85 vs M=5.20; t=-1.588, p=.057, 1-tailed), propensity to complain (M=4.17 vs M=4.80; t=-2.979, p=.003), and repurchase intentions (M=2.89 vs M=2.43; t=2.304, p=.022). Therefore, H2b (i), H2b (ii) and H2b (iii) were supported.

**Table 5.8**  
**Mean Contrasts of Propensity for NWOM, Propensity to Complain,**  
**and Repurchase Intentions Between the Effects of High and Low Levels**  
**of Magnitude of Service Failure and Service Failure Responsiveness**

DV	Magnitude of Service Failure			Service Failure Responsiveness		
	High	Low	T	High	Low	t
Propensity for NWOM	6.00	3.69	14.219 (.001)	4.85	5.20	-1.588 (.057,1-tailed)
Propensity to Complain	5.32	3.38	11.300 (.001)	4.17	4.80	-2.979 (.003)
Repurchase Intentions	1.74	3.91	-15.112 (.001)	2.89	2.43	2.304 (.022)

p-values are in parentheses and are two-tailed, unless otherwise stated.

H3b posited that the level of service failure responsiveness would have a moderating influence on the effect of magnitude of service failure on (i) the propensity for negative word-of-mouth communication, (ii) propensity to complain, and (iii) repurchase intentions. Specifically, the negative effect of high magnitude of service failure on these outcome variables would be lower in the presence of high (versus low) service failure responsiveness. To test H3b, a 2x2 MANOVA was run using magnitude of service failure and service failure responsiveness as independent variables and the summated scales of propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions as outcome variables. The results of this MANOVA

are shown in Table 5.9. The multivariate interaction effect of magnitude of service failure and service failure responsiveness on propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions was found to be significant (Wilks'=.960,  $F[1, 234]=3.202$ ,  $p=.024$ ). The interaction effect appears to be due primarily to its impact on propensity to complain, and partially to its impact on repurchase intentions. The univariate ANOVA effect of the interaction was clearly significant on propensity to complain ( $F[1, 234]=8.30$ ,  $p=.004$ ), and marginally significant on repurchase intentions ( $F[1, 234]=2.92$ ,  $p=.089$ ).

As shown in Figure 5.6 and Table 5.10, and using propensity to complain as the dependent variable, the effects of responsiveness level are greater when magnitude of service failure is low than when it is high. Service failure responsiveness level had no effect on propensity to complain when the magnitude of service failure was high. Although the mean values were directionally as posited, when magnitude of service failure was high, propensity to complain at the high service failure responsiveness level had an estimated marginal mean value of 5.20, not significantly lower than the estimated marginal mean value of propensity to complain when the service failure responsiveness level was low ( $M=5.41$ ;  $t=-.990$ ,  $p=.324$ ). However, when magnitude of service failure was low, a higher level of service failure responsiveness resulted in a significantly lower level of propensity to complain ( $M=2.76$ ) than at a lower level of service failure responsiveness ( $M=3.92$ ;  $t=-4.537$ ,  $p=.001$ ).

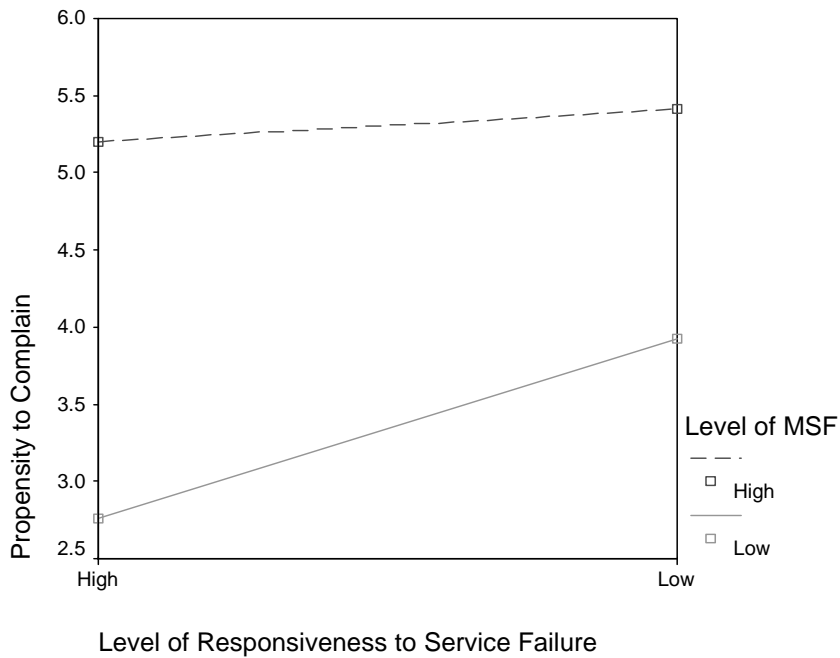
As shown in Figure 5.7 and Table 5.11, and using repurchase intentions as the dependent variable, the effects of responsiveness level were similar to that found on propensity to complain. The effects of responsiveness level were greater when



**Table 5.9**  
**The Effects of Magnitude of Service Failure and Service Failure Responsiveness**  
**on Propensity for Negative Word-of-Mouth, Propensity to Complain,**  
**and Repurchase Intentions**

Sources	----- MANOVA -----				----- ANOVA -----			
	Wilks'	F-value	Sig	Effect Size	d.f	NWOM	Complain	Repurchase Intentions
<b>Main Effects</b>								
Mag	.390	120.81	.001	.610	1	224.85 (.001)	142.14 (.001)	255.98 (.001)
Resp	.906	8.06	.001	.094	1	5.33 (.022)	17.19 (.001)	11.71 (.001)
<b>Interactions</b>								
Mag x Resp	.960	3.20	.024	.040	1	2.45 (.119)	8.30 (.004)	2.92 (.089)
Residual					234			

p-values are provided in parentheses.



**Figure 5.6: Interaction Effect of Level of Service Failure Responsiveness and Level of Magnitude of Service Failure on Propensity to Complain**

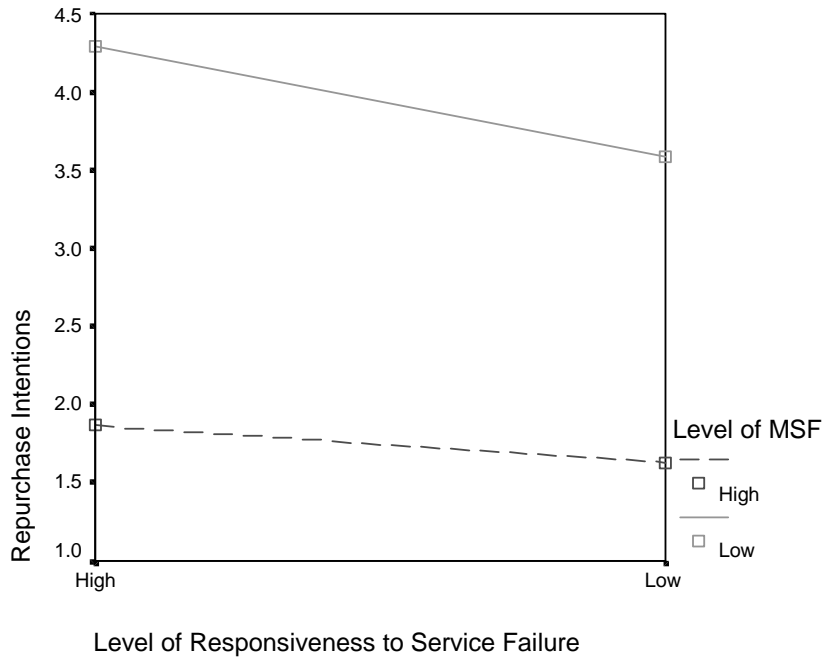
**Table 5.10**  
**Mean Contrasts of the Interaction Effect of Level of Responsiveness and**  
**Level of Magnitude of Failure on Propensity to Complain**

DV	High MSF			Low MSF		
	High RL	Low RL	t	High RL	Low RL	t
Propensity To Complain	5.20	5.41	-.99 (.324)	2.76	3.92	-4.54 (.001)

p-values are in parentheses and are two-tailed, unless otherwise stated.

magnitude of service failure was low than when it was high. Service failure responsiveness level had no effect on repurchase intentions when the magnitude of service failure was high. Although the mean values were directionally as posited, when magnitude of service failure was high, repurchase intentions at the high service failure responsiveness level had an estimated marginal mean value of 1.86, not significantly higher than the estimated marginal mean value of repurchase intentions when the service failure responsiveness level was low ( $M=1.63$ ;  $t=1.42$ ;  $p=.158$ ). However, when magnitude of service failure was low, a higher level of service failure responsiveness resulted in a significantly higher level of repurchase intentions ( $M=4.29$ ) than at a lower level of service failure responsiveness ( $M=3.58$ ;  $t=3.10$ ;  $p=.003$ ). Given the results, H3b as stated was not supported.

H4b posited that service guarantee would moderate the effect of magnitude of service failure on (i) the propensity for negative word-of-mouth communication, (ii) propensity to complain, and (iii) repurchase intentions. Specifically, the negative effect of high (compared to low) levels of magnitude of service failure on these outcome variables would be higher in the absence of a service guarantee compared to when a service guarantee was present. To test H4b, a 2x2 MANOVA was run using magnitude of service



**Figure 5.7: Interaction Effect of Level of Service Failure Responsiveness and Level of Magnitude of Service Failure on Repurchase Intentions**

**Table 5.11  
Mean Contrasts of the Interaction Effect of Levels of Service Failure Responsiveness and Magnitude of Failure on Repurchase Intentions**

DV	High MSF			Low MSF		
	High RL	Low RL	t	High RL	Low RL	t
Repurchase Intentions	1.86	1.63	1.42 (.158)	4.29	3.58	3.10 (.003)

p-values are in parentheses and are two-tailed, unless otherwise stated.

failure and service guarantee as independent variables and the summated scales of negative word-of-mouth, complaining, and repurchase intentions as outcome variables. As shown in Table 5.12, the multivariate interaction effect of magnitude of service failure and service guarantee on negative word-of-mouth, complaining, and repurchase intentions was found not to be significant (Wilks'=.994,  $F[1, 234]=.506$ ,  $p=.679$ ). The univariate ANOVA effect of the interaction was not significant on any of the outcome

variables. Given the results of the analysis and H4b as stated, no support was found for the hypothesis.

**Table 5.12**  
**The Effects of Magnitude of Service Failure and Service Guarantee**  
**on Propensity for Negative Word-of-Mouth, Propensity to Complain,**  
**and Repurchase Intentions**

Sources	----- MANOVA -----				----- ANOVA -----			
	Wilks'	F-value	Sig	Effect Size	d.f	NWOM	Complain	Repurchase Intentions
<b>Main Effects</b>								
Mag	.415	108.82	.001	.585	1	218.05 (.001)	129.66 (.001)	238.10 (.001)
SG	.989	.841	.473	.011	1	1.511 (.220)	.715 (.399)	.000 (.982)
<b>Interactions</b>								
Mag x SG	.994	.506	.679	.006	1	.112 (.739)	1.013 (.315)	.077 (.782)
Residual					234			

p-values are provided in parentheses.

H5b posited that service guarantee would moderate the effect of service failure responsiveness on (i) the propensity for negative word-of-mouth communication, (ii) propensity to complain, and (iii) repurchase intentions. Specifically, the positive effect of high (compared to low) levels of service failure responsiveness on these outcome variables would be greater in the presence of a service guarantee compared to when a service guarantee is absent. To test H5b, a 2x2 MANOVA was run using service failure responsiveness and service guarantee as independent variables and the summated scales of negative word-of-mouth, complaining, and repurchase intentions as outcome variables. The results of the MANOVA are presented in Table 5.13. The multivariate interaction effect of service failure responsiveness and service guarantee on the propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions was found not to be significant (Wilks'=.981, F[1, 234]=1.517, p=.211). This

insignificant interaction appears to be due to the strong insignificant effect on propensity to complain ( $F[1, 234]=.565, p=.453$ ). The univariate ANOVA effect of the interaction, however, was significant on the propensity for negative word-of-mouth communication ( $F[1, 234]=3.912, p=.049$ ) and repurchase intentions ( $F[1, 234]=3.561, p=.060$ ).

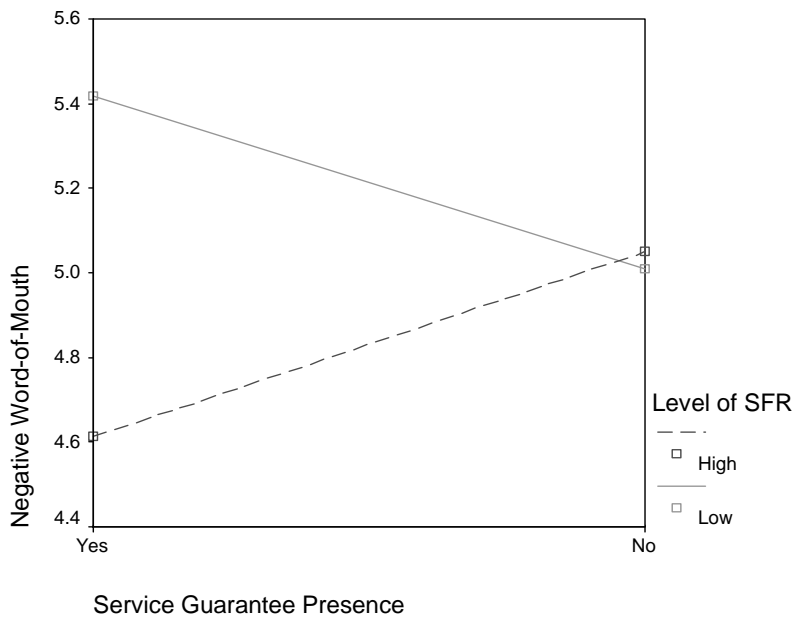
As shown in Figure 5.8 and Table 5.14, and using the propensity for negative word-of-mouth communication as the dependent variable, the effects of service failure responsiveness level were not significant when service guarantee was present compared to when it was absent when the level of service failure responsiveness was high. Specifically, when service guarantee was present, propensity for negative word-of-mouth communication had an estimated marginal mean value of 4.61, not significantly lower than the estimated marginal mean value of propensity for negative word-of-mouth communication when service guarantee was absent ( $M=5.05; t=-1.275, p=.20$ ). Interestingly, when the level of service failure responsiveness was low, the presence of a service guarantee resulted in a marginally significant higher level of the propensity for negative word-of-mouth communication ( $M=5.42$ ) than when service guarantee was absent ( $M=5.01; t=1.554, p=.06, 1$ -tailed).

As shown in Figure 5.9 and Table 5.15, and using repurchase intentions as the dependent variable, the posited effects of high levels of service failure responsiveness on repurchase intentions were greater when service guarantee was present compared to when it was absent. When the level of service failure responsiveness was high and service guarantee was present, repurchase intentions had an estimated marginal mean value of 3.19, significantly higher than the estimated marginal mean value of repurchase intentions when service guarantee was absent ( $M=2.64; t=1.808, p=.037$  one-tailed). In

**Table 5.13**  
**The Effects of Service Failure Responsiveness and Service Guarantee**  
**on Propensity for Negative Word-of-Mouth, Propensity to Complain,**  
**and Repurchase Intentions**

Sources	----- MANOVA -----				----- ANOVA -----			
	Wilks'	F-value	Sig	Effect Size	d.f	NWOM	Complain	Repurchase Intentions
<b>Main Effects</b>								
Resp	.954	3.759	.012	.046	1	3.220 (.074)	9.503 (.002)	6.333 (.013)
SG	.990	.779	.507	.010	1	.005 (.946)	.009 (.924)	.937 (.334)
<b>Interactions</b>								
Resp x SG	.981	1.517	.211	.019	1	3.912 (.049)	.565 (.453)	3.561 (.060)
Residual					234			

p-values are provided in parentheses.



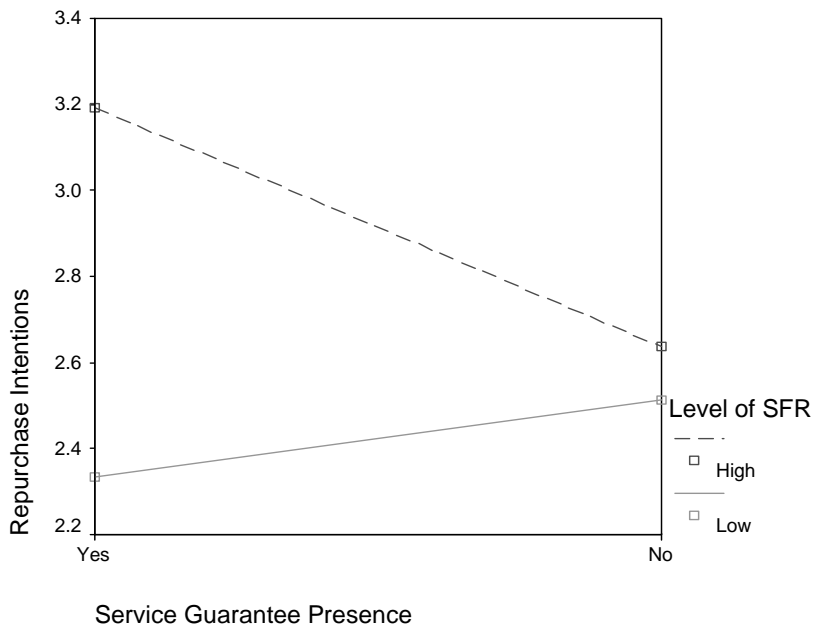
**Figure 5.8: Interaction Effect of Service Failure Responsiveness and Service Guarantee on the Propensity for Negative Word-of-Mouth Communication**

**Table 5.14**  
**Mean Contrasts of the Interaction Effect of Level of Service Failure Responsiveness and Service Guarantee on the Propensity for Negative Word-of-Mouth Communication**

DV	High SFR			Low SFR		
	SG Present	SG Absent	t	SG Present	SG Absent	t
NWOM	4.61	5.05	1.275 (.20)	5.42	5.01	1.554 (.06, 1-tailed)

p-values are in parentheses and are two-tailed, unless otherwise stated.

contrast, when the level of service failure responsiveness was low, the presence of a service guarantee resulted in a lower, albeit insignificant, level of repurchase intentions (M=2.34) than when service guarantee was absent (M=2.51;  $t=-.738$ ,  $p=.462$ ). The results of the analysis therefore indicate that H5b(i) and H5b(ii) were not supported, while H5b(iii) was supported.



**Figure 5.9: Interaction Effect of Service Failure Responsiveness and Service Guarantee on Repurchase Intentions**

**Table 5.15**  
**Mean Contrasts of the Interaction Effect of Level of Service Failure**  
**Responsiveness and Service Guarantee on Repurchase Intentions**

DV	High SFR			Low SFR		
	SG Present	SG Absent	t	SG Present	SG Absent	t
Repurchase Intentions	3.19	2.64	1.808 (.037 one-tailed)	2.34	2.51	-.738 (.462)

p-values are in parentheses and are two-tailed, unless otherwise stated.

### Study 2

The specific research objectives of Study 2 included the examination of main effects of additional recovery effort (H6a-H6b-H8a-H8b), and the moderating effects of magnitude of service failure (H7a-H7b-H9a-H9b). Other than testing for these effects, additional objectives were to test for a plateau effect (H6a-H6b-H7a-H7b) and the presence of a phenomenon referred to as the recovery paradox (H8a-H8b-H9a-H9b).

#### Overview

Study 2 employed a 4x2 plus a control group between subjects factorial design, including the independent variables of additional recovery effort (20%;50%;100%;150% of the value of the service provided), and magnitude of service failure (high vs low). Dependent variables were satisfaction with additional recovery effort, satisfaction with service, satisfaction with vendor, propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions. The placement and relationships of these variables can be found in Figure 3.2. Respondents were presented with one of nine written scenarios (Appendix C), including a control group whose scenario involved no service failure, and then asked to respond to questions related to dependent variable scales and a manipulation check (relating to the intended level of the independent



variable), and questions related to demographics, employment, and frequency of restaurant visits.

In regard to the measurement of dependent variables, modified Likert and semantic differential scales were adapted from those used in extant research. Scales discussed previously regarding Study 1 were used in Study 2 when measuring satisfaction with service, satisfaction with vendor, propensity for negative word-of-mouth, propensity for complaining, and repurchase intentions. In Study 2, a four item scale was used to measure satisfaction with additional recovery effort. This scale was adapted from the literature cited previously. Items used included: “I am satisfied with the offer of the discount/voucher provided to me by the restaurant.” (1=strongly disagree to 7= strongly agree); “In my opinion, the value of the offer extended to me by the restaurant was satisfactory.” (1=strongly disagree to 7= strongly agree); “Overall, I am satisfied with the discount/voucher amount provided me by the restaurant.” (1=strongly disagree to 7=strongly agree); and “I am satisfied with the overall effort made by the restaurant to offer me a discount/voucher, given the service that I experienced during this visit.” (1=strongly disagree to 7=strongly agree).

The following question was presented to respondents as a manipulation check: magnitude of service failure – “I perceive the magnitude of the service failure described in the scenario to be very large.” (1=strongly disagree to 7=strongly agree).

Study 2 survey questionnaires were administered to undergraduate marketing and management students during their class hours. Twelve classes were visited during the time period between July 8 and July 25, 2003. After the data cleaning process, N=389 surveys remained for final analysis. Of the 389, 51.9% were female, 84.3% were

between 20-25 years of age, and 53.2% were at a senior-level classification. Most of the respondent sample (n=389) were employed (71.6%), and 50.6% of the sample had ever worked in a restaurant. Of those who had previously worked in a restaurant, approximately two-thirds of them had worked as waiters. The respondents were frequent restaurant patrons. Of the total number of respondents, 55.2% go to a restaurant four or more times per month, with 15.9% of the total reporting eight or more restaurant visits per month.

#### Manipulation Checks and Other Deletions

First, 35 students who had completed two questionnaires (enrolled in two classes that were visited by the survey administrator) were deleted from the group of eligible entries. Next, a frequency analysis was run for all variables to determine if any variable response was improperly inputted. Few errors were found and by returning to the original questionnaires, the responses were corrected. In regard to the intended levels of magnitude of service failure (high vs low), a one-way ANOVA was run with categorical values of magnitude as the independent variable and the metric values of respondents' perceived value of magnitude of service failure as the dependent variable. Mean differences were found to be statistically significant among the high and low levels of magnitude of service failure ( $M=5.54$  vs  $M=2.77$ ;  $F[1,352]=348.35$ ;  $p=001$ ).

#### Correlation and Reliability Analyses

As noted previously, measurement scales used for the dependent variables in the survey questionnaires for Study 2 were adapted from those found in research literature. The Cronbach Alpha levels of each of the scales proved to be very satisfactory for satisfaction with additional recovery effort ( $\text{Alpha}=.97$ ), satisfaction with service

(Alpha=.98), satisfaction with vendor (Alpha=.98), propensity for negative word-of-mouth (Alpha=.95), propensity to complain (Alpha=.86), and repurchase intentions (Alpha=.98).

To determine the extent of the relationship between and among the summated values of each of the dependent variables, a correlation analysis was run for satisfaction with additional recovery effort, satisfaction with service, and satisfaction with vendor. A correlation analysis was also run for propensity for negative word-of-mouth, propensity to complain, and repurchase intentions. There was a very high correlation between satisfaction with service and satisfaction with vendor (.938,  $p=.001$ ). Due to the strength of this relationship, it was determined that only the summated satisfaction with vendor would be used in the analysis of Study 2, and not both satisfaction with service and vendor measures. Any measurement level of satisfaction with vendor should similarly be reflected or associated in measurement levels of satisfaction with service. This is based on an intuitive judgment that levels of additional recovery effort are more likely to impact satisfaction with vendor (perceptions of distributive justice and equity) than on satisfaction with service. The other correlation measures between and among the dependent variables were at expected levels and directions, and all statistically significant relationships.

### **Hypotheses Testing**

#### Overall Analyses

Hypotheses H6a-H9a posited main and moderating effects of independent variables additional recovery effort and magnitude of service failure on the dependent variables of satisfaction with additional recovery effort, service, and vendor. As noted previously, due to the very high correlation found between satisfaction with service and

satisfaction with vendor, and the intuitive assumption that additional recovery efforts would most likely affect or be linked with perceptions of the vendor providing the service rather than the service itself, satisfaction with additional recovery effort and satisfaction with vendor were used in the analyses of H6a-H9a. Hypotheses H6b-H9b posited main and moderating effects of the independent variables noted above on the dependent variables of propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions. The effects found in H8b-H9b were then compared for mean differences for repurchase intentions with a control group. Respondents comprising the control group experienced no service failure. Results of two full factorial models will be discussed, prior to a discussion of the individual hypotheses.

Analysis for H6a-H9a was initiated using a 4 (additional recovery effort: 20% vs 50% vs 100% vs 150%) x 2 (magnitude of service failure: high vs low) MANOVA with the summated scales of satisfaction with additional recovery effort and satisfaction with vendor as the dependent variables. The results of this analysis are shown in Table 5.16. The interaction of additional recovery level and magnitude of service failure had a significant multivariate effect (Wilks'=.878,  $F[3, 344]=7.69$ ,  $p=.001$ ). This multivariate interaction was attributable to both satisfaction with recovery effort ( $F[3, 344]=6.95$ ,  $p=.001$ ) and satisfaction with vendor ( $F[3, 344]=3.61$ ,  $p=.014$ ). Significant multivariate main effects on the dependent variables of satisfaction with additional recovery effort and satisfaction with vendor were found with additional recovery effort level (Wilks'=.778,  $F[3, 344]=14.47$ ,  $p=.001$ ) and magnitude of service failure (Wilks'=.347,  $F[1, 344]=323.43$ ,  $p=.001$ ). Additional recovery effort level had a significant univariate main effect on satisfaction with additional recovery effort ( $F[3, 344]=25.44$ ,  $p=.001$ ), and

satisfaction with vendor ( $F[3, 344]=4.81, p=.003$ ). Magnitude of service failure had significant univariate main effects on both satisfaction with additional recovery effort ( $F[1,344]=165.53, p=.001$ ) and satisfaction with vendor ( $F[1,344]=647.80, p=.001$ ).

**Table 5.16**  
**The Effects of Additional Recovery Effort and Magnitude of Failure**  
**on Satisfaction with Additional Recovery Effort and**  
**Satisfaction with Vendor**

Sources	----- MANOVA -----				----- ANOVA -----		
	Wilks'	F-value	Sig	Effect Size	d.f.	Satisfaction with ARE	Satisfaction with Vendor
<b>Main Effects</b>							
ARE	.788	14.47	.001	.112	3	25.44 (.001)	4.81 (.003)
Mag	.347	323.43	.001	.653	1	165.53 (.001)	647.80 (.001)
<b>Interactions</b>							
ARE x Mag	.878	7.67	.001	.063	3	6.95 (.001)	3.61 (.014)
Residual					344		

p-values are provided in parentheses.

Analysis for H6b-H9b was initiated using a 4 (additional recovery effort: 20% vs 50% vs 100% vs 150%) x 2 (magnitude of service failure: high vs low) MANOVA with the summated scales of propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions as the dependent variables. The results of this analysis are shown in Table 5.17. Significant multivariate effects on the three outcome variables by additional recovery effort (Wilks'=.943,  $F[3, 343]=2.245, p=.018$ ) and magnitude of service failure (Wilks'=.404,  $F[1, 343]=167.53, p=.001$ ) were found. Additional recovery effort level had significant univariate main effects on propensity for NWOM communication ( $F[3, 343]=3.56, p=.014$ ), and repurchase intention ( $F[3, 343]=4.49, p=.004$ ), but not on propensity to complain. Magnitude of service failure had significant univariate main effects on propensity for NWOM communication

( $F[1,343]=414.03$ ;  $p=.001$ ), propensity to complain ( $F[1, 343]=188.67$ ,  $p=.001$ ), and repurchase intentions ( $F[1,343]=382.87$ ,  $p=.001$ ). The interaction of additional recovery level and magnitude of service failure had a marginally significant multivariate effect on the three dependent variables (Wilks'=.958,  $F[3, 343]=1.66$ ,  $p=.096$ ). There was a significant univariate interaction effect for repurchase intentions ( $F[3, 343]=3.87$ ,  $p=.010$ ) and a marginally significant univariate interaction for NWOM ( $F[3, 343]=2.24$ ,  $p=.083$ ).

**Table 5.17**  
**The Effects of Additional Recovery Effort and Magnitude of Service Failure on Propensity for Negative Word-of-Mouth, Propensity to Complain, and Repurchase Intentions**

Sources	----- MANOVA -----				----- ANOVA -----			
	Wilks'	F-value	Sig	Effect Size	d.f.	NWOM	Complain	Repurchase Intentions
<b>Main Effects</b>								
ARE	.943	2.25	.018	.019	3	3.56 (.014)	1.58 (.195)	4.49 (.004)
Mag	.404	167.53	.001	.596	1	414.03 (.001)	188.67 (.001)	382.87 (.001)
<b>Interactions</b>								
ARE x Mag	.958	1.66	.096	.014	3	2.24 (.083)	.29 (.830)	3.87 (.010)
Residual					343			

p-values are provided in parentheses.

**Specific Hypotheses Tests: H6a-H9a**

It was posited in H6a that among those customers who experienced a service failure, higher levels of additional recovery effort would result in higher levels of perceived satisfaction with the additional recovery effort, with the service, and with the vendor. A plateau effect was expected as the service recovery remuneration reached higher levels. H6a was tested by running a one-way MANOVA, using additional recovery effort as the independent variable and the summated scales of satisfaction with additional recovery effort and satisfaction with vendor as the dependent variables. The

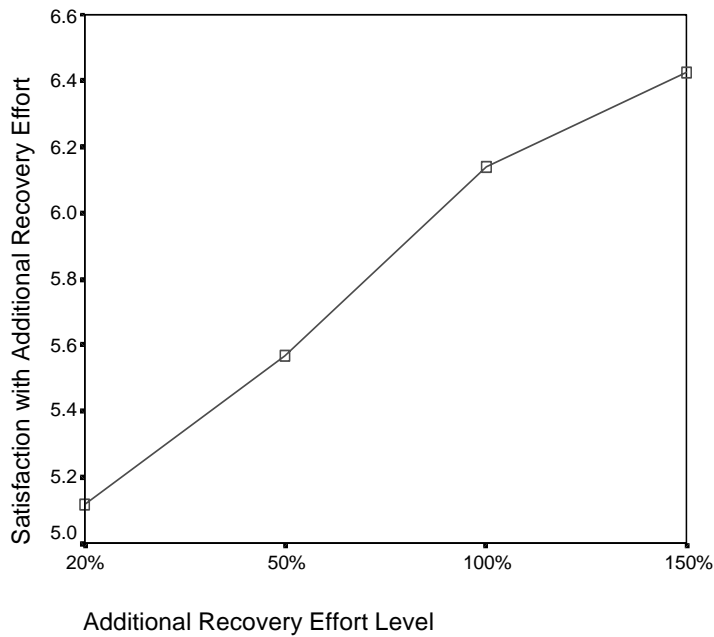
results of this run are shown in Table 5.18. Independent t-tests were then run at each level of additional recovery remuneration to determine if there were significant differences in the mean values of the two dependent variables at each level of additional remuneration. Plots and mean contrasts are shown in Figure 5.9 and 5.10, and Table 5.19 respectively. Table 5.18 shows that additional recovery remuneration had significant multivariate (Wilks'  $\lambda = .830$ ,  $F[3, 348] = 11.326$ ,  $p = .001$ ) and univariate effects on satisfaction with additional recovery effort ( $F[3, 348] = 16.571$ ,  $p = .001$ ), but not on satisfaction with vendor ( $F[3, 348] = 2.08$ ,  $p = .103$ ). The t-tests indicated that there were no differences in both satisfaction in additional recovery ( $M = 5.11$  vs  $5.57$ ;  $t = -1.849$ ,  $p = .066$ ) and satisfaction with vendor ( $M = 3.77$  vs  $4.29$ ;  $t = -1.870$ ,  $p = .063$ ) measures as remuneration went from 20% to 50% of the value of the meal. In regard to satisfaction with additional recovery effort, significant increases in satisfaction were seen as remuneration went from 50% to 100% of meal value ( $M = 5.57$  vs  $6.14$ ;  $t = -2.678$ ,  $p = .008$ ), but not from 100% to 150% of meal value ( $M = 6.14$  vs  $6.43$ ;  $t = -1.857$ ,  $p = .066$ ). In effect, a plateau was seen between 100% and 150% as it relates to satisfaction with additional recovery effort. In regard to satisfaction with vendor, no significant differences in mean satisfaction values were seen as the remuneration rose from 50% to 100% ( $M = 4.29$  vs  $4.02$ ;  $t = .892$ ,  $p = .373$ ), and then from 100% to 150% ( $M = 4.02$  vs  $4.43$ ;  $t = -1.382$ ,  $p = .169$ ). The results therefore indicate general support for H6a(i), H6a(ii), and H6a(iii).

H7a posited that magnitude of service failure would moderate the effect of additional recovery effort on satisfaction with additional recovery effort, satisfaction with service, and satisfaction with vendor. Specifically, when magnitude of service failure was

**Table 5.18**  
**The Effects of Additional Recovery Effort**  
**on Satisfaction with Additional Recovery Effort and**  
**Satisfaction with Vendor**

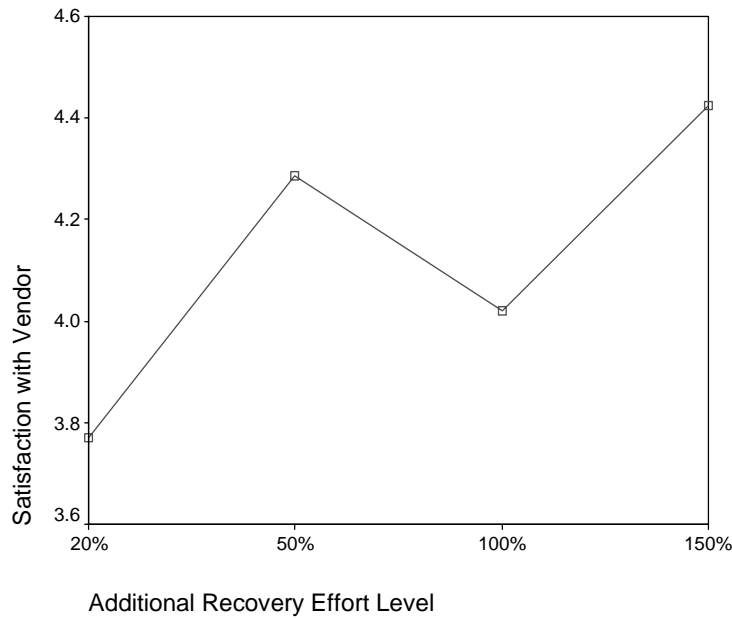
Sources	----- MANOVA -----				----- ANOVA -----		
	Wilks'	F-value	Sig	Effect Size	d.f.	Satisfaction with ARE	Satisfaction with Vendor
Main Effects							
ARE	.830	11.33	.001	.089	3	16.57 (.001)	2.08 (.103)
Residual					348		

p-values are provided in parentheses.



**Figure 5.9: Effect of Additional Recovery Effort on Satisfaction with ARE**





**Figure 5.10: Effect of Additional Recovery Effort on Satisfaction with Vendor**

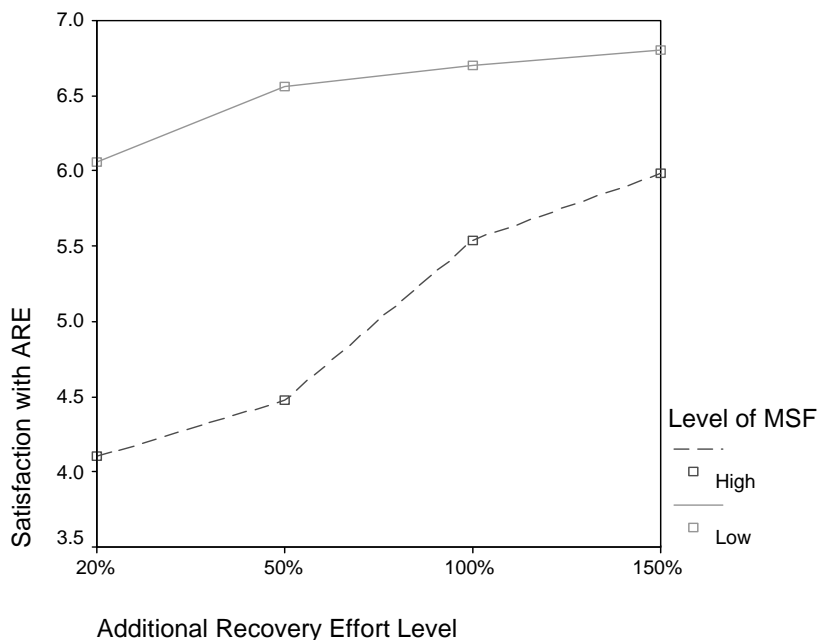
**Table 5.19**  
**Mean Contrasts of the Effect of Additional Recovery Effort on Satisfaction with ARE and Satisfaction with Vendor**

DV	Remuneration Levels						
	20%	T	50%	t	100%	t	150%
Satisfaction with ARE	5.11	-1.849 (.066)	5.57	-2.678 (.008)	6.14	-1.857 (.066)	6.43
Satisfaction with Vendor	3.77	-1.870 (.063)	4.29	.892 (.373)	4.02	-1.382 (.169)	4.43

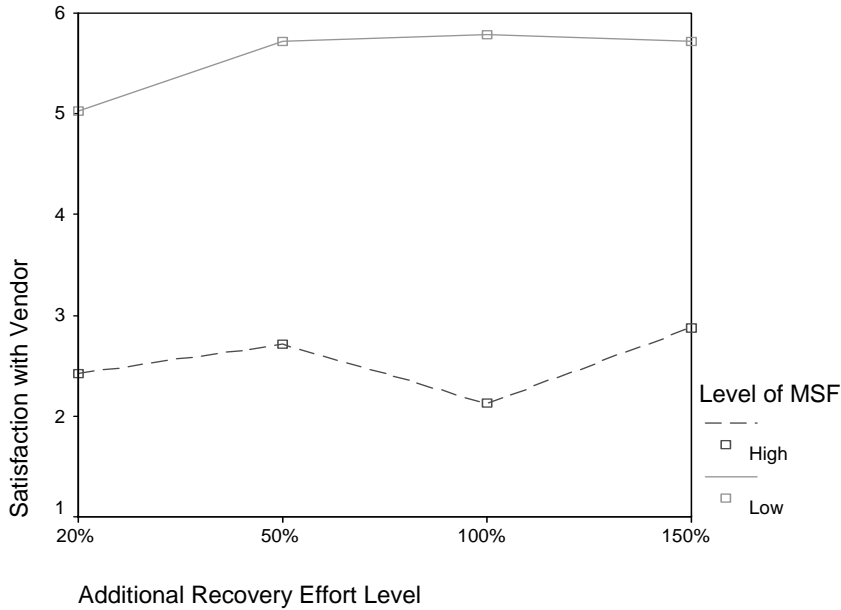
p-values are in parentheses and are two-tailed, unless otherwise stated.

low, there should be a greater likelihood of the presence of a plateau effect among higher levels of satisfaction with additional recovery effort and satisfaction with vendor. H7a was tested by running a 4 x 2 MANOVA, using additional recovery effort and magnitude of service failure as the independent variables and the summated scales of satisfaction with additional recovery effort and satisfaction with vendor as the dependent variables.

The results of this run are shown in Table 5.16. Independent t-tests were then run at each level of additional recovery remuneration to determine if there were significant differences in the mean values of the two dependent variables at each level of additional remuneration for both high and low magnitude of failure. As noted in the discussion of the data presented in Table 5.16, additional recovery effort and magnitude of failure had significant multivariate and univariate effects on satisfaction with additional recovery effort and satisfaction with vendor. The interaction of additional recovery effort with magnitude of failure also had significant multivariate and univariate effects on the dependent variables. The plots of the interaction of additional recovery effort and magnitude of service failure and the effects on satisfaction of additional recovery effort and satisfaction with vendor are displayed in Figures 5.11 and 5.12. Mean contrasts are shown in Tables 5.20a and 5.20 b.



**Figure 5.11: Interaction Effect of Additional Recovery Effort and Magnitude of Service Failure on Satisfaction with ARE**



**Figure 5.12: Interaction Effect of Additional Recovery Effort and Magnitude of Service Failure on Satisfaction with Vendor**

**Table 5.20a**  
**Mean Contrasts of the Effect of Additional Recovery Effort and Low Magnitude of Service Failure on Satisfaction with ARE and Satisfaction with Vendor**

DV	MSF Low						
	20%	t	50%	t	100%	T	150%
Satisfaction with ARE	6.06	-2.456 (.017)	6.57	-1.068 (.288)	6.70	-1.087 (.280)	6.80
Satisfaction with Vendor	5.03	-2.572 (.012)	5.72	-.285 (.776)	5.79	.316 (.753)	5.72

p-values are in parentheses and are two-tailed, unless otherwise stated.

**Table 5.20b**  
**Mean Contrasts of the Effect of Additional Recovery Effort and**  
**High Magnitude of Service Failure on Satisfaction with ARE and**  
**Satisfaction with Vendor**

DV	MSF High						
	20%	t	50%	t	100%	T	150%
Satisfaction with ARE	4.10	-1.125 (.264)	4.48	-3.208 (.002)	5.54	-1.655 (.051, 1-tailed)	5.98
Satisfaction with Vendor	2.42	-1.433 (.156)	2.75	2.844 (.006)	2.13	-3.338 (.001)	2.88

p-values are in parentheses and are two-tailed, unless otherwise stated.

As noted in Tables 5.20a 5.20b, when magnitude of service failure was low, both satisfaction with additional recovery effort ( $t=-2.456$ ,  $p=.017$ ) and satisfaction with vendor ( $t=-2.572$ ,  $p=.012$ ) showed significant increases in satisfaction when additional recovery effort increased from 20% to 50%, and insignificant means differences when the additional remuneration moved above 50%. In contrast, when magnitude of service failure was high, insignificant increases in satisfaction from additional recovery effort ( $t=-1.125$ ,  $p=.264$ ) and vendor ( $t=-1.433$ ,  $p=.156$ ) are shown, but significant increases occurred beyond 50%. The results therefore indicate that H7a is supported.

H8a posited that customers who experienced a service failure would exhibit higher levels of satisfaction with service and satisfaction with vendor when additional recovery remuneration increased compared to those who experienced no service failure. This comparative effect, if held true, is the recovery paradox. H8a was tested by running a 5-group ANOVA using a recoded variable comprising 5 recovery groups (20%; 50%; 100%; 150%; control group with no recovery) as the independent variable and satisfaction with vendor as the dependent variable. The results of the ANOVA are shown

in Table 5.21. Independent t-tests were then run to compare mean differences of satisfaction with vendor levels between those who experienced a service failure (scenarios 1-8) and those who did not (scenario 9). The results of the 5-group ANOVA indicated a significant univariate main effect of the 5-group variable on satisfaction with vendor ( $F[4, 384]=11.286$ ;  $p=.001$ ). Mean contrasts under each level of recovery, collapsing magnitude of service failure for each of the recovery levels associated with those experiencing service failure, are shown in Table 5.22.

**Table 5.21**  
**Effect of Level of Recovery Effort on Satisfaction with Vendor**

<u>Sources</u>	----- ANOVA -----			
	<u>F-value</u>	<u>Significance</u>	<u>Effect Size</u>	<u>df</u>
Main Effects				
Level of Recovery	11.286	.001	.105	4
Residual				384

Note:  $p\text{-value} < .05$

**Table 5.22**  
**Mean Contrasts of Satisfaction with Vendor Between the Level of Recovery Among Those Experiencing a Service Failure Versus Those Not Experiencing a Service Failure**

DV	Levels of Recovery Among Those Experiencing Service Failure Contrasted with Control Group Mean				Control Group
	20%	50%	100%	150%	
Satisfaction with Vendor	3.77 $t=-9.646$ (.001)	4.29 $t=-7.247$ (.001)	4.02 $t=-7.783$ (.001)	4.43 $t=-6.885$ (.001)	6.10

p-values are in parentheses and are two-tailed, unless otherwise stated.

As shown in Table 5.22, when comparing means differences of satisfaction with vendor, significant differences prevailed at each level of recovery. However, the mean value of satisfaction with vendor among those who experienced a service failure did not reach a level equal to or above the mean value of the control group. Therefore, H8a found no support.

H9a posited that when magnitude of service failure is low, customers who experienced a service failure and received higher levels of additional service recovery remuneration would show higher levels of satisfaction with the vendor than would those customers who did not experience a service failure (control group). This comparative effect, if held true, is the recovery paradox. H9a was tested by running independent t-tests to compare mean differences of satisfaction levels between those who experienced a service failure and those who did not experience a service failure when magnitude of service failure was low versus high. Mean contrasts under each level of additional recovery effort under the low magnitude of service failure and high magnitude of service failure conditions are shown in Table 5.23a and Table 5.23b, respectively.

**Table 5.23a**  
**Mean Contrasts of Satisfaction with Vendor Between the Effect of Additional Recovery and Low Magnitude of Service Failure Among Those Experiencing a Low Service Failure Versus Those Not Experiencing a Low Service Failure**

DV	Levels of Recovery Among Those Experiencing Low Service Failure Contrasted with Control Group Mean				Control Group
	20%	50%	100%	150%	
Satisfaction with Vendor	5.03 t=-4.187 (.001)	5.72 t=-1.664 (.100)	5.79 t=-1.441 (.154)	5.72 t=-1.774 (.080)	6.10

p-values are in parentheses and are two-tailed, unless otherwise stated.

**Table 5.23b**  
**Mean Contrasts of Satisfaction with Vendor Between the Effect of Additional Recovery and High Magnitude of Service Failure Among Those Experiencing a High Service Failure Versus Those Not Experiencing a High Service Failure**

DV	Levels of Recovery Among Those Experiencing High Service Failure Contrasted with Control Group Mean				Control Group
	20%	50%	100%	150%	
Satisfaction with Vendor	2.42 t=-17.718 (.001)	2.75 t=-14.086 (.001)	2.13 t=-20.283 (.001)	2.88 t=-13.195 (.001)	6.10

p-values are in parentheses and are two-tailed, unless otherwise stated.

When comparing means differences of satisfaction with vendor, the values in Table 5.23a show that the mean value of satisfaction with vendor among those who experienced a low service failure reached a level equal to the mean value of the control group at higher levels of additional service recovery remuneration, for there are insignificant means contrast differences at recovery levels above 20%. When comparing means differences of satisfaction with vendor, the values in Table 5.23b show that the mean value of satisfaction with vendor among those who experienced a high service failure did not reach a level equal to the mean value of the control group at higher levels of additional service recovery remuneration, for there were significant means contrast differences at each level of recovery. Therefore, H9a is supported.

Specific Hypotheses Tests: H6b-H9b

It was posited in H6b that among those customers who experienced a service failure, higher levels of additional recovery effort would result in (i) lower levels of propensity to engage in negative word-of-mouth communications, (ii) lower propensity to

complain, and (iii) higher repurchase intentions. A plateau effect was expected as the service recovery remuneration reached higher levels. H6b was tested by running a one-way MANOVA, using additional recovery effort as the independent variable and the summated scales of propensity for negative word-of-mouth, propensity to complain, and repurchase intentions as the dependent variables. The results are shown in Table 5.24. Independent t-tests were then run to determine if there were significant differences in the mean values of the three dependent variables across the levels of additional remuneration. Plots and mean contrasts are shown in Figures 5.13, 5.14, and 5.15, and Table 5.25 respectively. Table 5.24 shows that additional recovery remuneration had insignificant multivariate (Wilks'=.962,  $F[3, 347]=1.498$ ,  $p=.144$ ) effects on the three dependent variables. A marginally significant univariate effect was seen on repurchase intentions ( $F[3, 347]=2.469$ ,  $p=.062$ ). The univariate effect on propensity for negative word-of-mouth ( $F[3, 347]=1.972$ ,  $p=.118$ ) was insignificant and the effect on propensity to complain ( $F[3, 347]= 1.053$ ,  $p=.369$ ) was insignificant. The t-tests indicated that propensity for negative word-of-mouth decreased significantly ( $M=4.13$  vs  $3.61$ ;  $t=1.90$ ,  $p=.030$ , one-tailed) and repurchase intention increased significantly ( $M=3.70$  vs  $4.17$ ;  $t=-1.699$ ,  $p=.046$ , one-tailed) as remuneration went from 20% to 50% of the value of the meal. No significant mean differences were seen among any of the dependent variables as the level of remuneration climbed beyond 50%. Plateau effects were seen among propensity for negative word-of-mouth ( $M=3.61$  vs  $3.79$ ;  $t=-.603$ ,  $p=.547$ ) and repurchase intentions ( $M=4.17$  vs  $4.03$ ;  $t=1.163$ ,  $p=.630$ ) as remuneration rose from 50% to 100%, and among propensity for negative word-of-mouth ( $M=3.79$  vs  $3.41$ ;  $t=1.299$ ,  $p=.196$ ) and repurchase intentions ( $M=4.03$  vs  $4.46$ ;  $t=-1.562$ ,  $p=.120$ ) as remuneration rose from

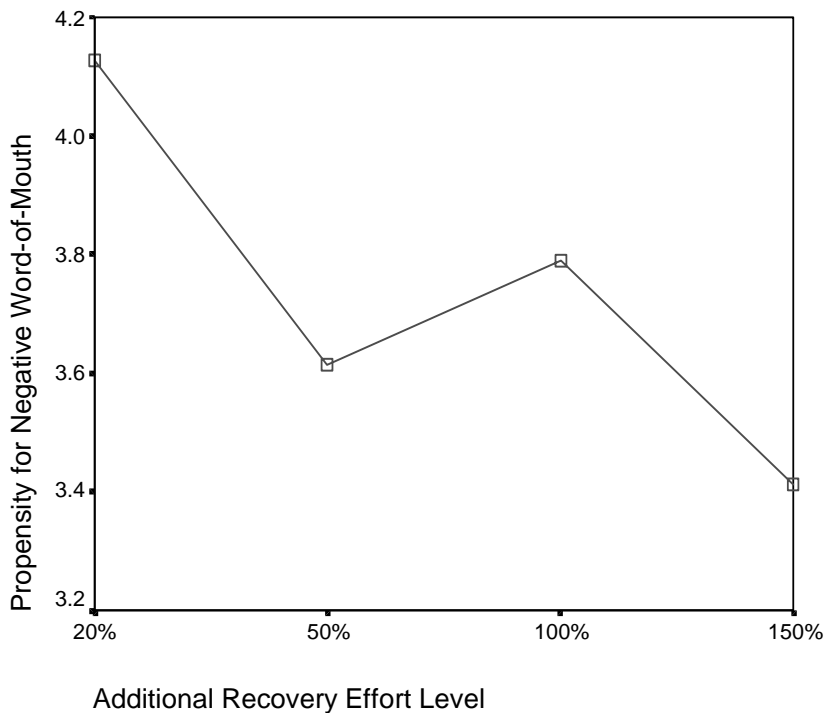


100% to 150%. In effect, no significant results were seen at any level of remuneration as it relates to propensity to complain. The results indicate therefore that H6b(i) and H6b(iii) found support, while H6b(ii) did not find support.

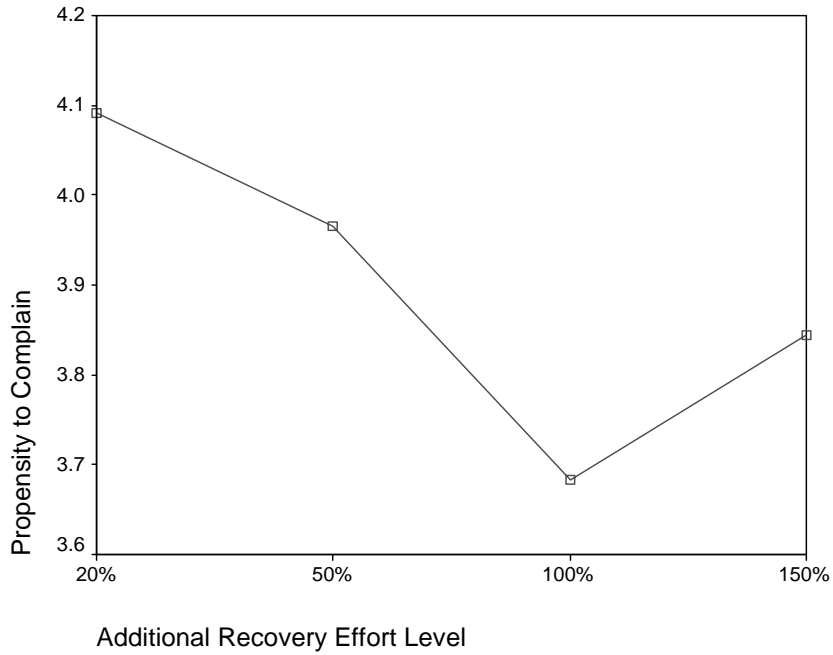
**Table 5.24**  
**The Effects of Additional Recovery Effort on Propensity for NWOM, Propensity to Complain, and Repurchase Intentions**

Sources	----- MANOVA -----				----- ANOVA -----			
	Wilks' F-value	Sig	Effect Size	d.f.	NWOM	Complain	RI	
Main Effects								
ARE	.962	1.498	.144	.013	3	1.972 (.118)	1.053 (.369)	2.469 (.062)
Residual					347			

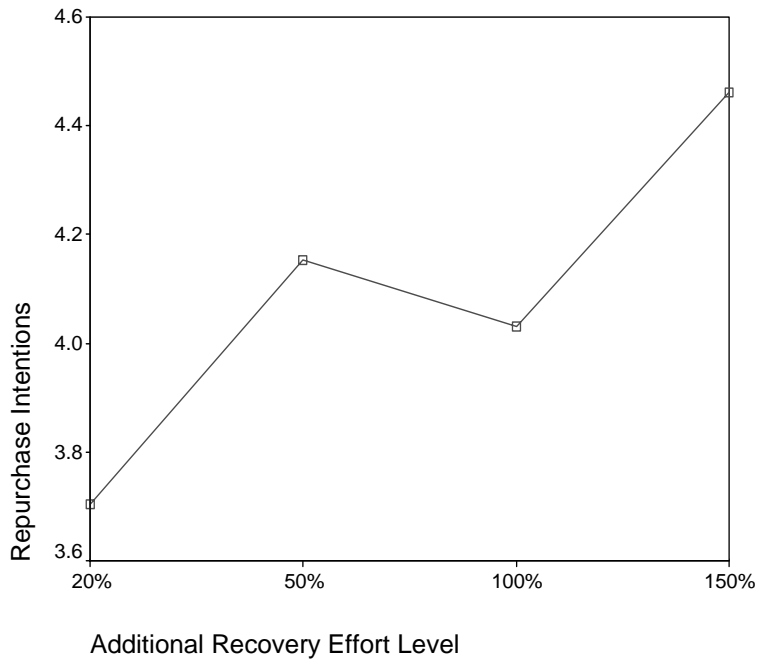
p-values are provided in parentheses.



**Figure 5.13: Effect of Additional Recovery Effort on Propensity for Negative Word-of-Mouth**



**Figure 5.14: Effect of Additional Recovery Effort on Propensity to Complain**



**Figure 5.15: Effect of Additional Recovery Effort on Repurchase Intentions**

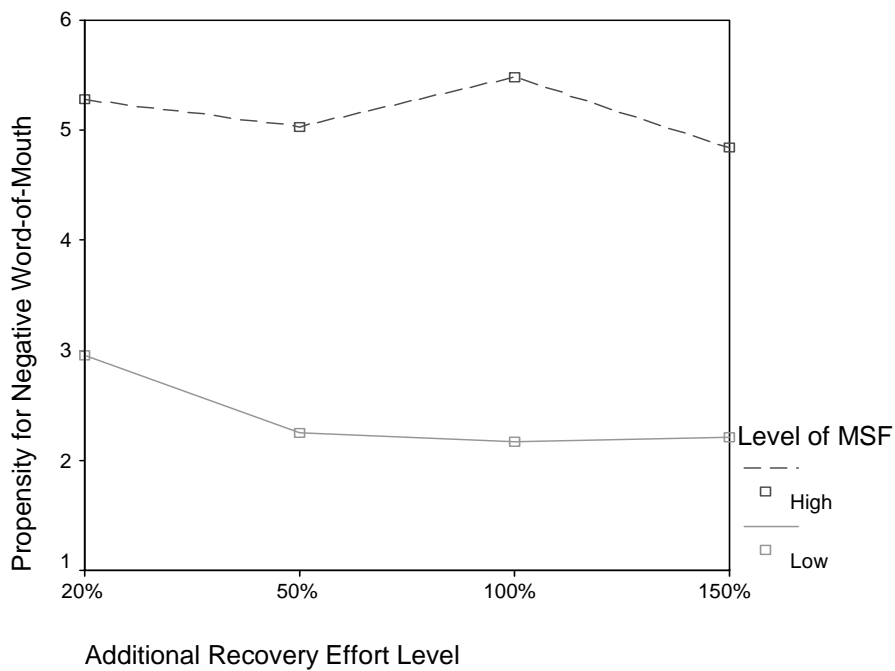
**Table 5.25**  
**Mean Contrasts of the Effect of Additional Recovery Effort on Propensity**  
**for NWOM, Propensity to Complain, and Repurchase Intentions**

DV	Remuneration Levels						
	20%	T	50%	T	100%	t	150%
Propensity for NWOM	4.13	1.900 (.030 one-tailed)	3.61	-.603 (.547)	3.79	1.299 (.196)	3.41
Propensity to Complain	4.09	.584 (.560)	3.95	1.163 (.246)	3.66	-.743 (.459)	3.84
Repurchase Intentions	3.70	-1.699 (.046 one-tailed)	4.17	.483 (.630)	4.03	-1.562 (.120)	4.46

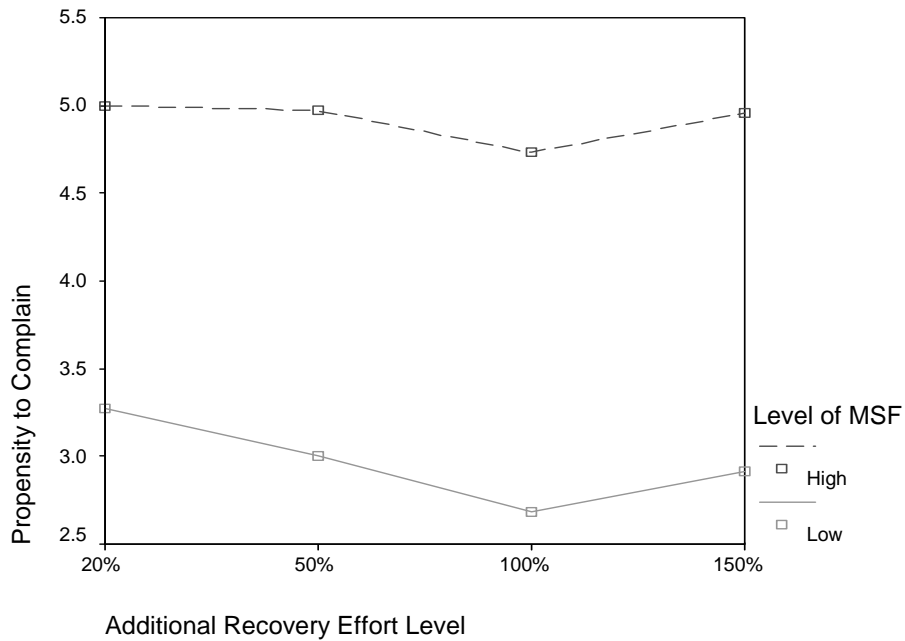
p-values are in parentheses and are two-tailed, unless otherwise stated.

H7b posited that magnitude of service failure will moderate the effect of additional recovery effort on propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions. Specifically, when magnitude of service failure was low, there should be a greater likelihood of the presence of a plateau effect for (i) propensity to engage in negative word-of-mouth communication, (ii) propensity to complain, and (iii) repurchase intentions. H7b was tested by running a 4 x 2 MANOVA, using additional recovery effort and magnitude of service failure as the independent variables and the summated scales of propensity to engage in negative word-of-mouth communication, propensity to complain, and repurchase intentions as the dependent variables. The results of this run are shown in Table 5.17. Independent t-tests were then run to determine if there were significant differences in the mean values of the two dependent variables at each level of additional remuneration for both high and low

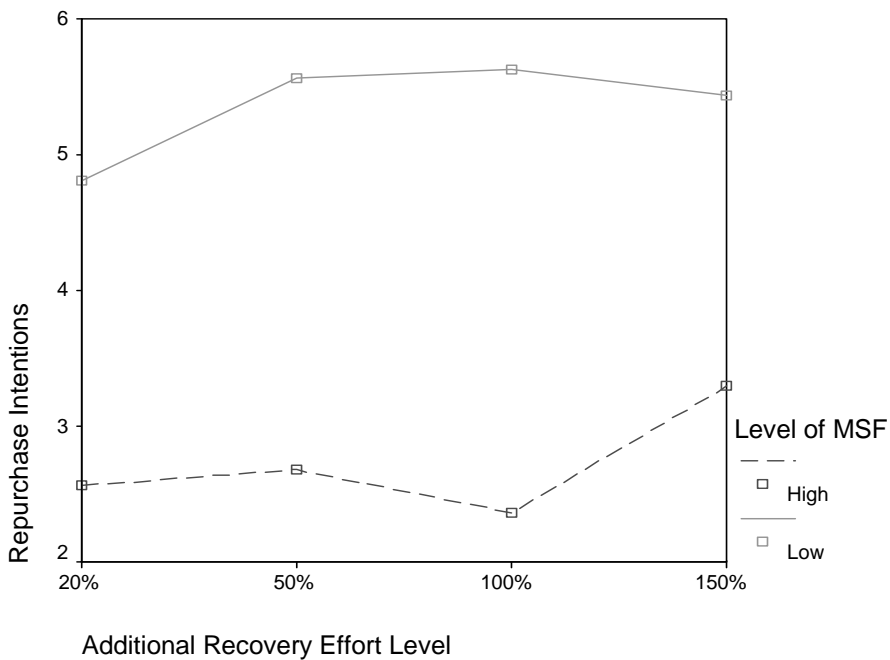
magnitude of failure. As noted in the discussion of the data presented in Table 5.17, additional recovery effort and magnitude of failure each had significant multivariate and univariate interaction effects on the dependent variables. Additional recovery effort had significant univariate effects on propensity for negative word-of-mouth communication and repurchase intentions. Magnitude of failure had significant univariate effects on all three dependent variables. The plots of the interaction of additional recovery effort and magnitude of service failure and the effects on propensity for negative word-of-mouth communication, propensity to complain, and repurchase intentions in found in Figures 5.16, 5.17 and 5.18. Mean contrasts are shown in Table 5.26.



**Figure 5.16: Effects of Additional Recovery Effort and Magnitude of Failure on Propensity for Negative Word-of-Mouth**



**Figure 5.17: Effects of Additional Recovery Effort and Magnitude of Service Failure on Propensity to Complain**



**Figure 5.18: Effects of Additional Recovery Effort Level and Magnitude of Service Failure on Repurchase Intentions**

**Table 5.26**  
**Mean Contrasts of the Effect of Additional Recovery Effort and Magnitude of Service Failure on Propensity for Negative Word-of-Mouth, Propensity to Complain, and Repurchase Intentions**

DV	MSF High				MSF Low			
	20%	50%	100%	150%	20%	50%	100%	150%
Propensity for NWOM	5.31	5.03 t=1.076 (.285)	5.48 t=-1.726 (.088)	4.84 t=2.297 (.024)	2.95	2.26 t=2.449 (.016)	2.22 t=.141 (.888)	2.21 t=.009 (.993)
Propensity to Complain	4.91	4.97 t=-.230 (.818)	4.73 t=.793 (.430)	4.96 t=-.701 (.485)	3.28	2.99 t=.972 (.333)	2.66 t=1.288 (.201)	2.91 t=-1.063 (.291)
Repurchase Intentions	2.60	2.68 t=-.298 (.766)	2.36 t=1.293 (.199)	3.29 t=-3.235 (.002)	4.80	5.56 t=-2.531 (.013)	5.62 t=-2.72 (.786)	5.44 t=.791 (.431)

p-values are in parentheses and are two-tailed, unless otherwise stated.

When magnitude of service failure was low, propensity to engage in negative word-of-mouth communications showed a significant decline when recovery remuneration rose from 20% to 50% (M=2.95 vs 2.26; t=2.449, p=.016). Insignificant declines occurred thereafter. Propensity to complain showed no significant means differences at any level of recovery remuneration when magnitude of service failure was low. Repurchase intentions showed a significant increase when recovery remuneration increased from 20% to 50% (M=4.80 vs 5.56; t=-2.531, p=.013). Insignificant means differences were seen thereafter. Interestingly, when magnitude of failure was high, propensity for negative word-of-mouth increased significantly as recovery remuneration increased beyond 100%. Under high magnitude of service failure, complaint propensity showed no significant changes; repurchase intentions only significantly increased when

recovery remuneration increased from 100% to 150%. The results therefore found support for H7b(i) and H7b(iii), while no support was found for H7b(ii).

H8b posited that customers who experienced a service failure would exhibit higher levels of repurchase intentions when additional recovery remuneration increased compared to those who experienced no service failure. This comparative effect, if held true, is the recovery paradox. H8b was tested by running a one-way ANOVA, using additional recovery effort as the independent variable and repurchase intentions as the dependent variable. Independent t-tests were then run to compare mean differences of levels between those who experienced a service failure and those who did not. The results of the ANOVA run are shown in Table 5.27. In summary, additional recovery effort was shown to have a significant univariate effect on repurchase intentions. Mean contrasts under each level of additional recovery effort, collapsing magnitude of service failure, are shown in Table 5.28.

**Table 5.27**  
**The Effect of Level of Recovery Effort on Repurchase Intentions**

<u>Sources</u>	----- ANOVA -----			
	<u>F-value</u>	<u>Significance</u>	<u>Effect Size</u>	<u>df</u>
Main Effects				
Level of Recovery	11.000	.001	.103	4
Residual				383

Note: p-value<.05

As shown in Table 5.28, while significant mean differences exist at each level of recovery remuneration, no mean values among those who experienced a service failure surpassed the mean value among those who did not experience a service failure. As

**Table 5.28**  
**Mean Contrasts of the Effect of Additional Recovery Effort on Repurchase Intentions Among Those Experiencing a Service Failure Versus Those Not Experiencing a Service Failure**

DV	Respondents Experiencing Service Failure				Control Group
	20%	50%	100%	150%	
Repurchase Intentions	3.72 t=-9.542 (.001)	4.17 t=-7.382 (.001)	4.03 t=-7.803 (.001)	4.46 t=-6.473 (.001)	5.95

p-values are in parentheses and are two-tailed, unless otherwise stated.

recovery remuneration increased, repurchase intentions remained on an overall upward pattern. The results indicate that H8b did not find support, and therefore no recovery paradox was experienced.

H9b posited that when magnitude of service failure is low, customers who experienced a service failure and received higher levels of additional service recovery remuneration would show higher levels of repurchase intentions than will those who did not experience a service failure (control group). This comparative effect, if held true, is the recovery paradox. H9b was tested by running independent t-tests comparing mean differences of repurchase intentions levels between those who experienced a service failure and those who did not for low versus high levels of magnitude of failure. Mean contrasts under each level of additional recovery effort under the low and high magnitude of service failure conditions are shown in Table 5.29a and Table 5.29b, respectively.

As shown in Table 5.29a, means differences between repurchase intentions among those who experienced a low service failure and the control group, which did not



**Table 5.29a**  
**Mean Contrasts of the Effect of Additional Recovery Effort and Low Magnitude of Service Failure on Repurchase Intentions Among Those Experiencing a Low Service Failure Versus Those Not Experiencing a Service Failure**

DV	Respondents Experiencing Low Service Failure				Control Group
	20%	50%	100%	150%	
Repurchase Intentions	4.80 t=-4.099 (.001)	5.56 t=-1.779 (.079)	5.62 t=-1.606 (.112)	5.44 t=-2.288 (.025)	5.95

p-values are in parentheses and are two-tailed, unless otherwise stated.

experience a service failure, were not conclusive. Significant mean differences were prevalent at the 20% (M=4.80 vs 5.95; t=-4.099, p=.001) and 150% (M=5.44 vs 5.95; t=-2.288, p=.025) recovery remuneration levels. Insignificant mean differences were found at the 50% (M=5.56; t=-1.779, p=.079) and 100% (M=5.62; t=-1.606, p=.112) recovery remuneration levels. These insignificant means differences at the 50% and 100% remuneration levels may lend some very marginal credence to the existence of the recovery paradox phenomena. At no time, however, did the mean values among those experiencing a low service failure surpass the mean values of the control group.

**Table 5.29b**  
**Mean Contrasts of the Effect of Additional Recovery Effort and High Magnitude of Service Failure on Repurchase Intentions Among Those Experiencing a High Service Failure Versus Those Not Experiencing a Service Failure**

DV	Respondents Experiencing Low Service Failure				Control Group
	20%	50%	100%	150%	
Repurchase Intentions	2.56 t=-15.953 (.001)	2.68 t=-13.898 (.001)	2.36 t=-17.722 (.001)	3.29 t=-9.434 (.001)	5.95

p-values are in parentheses and are two-tailed, unless otherwise stated.

As shown in Table 5.29b, means differences between repurchase intentions among those who experienced a high service failure and the control group, which did not experience a service failure, were clearly significant. Significant mean differences were prevalent at the 20% (M=2.56 vs 5.95;  $t=-15.953$ ,  $p=.001$ ), 50% (M=2.68 vs 5.95;  $t=-13.898$ ,  $p=.001$ ), 100% (M=2.36 vs 5.95;  $t=-17.722$ ,  $p=.001$ ), and 150% (M=3.29 vs 5.95;  $t=-9.434$ ,  $p=.001$ ) recovery remuneration levels. At no time did the mean values among those experiencing a high service failure surpass the mean values of the control group. Given the results of this analysis and the hypothesis as stated, H9b found no support.

## **CHAPTER 6: DISCUSSION AND IMPLICATIONS OF RESEARCH FINDINGS**

The two research studies of this dissertation were proposed and completed with the intention of making a valued contribution to the service recovery literature. The examination of the magnitude of service failure and service failure responsiveness constructs, with their posited individual effects and moderating effects upon key service outcome variables, would provide interesting contributions to the recovery literature stream. The effects of the service guarantee construct had gone unexamined in the service recovery context, and the findings would also contribute to the research literature in this area of study. The examination for the existence of the service recovery paradox, and an evaluation of the effects of diminishing return behavior, referred to in this study as the plateau effect, emanating from additional recovery remuneration, was intended to add to the existing stream of thought in regard to these interesting phenomena. One possible interesting aspect of the examination of the recovery paradox was to not only explain when and in what context might this phenomenon normally exist, but it might also explain the inconsistent presence of the recovery paradox throughout extant research. Finally, the completion of the two main studies was intended to provide additional groundwork and the genesis for continued examination of additional constructs, relationship effects, and contextual variations, and thus ensure future contributions to the service recovery literature stream.

A discussion of the findings and conclusions drawn from the two main studies will now be presented, followed by a discussion of the managerial implications, research limitations, and future research implications that can be ascertained as a result of this dissertation effort.

## **Discussion**

The primary research objectives of Study 1 included the examination of the effects of magnitude of service failure, individual and moderating effects of service failure responsiveness, and moderating effects of the presence of a service guarantee on customer satisfaction and other service recovery outcomes.

### Magnitude of Service Failure

Magnitude of service failure is clearly a very strong determinant of how positive or negative a service exchange outcome will ultimately become. As noted previously, the perceived magnitude of service failure takes into account the sum of perceived economic, psychological, and social losses (Smith et al., 1999). A high (versus low) level of service failure can readily assure a vendor of higher levels of customer dissatisfaction with service, higher levels of propensities to engage in negative word-of-mouth communication and to complain, and lower repurchase intentions (H1a and H1b). The strength of this construct in regards to its effects on service outcomes certainly makes intuitive sense, as well as garnering support from extant literature (Smith et al., 1999) and this research study. The strength of this construct being established, whether its strength and direction could possibly be moderated by other key constructs set the stage for important research examinations in Study 1 and Study 2.

### Service Failure Responsiveness

As noted previously, service failure responsiveness encompasses perceived recovery attention and speed once the service failure has been sensed or detected by the vendor, proactive apologies when deemed appropriate, and vendor initiated recovery activities. The strength of the service failure responsiveness, in regards to its main effects

on service outcomes, was also observed in Study 1. A high (versus low) level of service failure responsiveness increased the level of customer satisfaction with service, decreased propensities to engage in negative word-of-mouth communication and to complain, and increased repurchase intentions (H2a and H2b). As with magnitude of service failure, the strength of the service failure responsiveness construct, in regard to its main effects on service outcomes, certainly makes intuitive sense. The effects of service failure responsiveness has garnered empirical support from extant literature (Smith et al., 1999) and this research study. The strength of this construct being established, its moderating influence on magnitude of service failure and whether its strength and direction could possibly be moderated by a service guarantee set the stage for additional important research examinations in Study 1.

#### Moderating Influence of Service Failure Responsiveness

It was posited that a high (versus low) level of service failure responsiveness would attenuate the negative impact of a high (versus low) level of magnitude of service failure on satisfaction with service and other service outcome variables (H3a and H3b). The empirical basis for the examination of the moderating influence of service failure responsiveness on the effect of magnitude of service failure on service outcomes was that there should be an observed counter-weighting process among psychological accounts (mental accounting theory) and a return to a sense of exchange balance (equity theory; social exchange theory; justice theory) under the condition of a high level service failure. The results showed that, in regard to its impact on customer satisfaction with service, propensity to engage in negative word-of-mouth communication, propensity to complain, and repurchase intentions, service failure responsiveness had its largest influence when

the magnitude of service failure was low. The key impetus or component at work here certainly appears to be the inherent strength of magnitude of service failure. Only when magnitude of service failure is at a low level does the influence of service failure responsiveness markedly change the strength and direction of its impact on all examined service outcomes.

#### Moderating Influence of Service Guarantee

The examination of the impact of a service guarantee had not previously been observed in extant service recovery literature. The moderating influences of the presence of a service guarantee on the effects of magnitude of service failure (H4a and H4b) and service failure responsiveness (H5a and H5b) was examined in Study 1. The basis for examining the impact of the presence of a service guarantee was founded on the qualities presented by such a guarantee, such as assurances of quality and value, reduced perceptions of risk, decreased dissonance, and increased resultant satisfaction (Shimp and Bearden, 1982). It was thought that linking these attributes with equity, mental accounting, social exchange, and signaling theories would provide the opportunity to examine possible attenuating effects on magnitude of service failure and enhancing effects on service failure responsiveness on service outcomes.

In regard to the moderating impact of the presence of a service guarantee on magnitude of service failure, it was posited that under the condition of a high magnitude of service failure and the absence of a service guarantee, lower satisfaction with service, higher propensity for negative word-of-mouth, higher propensity to complain, and lower repurchase intentions levels would ensue compared to when a service guarantee was present. No significant results were observed to support the contention that the presence

of a service guarantee can make a meaningful deterrent to the negative effects of a high level of magnitude of service failure. Even when the impact of a service guarantee was examined under the condition of high service failure responsiveness and low magnitude of failure, the impact on satisfaction with service was of marginal significance. The qualities possessed by a service guarantee are clearly not potent enough to influence the path between magnitude of service failure and service outcomes. As to the cause of this disappointing empirical outcome, it may very well rest with the service guarantee's signaling and other inherent qualities themselves. Consumers encountering a high level of magnitude of service failure, and cognizant of the existence of the service guarantee, will perceive that the event at-hand will be rectified by the vendor, but the problem resolution will not impact the determination of satisfaction level arising from the disconfirmation process.

In regard to the moderating impact of the presence of a service guarantee on service failure responsiveness, it was posited that under the condition of a high level of service failure responsiveness and the presence of a service guarantee, higher satisfaction with service, lower propensity for negative word-of-mouth, lower propensity to complain, and higher repurchase intentions levels would ensue compared to when a service guarantee was absent. The results showed that the moderating impact of a service guarantee on service failure responsiveness was not significant in regard to satisfaction with service and propensity to complain, marginally significant for propensity to engage in negative word-of-mouth, and only significant as to the impact on repurchase intentions. As to satisfaction with service, no significant changes were seen between presence versus absence of a service guarantee when service failure responsiveness was

at high or low levels, under the condition of either high or low magnitude of service failure. Certainly no overall or generally acceptable significant results were observed to support the contention that the presence of a service guarantee can make a meaningful impact on the positive effects of a high level of service failure responsiveness. Again, it appears that the qualities possessed by a service guarantee are clearly not potent enough to influence the path between service failure responsiveness and service outcomes. And, as previously noted, it may very well rest with the inherent qualities of a service guarantee. Consumers may very well compartmentalize the existence of a service guarantee apart from the activity occurring in the service context. If this is so, then any impact on service outcomes emanating from an interaction of a service guarantee and magnitude of service failure, or a service guarantee and service failure responsiveness, will rest principally with the characteristics of the other variable, and not the service guarantee.

The primary research objectives of Study 2 included the examination of the main effects of additional recovery effort and moderating effects of magnitude of service failure on customer satisfaction and other service recovery outcomes. Additional important objectives included the examination for plateau effects and the presence of the recovery paradox, as additional recovery remuneration increased.

#### Plateau Effects

The examination of the effect of additional recovery effort, in the form of increasing levels of recovery remuneration to those experiencing a service failure, on service outcome measures was addressed in H6a-H6b. The moderating influence of magnitude of service failure on the effect of additional recovery effort, in the form of



increasing levels of recovery remuneration to those experiencing a service failure, on service outcome measures was addressed in H7a-H7b.

Importantly, the likelihood of generating a plateau effect as remuneration increased was examined with each of these hypotheses. A plateau effect would display the characteristics of diminished positive or negative effects on service outcome variables. As noted previously, extant literature provides a basis for which to posit that additional recovery remuneration should positively impact service outcomes (Michel 2002). Increased remuneration and its impact receive support from the previously mentioned equity, justice, mental accounting, and social exchange theories in regard to explaining the impact on service outcomes. The position that a plateau effect should occur under the condition of increasing remuneration finds suggestive, if not empirical support in research literature (Smith et al. 1999; Garrett 1999; Davidow 2002; Estelami and DeMaeyer 2002).

The results indicate that progressive increases in satisfaction with additional recovery effort occurred with increasing remuneration. A plateau effect was certainly not clearly evident. In regard to satisfaction with vendor, a plateau effect was seen above the 50% remuneration level. The fact that a material increase in vendor satisfaction is not perceived at this point gives credence to the existence of egocentric bias and positive inequity phenomena (Garrett 1999) as remuneration moves from 20% to 50%, and then beyond 50%. As remuneration increases, a cognitive drag on increases in satisfaction is caused by the perception that the remuneration is above what is expected for the service failure at-hand. Perhaps there is a compartmentalization effect, distinguishing one's perception of the remuneration act itself versus the perceptive evaluation of the vendor.

The results also showed that when remuneration increased from 20% to 50%, the mean value for propensity for negative word-of-mouth communication declined, while the mean value for repurchase intentions increased, as posited. Above a 50% remuneration, general support is given to the plateau effect for each of these outcome variables. Propensity to complain clearly received no support for the posited effects of additional remuneration. Again, the effects of the egocentric bias and positive inequity phenomena may be apparent here. In regard to propensity to complain, there may be individual trait effects that may predominate in these situations, no matter the remuneration offered.

The existence of a “cognitive timberline” effect may emerge in regard to additional recovery effort. If this effect is present, increases in outcome effects will be present with lower remuneration levels and diminished returns seen with higher remuneration levels. This could have important managerial implications that will be discussed subsequently.

The results showed that the posited moderating impact of magnitude of failure on the effect of additional recover effort on satisfaction with additional recovery effort, satisfaction with vendor, propensity for negative word-of-mouth communication, and repurchase intentions was supported. When magnitude of service failure was low, positive effects from the additional remuneration was seen (20% to 50%). Thereafter, plateau effects were evident among the outcome variables. Interestingly, when magnitude of failure was high, remuneration needed to reach 150% to get the intended direction of the service outcomes back on track to where they needed to be. As expected, given previous discussions, the point at which remuneration can be helpful is under the

condition of low magnitude of service failure. The magnitude of service failure is such a dominant construct, that reasonable remuneration levels can do little to offset its effects.

In effect, it is too difficult to rectify the cognitive or evaluative exchange deficit that results from a failed service experience.

### Service Recovery Paradox

The examination of the effect of additional recovery effort on outcome measures, in the form of increasing levels of recovery remuneration to those experiencing a service failure, compared to the outcome measures among those who did not experience a service failure was addressed in H8a-H8b. The moderating influence of magnitude of service failure on the effect of additional recovery effort on outcome measures, in the form of increasing levels of recovery remuneration to those experiencing a service failure, compared to the outcome measures among those who did not experience a service failure was addressed in H9a-H9b.

Importantly, the likelihood of generating a service recovery paradox effect as remuneration increases was examined with each of these hypotheses. A service recovery paradox is evident when satisfaction and repurchase intentions levels increase among those who experience a service failure and receive additional recovery effort to the point that these outcome measures are above similar measures among those who did not experience a service failure. As noted previously, extant literature provides a varied mixture of opinions regarding the existence, or the conditions favoring the emergence, of the service recovery paradox phenomena (Garrett 1999; Maxham 1999; Maxham and Netemeyer 2002; Michel 2002).

When measuring the impact of additional recovery effort on satisfaction with vendor and repurchase intentions, the results showed an overall increase in the level of each outcome, but no evidence of the service recovery paradox. Significant mean differences in outcome levels existed, between those who experienced a service failure and those who did not, at each remuneration level. At no time did the outcome levels exceed the level of each measure as perceived by those who did not experience a service failure. As expected, under the condition of high magnitude of failure, there was clearly no evidence of the service recovery paradox. Perhaps the findings by Michel (2002) explain what was observed in these results, in that satisfaction levels are highest when no service failure was experienced, and that lost satisfaction can only be partially recovered with service recovery efforts. Maxham and Netemeyer (2002) did find that paradoxical behavior emerged after a single service failure and satisfactory recovery, but such behavior diminished with after more than one failure was experienced with the same vendor.

When measuring the impact of low magnitude of service failure on the effect of additional recovery effort on satisfaction with vendor, the results showed some statistical support for the existence of the service recovery paradox, though at no remuneration level did outcome levels among those who experienced a service failure exceed those who did not experience a service failure. No evidence of the service paradox was observed in regard to the effect of the interaction of low magnitude of service failure and additional recovery effort on repurchase intentions. As seen previously, and as expected under the condition of high magnitude of failure, there was clearly no evidence of the service recovery paradox. In terms of not seeing clearly defined, or classical, paradoxical

behavior in this portion of the research study, the comments noted in the previous paragraph may be applicable here as well.

### **Managerial Implications**

The results emanating from the analysis and evaluation of the two main research studies completed for this dissertation should be of great interest to the service marketing practitioner. Key managerial implications to be derived from the research are listed below:

- \* The magnitude of service failure construct is a very important determinant of ultimate levels of key service outcomes. All efforts involving customer contact, including business planning, location design and atmospherics, and staff training should have the objective of keeping any possible service failure at very low magnitude levels. Any thought of focusing efforts on after-the-fact recovery success and not on prevention, is futile and will end up in failure.
- \* Service responsiveness to any service or recovery need of a customer can strongly influence service outcomes and all response behavior by vendor representatives should be maintained at high levels. Responsive includes, among other issues, being attentive to the customer and having skills in detecting possible impending or actual service failures of any severity, proactively resolving the service failure with appropriate apologies, and knowing when to offer, or seek managerial permission to offer, recovery remuneration. As strong an influence as it appears to be, high responsiveness cannot adequately attenuate the negative effects of high magnitude of failure. Responsiveness can be improved and high levels of responsiveness maintained with a well-planned, thorough, mandatory, and consistent training

program among new and experienced employees. Such a program should include an initial orientation and training program for new employees, and a periodic, yet continual program of refreshing customer service skills of experienced staff.

- \* The empirical effect of offering a service guarantee is ineffective, in regard to any possible influence on magnitude of service failure. However, with that being said, it could possibly be advantageous from an added value perspective, to offer a service guarantee to customers. The signaling effects and the vendor qualities that are perceived to exist that accompany such an offer is very favorable and should be considered.
- \* The existence of a plateau effect associated with additional remuneration effort is very interesting and can be of great value to the service marketing practitioner. Satisfaction levels tend to plateau at early stages of recovery remuneration (50% of the value of the service in this study). The plateau watermark may well be below this level. There is no need to expend more resources than necessary to resolve a service failure. Under the condition of what one would hope to be lower levels of magnitude of service failure, small amounts of remuneration should be offered with accompanying proactive efforts and apologies to resolve a service failure. Some degree of experimentation may be in order, under the discretion of management, but the key is that remuneration does not have to be excessive to achieve recovery success when failure is at a low level of magnitude.

### **Research Limitations**

Issues involving the limitations of this research effort should include its methodology, and the limitation as to the number of constructs and the number of

recovery levels with which to examine. All efforts were undertaken to diminish any possible negative characteristics associated with the methodology of using students as respondents and utilizing a survey instrument that described a given scenario research cell. Alternative methodologies would have included the use of videos depicting the restaurant scenarios, or asking respondents to recall and describe certain restaurant experiences relating to levels of failure and recovery. These methodologies have inherent weaknesses as well. Prior literature provided support for the use and effectiveness of such a methodology (Smith and Bolton 1998; Michel 2002), and steps that have been described previously were taken to help ensure that the scenarios depicted to the respondents were realistic and valid. The use of two-level independent variables may have also provided a limitation to our research findings, especially in the case of magnitude of service failure. Using three levels (high, moderate, and low) for this very strong construct may have advantageous, but there may have been difficulty in making clearly understood distinctions among these manipulations. Given the time available to distribute and oversee the completion of the surveys during class time, there is an inevitable limit as to the number of interesting constructs to examine and evaluate. There are interesting facets of service recovery research that had to be placed aside until another time due to the increasing complexities involved in examining additional variables and their main, moderating, or mediating effects on service outcomes.

### **Future Research Implications**

Implications for future research include the examination of various service contexts, different levels of recovery remuneration, and as mentioned previously, adding a level to such constructs as magnitude of service failure. Restaurant, hotel, and banking

services are often used in service recovery research, and there are interesting opportunities in many other service industries as well. Four levels of recovery remuneration were tested in this research study, covering a large spectrum of value, from 20% of the value of the service to 150%. The impact of various recovery values within a narrower range would be interesting to examine. As discussed in the prior section, examining additional levels to constructs such as magnitude of service failure would also be an interesting implication from emanating from this research study.

Future research in service recovery should also examine the effects of other constructs that may play an integral role toward understanding service recovery activity. There are three constructs that may be of particular interest to examine in the service failure and recovery context, and these constructs are attribution, involvement, and rapport. Attribution should be examined on all three of its key dimensions: locus, control, and stability. The level of blame for a service failure and to whom it is directed will provide valuable insight to service outcome levels. A customer's involvement level on any given occasion to patronize a service provider would certainly help determine the level of magnitude of service failure if one should exist. Rapport between the provider's representative and the customer, though perhaps empirically difficult to operationalize and to achieve acceptable validity, should provide a very effective moderating influence on the effect of magnitude of service failure on service outcomes, as well as a main effect on these service outcomes. It would be interesting to determine the effect of strong rapport under the condition of high magnitude of service failure, and to examine its impact regarding the occurrences of plateau and service recovery paradoxical behavior.



## **Conclusions**

The service recovery topic remains an interesting and dynamic one for academicians and among service providers, as well. Recovery and complaint management activity have become necessary strategic tools for increased profitability. The costs of customer attrition are inherently too large to go unnoticed and come under benign neglect.

Two research studies have been completed, examining the effects of key variables and the existence of interesting phenomena within the context of service failure and recovery. Given the results from this research, a contribution has been made to the study service failure and recovery behavior, and this in turn will subsequently result in contributions to marketing research literature. In addition, useful managerial implications have emerged from this research, as well as the strengthening of the existing foundation for future research efforts in this very interesting area of study.

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## **APPENDIX A: PRE-TESTS**

- \* STUDENT INTERVIEWS: STRUCTURE AND FINDINGS
- \* PRE-TEST 1: SURVEY INSTRUMENT
- \* (PRE-TEST 2: SURVEY INSTRUMENT
- \* PRE-TEST 3: STRUCTURE
- \* PRE-TEST 3: SCENARIOS
- \* PRE-TEST 3: SURVEY INSTRUMENT

## Student Interviews: Structure

### Complete List of Interview Topics

- \* Positives associated with a job as a waiter at a restaurant.
- \* Negatives associated with a job as a waiter at a restaurant.
- \* Skills needed to be effective as a waiter at a restaurant.
- \* The level of service that would be viewed as meeting **standard** service expectations.
- \* The level of service that would be viewed as meeting **above standard** service expectations.
- \* The level of service that would be viewed as meeting **below standard** service expectations.
- \* Examples of process and outcome service failures.
- \* Determinants of the magnitude of service failure, relating to issues, situations, and events.
- \* Use and evaluation of service guarantees in a restaurant context.
- \* Processes and procedures used to handle customer complaints.
- \* Typical recovery processes in the event of service failure occurrences.
- \* Remunerative recovery occurrences and policies.

## STUDENT INTERVIEWS: FINDINGS

**Respondents 1 & 2: Subject 1 Work Experience: Zorba's; Sullivan's  
Subject 2 Work Experience: Semolina's  
3-11-03**

- \* Positives associated with the work: Money to be made from tips.
- \* Negatives associated with the work: People may be hard to please; Tips can vary up and down.
- \* Skills needed to be effective: People oriented; Multi-task ability (take/keep track of/deliver orders, refills, being organized, time management, etc.).
- \* Standard service expectations: greet table in timely manner; take drink order and meal order in timely manner; make recommendations re: menu items; present bill to table in timely manner; refill beverages when needed and without customer requesting it.
- \* Above standard service expectations: recognizing repeat customers and knowing their preferences; perform tasks without needing a request; ask if "to go box" is needed without waiting for request; knowing name of customer; making recommendations as to menu items; anticipate possible needs and ask customers if they would like . . . (sweetened tea, additional condiments, cream with coffee, dessert, etc.).
- \* Below standard service expectations: no beverage refills unless request made; not attentive to table's needs; not friendly or personable.
- \* Examples of service failures: waiting too long for the meal order; over repeat visits, service/meal quality is inconsistent; waiting too long for the table; waiting too long for the waiter to take the order; meal is not prepared properly or as ordered; meal does not taste good.
- \* Magnitude of service failure determinants: high cost per person; birthdays; large number at table; business meeting; the way customers are dressed; dates; customer tells you it is a special occasion; customers tell you "I've told others at the table that your restaurant is very good."
- \* Service Guarantee: Had no experience with a guarantee at a restaurant.
- \* Occurrence of Complaints: Complaints by customer would immediately go to floor manager.



- \* Recovery Process: normally, waiter would begin by offering explanation and/or apologizing for the failure; waiter has discretion to offer complimentary drinks, desserts, or appetizers; manager would approve giving meal free or discounts off bill.
  
- \* Remunerative Recovery: floor manager must approve; typically recovery would involve free comps, vouchers for future service, or 10-20% off bill; rarely would greater than 100% of order value be given (meal comp + vouchers).
  
- \* Recovery Process:
  - \_ initial: take full responsibility; explain and/or apologize for failure.
  - \_ next step: at end of meal, tell manager of the situation (manager approves comps); after approval of manager, offer comps (free drinks; free dessert; give the one bad order free of charge; whole meal at table free of charge).
  - \_ another step, if needed: manager will talk to those at table; customer asks to talk to manager.
  
- \* Remunerative Recovery: 100% or less is realistic; greater than 100% is rare.

**Respondent 3: Subject 3 Work Experience: DeAngelo's; Memphis Bar-B-Q**  
**3-11-03**

- \* Positives associated with the work: interacting with people; presents different challenges and personalities; learn to work with people; cash tips can be good.
- \* Negatives associated with the work: people can be difficult and hard to please; tips can be low at times and a tipping system can work against you (i.e., sharing vs earn what you bring in).
- \* Skills needed to be effective: communication; listening; sense of urgency; time management; organization; detecting problems/failures.
- \* Standard service expectations: regular refills; checking to see if meal and everything is ok; offering coffee and dessert; being on-time with things.
- \* Above standard service expectations: anticipating needs; not making unnecessary trips to the table (interrupting conversations).
- \* Below standard service expectations: (not meeting standard service expectations)
- \* Examples of service failures: entering order incorrectly; meal is not cooked properly; forgetting to put order in; not refilling beverages; untimely delivery of check to table or untimely picking it up to process; untimely greeting of table; not making sure things are satisfactory.
- \* Magnitude of service failure determinants: high cost per person; \$70 +/-couple for average student; Valentine's Day; birthdays; anniversaries; graduation.
- \* Service Guarantee: mostly implied; if expressed, people may take advantage of a 100% guarantee; perhaps, this would be better: "we want you to be satisfied with your dining experience. Please inform your server if anything does not meet your expectations."
- \* Occurrence of Complaints: would probably depend on the type of place/restaurant and the magnitude of failure.

**Respondent 4: Subject 4 Work Experience: Cheesecake Bistro – B.R.; The Balcony – N.O.; The Steak Knife – N.O.**  
3-17-03

(Small amount of time as a waiter; most of the time as a bus boy and other table related tasks)

- \* Positives associated with the work: (did not ask respondent)
- \* Negatives associated with the work: (did not ask respondent)
- \* Skills needed to be effective: (did not ask respondent)
- \* Standard service expectations: timely greeting to those at table; asking if everything is ok, especially after main course is served; clean utensils; speaking clearly and loud enough.
- \* Above standard service expectations: personality and rapport.
- \* Below standard service expectations: (not meeting standard expectations)
- \* Examples of service failures: order is entered incorrectly; too much time before greeting table; not refilling beverages in timely manner; late to meet requests, such as coffee, condiments needed, etc.; management's failure to not train staff properly.
- \* Magnitude of service failure determinants: Valentine's Day; Mother's Day; Easter Sunday; birthdays.
- \* Service Guarantee: has seen versions of a guarantee; fears that people will take advantage of an expressed guarantee.
- \* Occurrence of Complaints: (did not ask respondent)
- \* Recovery Process: initially, an apology and/or explanation is given; manager would get involved with comps; comps would involve free appetizers, desserts, or salads.
- \* Remunerative Recovery: manager would give approval for free meals, discounts off ticket, or vouchers; had not seen entire meal given free.

**Respondent 5: Subject 5 Work Experience: Mike Anderson's ; Copeland's;  
4-3-03 Ruffino's ; Sammy's**

(Waitress with all except Copeland's, where she was a hostess)

- \* Positives associated with the work: (did not ask respondent)
- \* Negatives associated with the work: (did not ask respondent)
- \* Skills needed to be effective: (did not ask respondent)
- \* Standard service expectations: refilling drinks; bring silverware; bring condiments; be friendly; once seated, within 30 sec., should greet table, give menus, and take drink orders; ask if they want appetizer; knowledgeable about menu; regularly check on food; once meal delivered, check to see if everything ok and if anything needed ("2 minute check"); ask if they want coffee and/or dessert, and if they need to box up food.
- \* Above standard service expectations: standard + personality/rapport/hospitality.
- \* Below standard service expectations: not meeting standard service.
- \* Examples of service failures: not refilling beverages; not bring silverware; bringing salads before appetizer; putting in order incorrectly; kitchen error (wrong order or not prepared correctly; not being friendly (key failure).
- \* Magnitude of service failure determinants: graduation day; important event to the customer; business lunch.
- \* Service Guarantee: have not seen guarantee printed on menu, but feels it is a good idea; might see deviant behavior (sees that now with attempts to get comps).
- \* Occurrence of Complaints: As average price increases among different restaurants, tendency to complain increases; lesser the expense, fewer the complaints; expectations increase with expense and higher grade of restaurant.
- \* Recovery Process: initially explain situation and apologize; if customer rude, go to manager; customer may request to see manager; comps usually need manager approval.
- \* Remunerative Recovery: usually comp the item in dispute; will also give vouchers and gift certificates; entire ticket can also be waived, but rare – would depend on situation – bad service, bad food, long wait, etc.

## **PRE-TEST 1: SURVEY INSTRUMENT**

**Thank you for your participation in this research activity. Your responses are very important to this research effort. Please give the following questions your serious consideration.**

Attached are questions to be answered from the point of view of **your** perspective as a restaurant customer. Please answer each question in the order in which they are presented, circling the appropriate item on the scale.

**Imagine that you have gone to dine in a relatively expensive (above average priced) restaurant. To what extent would the following situations indicate that the quality of service is less than what you would expect in this type of restaurant.**

	To a Very Small Extent				To a Very Large Extent		
1. An untimely greeting once you have been seated at the table.	1	2	3	4	5	6	7
2. Not taking your drink and menu orders in a timely manner.	1	2	3	4	5	6	7
3. Not making recommendations as to those items on the menu that you may want to consider.	1	2	3	4	5	6	7
4. Not refilling your beverage glasses without you having to request it.	1	2	3	4	5	6	7
5. Not bringing you the bill in a timely manner after you have completed your meal.	1	2	3	4	5	6	7
6. Not asking you if would like to order a dessert or coffee when you have completed your meal.	1	2	3	4	5	6	7
7. Not staying relatively close by and attentive to your needs or requests during the meal.	1	2	3	4	5	6	7
8. Not being friendly and personable to you and others at the table.	1	2	3	4	5	6	7

The following events often include a meal at a restaurant. From your point of view, please rate the importance of a restaurant visit in terms of it being a part of each event listed.

	Very Unimportant						Very Important
1. A birthday celebration for you, a family member, or a close friend.	1	2	3	4	5	6	7
2. A meal prior to a formal dance or party.	1	2	3	4	5	6	7
3. To celebrate an engagement or anniversary.	1	2	3	4	5	6	7
4. On a date.	1	2	3	4	5	6	7
5. A business lunch.	1	2	3	4	5	6	7
6. Valentine's Day.	1	2	3	4	5	6	7
7. College graduation.	1	2	3	4	5	6	7
8. Mother's Day.	1	2	3	4	5	6	7
9. Easter Sunday.	1	2	3	4	5	6	7

Please answer the following questions about yourself:

1. Gender:  Male  Female
2. Student Classification:  Soph  Jr.  Sr.  Grad
3. How many times per month do you normally eat a meal at a restaurant?  
 0  1-3  4-7  8+

Thank you for your time and consideration.

## **PRE-TEST 2: SURVEY INSTRUMENT**

**Thank you for your participation in this research activity. Your responses are very important to this research effort. Please give the following questions your serious consideration.**

Attached are questions to be answered from the point of view of **your** perspective as a restaurant customer. Please answer each question in the order in which they are presented, circling the appropriate item on the scale.



Imagine that you have gone to dine in a relatively expensive (above average priced) restaurant. To what extent would the following situations indicate that the quality of service is less than what you would expect in this type of restaurant.

	To a Very Small Extent				To a Very Large Extent		
1. An untimely greeting once you have been seated at the table.	1	2	3	4	5	6	7
2. Waiting too long for your order to arrive.	1	2	3	4	5	6	7
3. Not making recommendations as to the menu items for you to consider.	1	2	3	4	5	6	7
4. Not refilling your beverage glasses without you having to request it.	1	2	3	4	5	6	7
5. When the order arrives at the table, it <b><u>is not</u></b> what was ordered.	1	2	3	4	5	6	7
6. Not being friendly and personable to you and others at your table.	1	2	3	4	5	6	7
7. Not asking if you would like to order a dessert or coffee after the meal.	1	2	3	4	5	6	7
8. Portions or all of the meal have not been prepared properly, or is otherwise unsatisfactory.	1	2	3	4	5	6	7
9. When the bill/check arrives, it is not accurate and needs correcting.	1	2	3	4	5	6	7
10. Not taking your drink and menu orders in a timely manner.	1	2	3	4	5	6	7
11. Not bringing you the bill/check in a timely manner.	1	2	3	4	5	6	7
12. Not staying relatively close by and attentive to your needs or requests during the meal.	1	2	3	4	5	6	7

The following events often include a meal at a restaurant. From your perspective, to what extent would each of the following events be viewed as a special occasion.

	To a Very Small Extent				To a Very Large Extent			
1. A birthday celebration for you, a family member, or a close friend.	1	2	3	4	5	6	7	
2. A meal prior to a formal dance or party.	1	2	3	4	5	6	7	
3. To celebrate an engagement or anniversary.	1	2	3	4	5	6	7	
4. On a date.	1	2	3	4	5	6	7	
5. A business lunch.	1	2	3	4	5	6	7	
6. Valentine's Day.	1	2	3	4	5	6	7	
7. College graduation.	1	2	3	4	5	6	7	
8. Mother's Day.	1	2	3	4	5	6	7	
9. Easter Sunday.	1	2	3	4	5	6	7	

Please answer the following questions about yourself:

1. Gender:  Male  Female
2. Student Classification:  Soph  Jr.  Sr.  Grad
3. How many times per month do you normally eat a meal at a restaurant (not fast food restaurants)?  
 0  1-3  4-7  8+
- 4- Have you ever worked at a restaurant as a waiter or waitress?  Yes  No

Thank you for your time and consideration.

## PRE-TEST 3: STRUCTURE

### Relating to Study 1:

**Factors:** 2 (Magnitude of Service Failure) x 2 (Service Failure Responsiveness Level)  
x 2 (Presence of Service Guarantee)

**Dimensions:** Magnitude of Service Failure - High vs Low  
Service Failure Responsiveness Level - High vs Low  
Service Guarantee - Present vs Absent

### Scenario Construction:

Scenario	Magnitude	Responsiveness	S/G
1	High	High	Present
2	High	High	Absent
3	High	Low	Present
4	High	Low	Absent
5	Low	High	Present
6	Low	High	Absent
7	Low	Low	Present
8	Low	Low	Absent

	<b>High</b>	<b>Low</b>
<b>Magnitude of Failure</b>	<p><b>Untimely</b> beverage delivery and taking menu orders (30min).</p> <p><b>Untimely</b> meal delivery (50 min).</p> <p><b>Not</b> what was ordered (all of what was delivered).</p> <p><b>Not</b> prepared properly (most of what was delivered).</p>	<p><b>Untimely</b> beverage delivery and taking menu orders (10 min).</p> <p><b>Untimely</b> meal delivery (20 min).</p> <p><b>Not</b> what was ordered (part of what was delivered).</p> <p><b>Not</b> prepared properly (part of what was delivered).</p>
<b>Service Failure Responsiveness</b>	<p><b>Apology and explanation</b> regarding untimely beverage delivery and taking menu orders.</p> <p><b>Apology</b> for delay in meal delivery.</p> <p><b>Apology</b> for order mix-up.</p> <p><b>Apology</b> for overall service when check brought to the table.</p>	<p><b>Apology and explanation only</b> regarding untimely beverage delivery and taking menu orders.</p>

	<b>Present</b>	<b>Absent</b>
<b>Service Guarantee</b>	<p>Menu notice: Management guarantees complete satisfaction with your dining experience.</p>	<p>Absence of menu notice</p>

## PRE-TEST 3 SCENARIOS

### **Consumer Scenario: 1                      Mag – High    Resp – High    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The vegetables you requested had also been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter again apologizes for the delays in the service that evening, and the error regarding the entrée order. (I)

**Consumer Scenario: 2      Mag – High    Resp – High    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The vegetables you requested had also been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter again apologizes for the delays in the service that evening, and the error regarding the entrée order. (II)

**Consumer Scenario: 3      Mag – High    Resp – Low    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The vegetables you requested had also been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (III)

**Consumer Scenario: 4      Mag – High    Resp – Low    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The vegetables you requested had also been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (IV)



**Consumer Scenario: 5      Mag – Low    Resp – High    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 10 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 20 minute wait, the meal is delivered to the table. The waiter apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. You also explain to the waiter that the vegetables you requested had also been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter again apologizes for the delays in the service that evening, and the error regarding the entrée order. (V)

**Consumer Scenario: 6      Mag – Low    Resp – High    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 10 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 20 minute wait, the meal is delivered to the table. The waiter apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. You also explain to the waiter that the vegetables you requested had also been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter again apologizes for the delays in the service that evening, and the error regarding the entrée order. (VI)

**Consumer Scenario: 7      Mag – Low    Resp – Low    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 10 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 20 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. You also explain to the waiter that the vegetables you requested had also been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (VII)

**Consumer Scenario: 8      Mag – Low    Resp – Low    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 10 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 20 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. You also explain to the waiter that the vegetables you requested had also been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (VIII)

## PRE-TEST 3: SURVEY INSTRUMENT

**Thank you for your participation in this research activity. Your responses are very important to this research effort. Please give the survey your serious consideration.**

Attached are **four** scenarios, each describing a consumer situation in a restaurant setting. Please imagine yourself in the scenarios depicted. You will be asked to read each scenario, and answer the three questions that follow. Read the first scenario and answer its questions before going on to the next scenario description.

The questions that follow each scenario will relate to your evaluation of the magnitude of the service failure, the responsiveness of a business toward a possible service failure, and the presence or absence of a service guarantee.

### **Magnitude of Service Failure:**

Relates to the perceived magnitude, from the perception of the consumer, of any given failure or failures in a service exchange context. A failure or failures in the service provided by a vendor may have either economic (dollar costs) or social/psychological loss (delays, service inattention, or unavailability of product) consequences stemming from an unsatisfactory exchange situation.

### **Responsiveness of Business Relating to Failed Exchange Outcome:**

Refers to efforts taken by a representative(s) of a business to explain, satisfy, or resolve a negative situation. Efforts can relate to speed of response, offering appropriate apologies or explanations, and/or initiating a process with which to resolve a problem.

**Please turn to the next page to begin the scenario evaluation. Imagine yourself in the scenario depicted below. After reading the description of the consumer situation, please answer the three questions that follow it.**

## Consumer Scenario: 1

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The vegetables you requested had also been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter again apologizes for the delays in the service that evening, and the error regarding the entrée order. (I)

### How strongly do you agree with the following statements?

1. I perceive the magnitude of the service failure described in the scenario to be very large.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

2. I believe that the employee/s of this restaurant made every effort to apologize, explain, satisfy, resolve, or otherwise respond to negative situations, such as untimely service or incorrect orders.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

3. Was a service guarantee, ensuring total customer satisfaction, offered by the restaurant?

Yes     No

## **APPENDIX B: STUDY 1**

- \* STUDY 1: STRUCTURE
- \* STUDY 1: SCENARIOS
- \* STUDY 1: SURVEY INSTRUMENT

## STUDY 1: STRUCTURE

**Factors:** 2 (Magnitude of Service Failure) x 2 (Service Failure Responsiveness Level)  
x 2 (Presence of Service Guarantee)

**Dimensions:** Magnitude of Service Failure - High vs Low  
Service Failure Responsiveness Level - High vs Low  
Service Guarantee - Present vs Absent

### Scenario Construction:

Scenario	Magnitude	Responsiveness	S/G
1	High	High	Present
2	High	High	Absent
3	High	Low	Present
4	High	Low	Absent
5	Low	High	Present
6	Low	High	Absent
7	Low	Low	Present
8	Low	Low	Absent



		<b>High</b>	<b>Low</b>
<b>Magnitude of Failure</b>		<p><b>Untimely</b> beverage delivery and taking menu orders (30min).</p> <p><b>Untimely</b> meal delivery (50 min).</p> <p><b>Not</b> what was ordered (all of what was delivered).</p> <p><b>Not</b> prepared properly (most of what was delivered).</p>	<p><b>Untimely</b> beverage delivery and taking menu orders (5 min).</p> <p><b>Untimely</b> meal delivery (15 min).</p> <p><b>Not</b> what was ordered (part of what was delivered).</p> <p><b>Prepared properly</b> (all that was delivered).</p>
	<b>Service Failure Responsiveness</b>	<p><b>Apology and explanation</b> regarding untimely beverage delivery and taking menu orders.</p> <p><b>Apology</b> for delay in meal delivery.</p> <p><b>Apology</b> for order mix-up.</p> <p><b>Repeated apologies</b> for overall service when check brought to the table.</p>	<p><b>Apology and explanation only</b> regarding untimely beverage delivery and taking menu orders.</p>

		<b>Present</b>	<b>Absent</b>
<b>Service Guarantee</b>		<p>Menu notice:</p> <p>Management guarantees complete satisfaction with your dining experience.</p>	<p>Absence of menu notice</p>

## STUDY 1: SCENARIOS

### CONSUMER SCENARIO: 1      Mag – High    Resp – High    SG - P

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter quickly apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter makes repeated apologies for the delays in the service that evening, and the errors regarding the entrée orders. (I)

**Consumer Scenario: 2      Mag – High    Resp – High    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter quickly apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter makes repeated apologies for the delays in the service that evening, and the error regarding the entrée order. (II)

**Consumer Scenario: 3    Mag – High    Resp – Low    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (III)

**Consumer Scenario: 4**

**Mag – High Resp – Low SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. Without any apologies or explanation, the waiter leaves for the kitchen to correct the orders.

The check is brought to your table when the meal is completed. (IV)

**Consumer Scenario: 5      Mag – Low    Resp – High    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 5 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 15 minute wait, the meal is delivered to the table. The waiter quickly apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the order.

When the check is brought to you, the waiter makes repeated apologies for the delays in the service that evening, and the errors regarding the entrée order. (V)

**Consumer Scenario: 6      Mag – Low    Resp – High    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 15 minute wait, the meal is delivered to the table. The waiter quickly apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the order.

When the check is brought to you, the waiter makes repeated apologies for the delays in the service that evening, and the error regarding the entrée order. (VI)

**Consumer Scenario: 7      Mag – Low    Resp – Low    SG - P**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 5 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the order.

The check is brought to your table when the meal is completed. (VII)



**Consumer Scenario: 8      Mag – Low    Resp – Low    SG - A**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. Without any apologies or explanation, the waiter leaves for the kitchen to correct the order.

The check is brought to your table when the meal is completed. (VIII)

## STUDY 1: SURVEY INSTRUMENT

### Marketing Survey

**The survey in which you are about to participate is being conducted by a graduate student in the Marketing Department at Louisiana State University. Before proceeding with the survey, your name is needed so that you can be awarded possible extra credit points by your instructor. The information will be kept strictly confidential. Also, please ensure that you sign the consent form that will be passed around the class.**

**Student Name:** \_\_\_\_\_

**Student ID Number:** \_\_\_\_\_

Thank you for your participation in this research activity. Your responses are very important to this research effort.

In this survey, you will be asked to complete several tasks. Please read and complete one page at a time, without looking ahead to the other tasks. Respond to all questions in a manner that most accurately reflects your opinions.

**Please refer to the back of this page to begin the survey.**

You will be asked to read a scenario describing a consumer's experience in a restaurant setting. Please imagine yourself in the scenarios depicted. You will then be asked to answer several questions. Read the scenario carefully and answer the questions that follow.

**Again, please read and complete one page at a time.**

Please refer to the next page to begin the scenario evaluation.

Consumer Scenario:

**The scenario given below describes a consumer situation in a restaurant setting. Please imagine yourself in the scenario described. After reading the scenario, turn to the other side of this page and begin answering the questions that relate to the situation described to you.**

**CONSUMER SCENARIO**

**READ CAREFULLY**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

While looking over the menu, you notice a written statement from the restaurant management stating that management's policy is to guarantee total customer satisfaction with their dining experience.

After a 30 minute wait, the waiter returns with the beverages and takes the orders. The waiter apologizes for the delay in getting back to the table, explaining that they were short-handed that evening both in the dining area and the kitchen, but that the problem would be resolved shortly.

After another 50 minute wait, the meal is delivered to the table. The waiter quickly apologizes again for the delay and asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter apologizes for the mix-up and quickly leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter makes repeated apologies for the delays in the service that evening, and the errors regarding the entrée orders. (I)



**B. The following questions also relate to the consumer scenario that has been described to you. Please answer the following questions by circling one of the seven numbers to reflect your opinion.**

1. I would <b>not</b> try to convince my friends and relatives to eat a meal at this restaurant.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
2. How likely are you to spread negative word-of-mouth communications about this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	
3. I would <b>not</b> encourage others to go to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
4. How likely are you to speak negatively to your friends, relatives, and acquaintances about your experience at this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	
5. How likely are you to complain to the <u>manager</u> about your experience at this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	
6. How strongly do you feel that the <u>manager</u> of this restaurant should be told of any dissatisfaction that you may have concerning the service received.							
<b>Not Strongly At All</b>							<b>Extremely Strongly</b>
1	2	3	4	5	6	7	
7. How likely are you to express your dissatisfaction to the <u>manager</u> regarding the quality of service at this restaurant.							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	
8. If I complain to the restaurant <u>manager</u> about the service provided, the quality of the service will improve over the long run.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

**C. As with the previous sets of questions or statements presented to you, the following questions or statements relate to the consumer scenario that has been described to you. Please answer the following questions by circling one of the seven numbers to reflect your opinion.**

1. In the future, I intend to return to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
2. I would choose to go to this restaurant again if I had a choice.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
3. It is likely that I would go back to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
4. If you and your friends are looking for a restaurant to eat a meal, you would recommend that the group choose this restaurant?							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
5. In the future, how likely are you to go to this restaurant for a meal.							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	

**D. How strongly do you agree with the following questions or statements concerning the scenario that you were asked to read?**

1. I perceive the magnitude of the service failure described in the scenario to be very large.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

2. I believe that the employee(s) of this restaurant made every effort to apologize, explain, satisfy, resolve, or otherwise respond to negative situations, such as untimely service and incorrect orders.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

3. Was a service guarantee, ensuring total customer satisfaction, offered by the restaurant?

\_\_\_\_\_ Yes \_\_\_\_\_ No

**E. Please provide the following information about yourself.**

**Age:** \_\_\_\_\_ Under 20 \_\_\_\_\_ 20-25 \_\_\_\_\_ Over 25

**Gender:** \_\_\_\_\_ Male \_\_\_\_\_ Female

**Student Classification:** \_\_\_\_\_ Fr \_\_\_\_\_ Soph \_\_\_\_\_ Jr \_\_\_\_\_ Sr \_\_\_\_\_ Grad

**Currently Employed?** \_\_\_\_\_ Yes \_\_\_\_\_ No

**Have you ever worked in a restaurant?** \_\_\_\_\_ Yes \_\_\_\_\_ No

**If you have worked in a restaurant, have you ever worked as a waiter or waitress?**

\_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ Not Applicable

**How many times per month do you normally eat a meal at a restaurant (not a fast food restaurant)?**

\_\_\_\_\_ 0 \_\_\_\_\_ 1-3 \_\_\_\_\_ 4-7 \_\_\_\_\_ 8+



**Please refer to the next page to continue the survey.**

**F. The next task is unrelated to what you have completed thus far. Listed below are several past and present advertising slogans or phrases used by either local or national advertisers. Identify the slogan or phrase with the advertiser.**

1. "Where Quality is Job One."	_____
2. "M'm! M'm! Good!"	_____
3. "Just Do It!"	_____
4. "We Make Money the Old Fashion Way, We Earn It!"	_____
5. "Good to the Last Drop."	_____
6. "We've Got a Blue for You."	_____
7. "Grab Life by the Horns."	_____
8. "The Document Company."	_____
9. "Where's the Beef?"	_____
10. "Like a Good Neighbor..."	_____

**The survey continues on the other side of this page. Please read the instructions presented to you and complete the remaining questions. If you need to refer back to the scenario, you can do so.**

**G. Think about the restaurant experience described in the scenario that you were provided earlier and your feelings about the experience. Please respond to the following questions or statements.**

1. The <u>employees</u> were responsible for the problems I experienced during this visit to the restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
2. Any problem that I had at this restaurant was solely the <u>restaurant's</u> fault.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
3. I blame <u>myself</u> for any problems I experienced at this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
4. The problems that I experienced at this restaurant are likely to be <u>repeated</u> if I return for another visit to this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
5. The <u>employees</u> at this restaurant had no control over any of the problems I experienced during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
6. The <u>restaurant</u> had no control over any of the problems that I experienced during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7

**H. This is the final task of this survey questionnaire. Once again, think about the restaurant experience described in the scenario that you read at the beginning of this survey, and your feelings about the experience. Please respond to the following questions or statements.**

1. I would consider the visit at this restaurant, as described in the scenario, to be a part of an important event.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
2. I would think that the visit at this restaurant, as described in the scenario, would cost an above average amount of money.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
3. The reason I chose this restaurant was due to a special occasion.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

**Thank you for your time and participation. The researcher will collect the questionnaires when all of the participants have completed the survey. Please ensure that you have signed the consent form and placed your name and student ID number on the front of this questionnaire.**

## **APPENDIX C: STUDY 2**

- \* STUDY 2: STRUCTURE
- \* STUDY 2: SCENARIOS
- \* STUDY 2: SURVEY INSTRUMENT

## STUDY 2: STRUCTURE

**Factors:** 4 (Additional Recovery Effort) x 2 (Magnitude of Service Failure)  
+ 1 (Control Group - No Service Failure Experienced)

**Dimensions:** Additional Recovery Effort - 20%-50%-100%-150% (of service value)  
Magnitude of Service Failure - High vs Low  
Control Group - No Service Failure Experienced

### Scenario Construction:

Scenario S/G	Additional Service Recovery	Magnitude of Service Failure	Control Group
1	20%	High	Present
2	50%	High	Present
3	100%	High	Present
4	150%	High	Present
5	20%	Low	Present
6	50%	Low	Present
7	100%	Low	Present
8	150%	Low	Present

	<b>High</b>	<b>Low</b>
<b>Magnitude of Failure</b>	<p><b>Untimely</b> beverage delivery and taking menu orders (30min).</p> <p><b>Untimely</b> meal delivery (50 min).</p> <p><b>Not</b> what was ordered (all of what was delivered).</p> <p><b>Not</b> prepared properly (most of what was delivered).</p>	<p><b>Untimely</b> beverage delivery and taking menu orders (5 min).</p> <p><b>Untimely</b> meal delivery (15 min).</p> <p><b>Not</b> what was ordered (part of what was delivered).</p> <p><b>Prepared properly</b> (all that was delivered).</p>

	<b>20%</b>	<b>50%</b>	<b>100%</b>	<b>150%</b>
<b>Additional Recovery Effort</b>	<p>Meal check is discounted 20%, <b>or</b> customer may elect to receive a voucher/gift certificate of equal value.</p>	<p>Meal check is discounted 50%, <b>or</b> customer may elect to receive a voucher/gift certificate of equal value.</p>	<p>Meal check is discounted a full 100% (free to the customer), <b>or</b> customer may elect to receive a voucher/gift certificate of equal value.</p>	<p>Meal is given at no charge (100% discount), <b>plus</b> 50% of value in vouchers/gift certificates, <b>or</b> customer may elect to receive a voucher/gift certificate of equal value (1.5x value of service).</p>

## STUDY 2: SCENARIOS

### CONSUMER SCENARIO: 1      Mag – High      ARE – 20%

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, the bill has been discounted 20%. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date. (I)



**CONSUMER SCENARIO: 2      Mag – High      ARE – 50%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, the bill has been discounted 50%. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date. (II)

**Consumer Scenario: 3    Mag – High    ARE – 100%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, there will be not charge to you (bill has been discounted 100%). The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date.  
(III)

**Consumer Scenario: 4    Mag – High    ARE – 150%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, there will be no charge to you (bill has been discounted 100%). In addition to the free dining, you will also receive a voucher/gift certificate for 50% of the value of what would have been that evening's bill. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value (1.5x value of service), to be used at a later date.  
(IV)

**Consumer Scenario: 5    Mag – Low    ARE – 20%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter leaves for the kitchen to correct the order.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, the bill has been discounted 20%. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date. (V)

**Consumer Scenario: 6      Mag – Low    ARE – 50%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter leaves for the kitchen to correct the order.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, the bill has been discounted 50%. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date. (VI)

**Consumer Scenario: 7      Mag – Low    ARE – 100%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter leaves for the kitchen to correct the order.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, there will be not charge to you (bill has been discounted 100%). The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date (VII)

**Consumer Scenario: 8      Mag – Low      ARE – 150%**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 5 minute wait, the waiter returns with the beverages and takes the orders.

After another 15 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The requested vegetables had been replaced with a baked potato. The waiter leaves for the kitchen to correct the order.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, there will be not charge to you (bill has been discounted 100%). In addition to the free dining, you will also receive a voucher/gift certificate for 50% of the value of what would have been that evening's bill. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value (1.5x value of service), to be used at a later date. (VIII)

**CONSUMER SCENARIO: 9      Control Group    No Failure-No Recovery**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a reasonable wait, the waiter returns with the beverages and takes the orders.

After another reasonable wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The meals are fine. Everything is prepared and cooked just as it was requested. The meal is completed and you ask for the check.

The check is brought to you, and after completing an order of coffee and dessert, you pay the bill and leave the restaurant. (C)



## **STUDY 2: SURVEY INSTRUMENT**

### Marketing Survey

**The survey in which you are about to participate is being conducted by a graduate student in the Marketing Department at Louisiana State University. Before proceeding with the survey, your name is needed so that you can be awarded possible extra credit points by your instructor. The information will be kept strictly confidential. Also, please ensure that you sign the consent form that will be passed around the class.**

**Student Name:** \_\_\_\_\_

**Student ID Number:** \_\_\_\_\_

Thank you for your participation in this research activity. Your responses are very important to this research effort.

In this survey, you will be asked to complete several tasks. Please read and complete one page at a time, without looking ahead to the other tasks. Respond to all questions in a manner that most accurately reflects your opinions.

**Please refer to the back of this page to begin the survey.**

You will be asked to read a scenario describing a consumer's experience in a restaurant setting. Please imagine yourself in the scenarios depicted. You will then be asked to answer several questions. Read the scenario carefully and answer the questions that follow.

**Again, please read and complete one page at a time.**

Please refer to the next page to begin the scenario evaluation.

Consumer Scenario:

**The scenario given below describes a consumer situation in a restaurant setting. Please imagine yourself in the scenario described. After reading the scenario, turn to the other side of this page and begin answering the questions that relate to the situation described to you.**

CONSUMER SCENARIO

**READ CAREFULLY**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a 30 minute wait, the waiter returns with the beverages and takes the orders.

After another 50 minute wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The person who accompanied you to the restaurant explains to the waiter that the entree delivered was not what was ordered. The shrimp rather than the oyster platter had been ordered, and the requested vegetables had been replaced with a baked potato. You also explain to the waiter that you wanted your steak cooked well done and not medium rare. The steamed vegetables you requested had also been replaced with fried vegetables. The waiter leaves for the kitchen to correct the orders.

When the check is brought to you, the waiter tells you that due to the problems experienced with the service that evening, the bill has been discounted 20%. The waiter explains that you may also elect the option of receiving a voucher/gift certificate for the same total value, to be used at a later date. (I)

**A. The following questions relate to the consumer scenario that has been described to you. Please respond to the questions or statements by circling one of the seven numbers to reflect your opinion.**

1. I am satisfied with the <b>service</b> received at this restaurant.	<b>Very Dissatisfied</b>						<b>Very Satisfied</b>
	1	2	3	4	5	6	7
2. In my opinion, the <b>service</b> provided by this restaurant was satisfactory.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
3. How satisfied are you with the quality of the <b>service</b> provided during this visit to the restaurant?	<b>Very Dissatisfied</b>						<b>Very Satisfied</b>
	1	2	3	4	5	6	7
4. I am satisfied with the <b>overall dining experience</b> during this visit to the restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
5. As a whole, I am satisfied with this <b>restaurant</b> .	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
6. In my opinion, this <b>restaurant</b> provides a satisfactory dining experience.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
7. How satisfied are you overall with the quality of this <b>restaurant</b> ?	<b>Very Dissatisfied</b>						<b>Very Satisfied</b>
	1	2	3	4	5	6	7
8. How do you feel about this <b>restaurant</b> as a food service business on this particular occasion?	<b>Very Dissatisfied</b>						<b>Very Satisfied</b>
	1	2	3	4	5	6	7

**B. The following questions also relate to the consumer scenario that has been described to you. Please answer the following questions by circling one of the seven numbers to reflect your opinion.**

1. I would <b>not</b> try to convince my friends and relatives to eat a meal at this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
2. How likely are you to spread negative word-of-mouth communications about this restaurant?	<b>Extremely Unlikely</b>						<b>Extremely Likely</b>
	1	2	3	4	5	6	7
3. I would <b>not</b> encourage others to go to this restaurant to eat a meal.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
4. How likely are you to speak negatively to your friends, relatives, and acquaintances about your experience at this restaurant?	<b>Extremely Unlikely</b>						<b>Extremely Likely</b>
	1	2	3	4	5	6	7
5. How likely are you to complain to the <u>manager</u> about your experience at this restaurant?	<b>Extremely Unlikely</b>						<b>Extremely Likely</b>
	1	2	3	4	5	6	7
6. How strongly do you feel that the <u>manager</u> of this restaurant should be told of any dissatisfaction that you may have concerning the service received.	<b>Not Strongly At All</b>						<b>Extremely Strongly</b>
	1	2	3	4	5	6	7
7. How likely are you to express your dissatisfaction to the <u>manager</u> regarding the quality of service at this restaurant.	<b>Extremely Unlikely</b>						<b>Extremely Likely</b>
	1	2	3	4	5	6	7
8. If I complain to the restaurant <u>manager</u> about the service provided, the quality of the service will improve over the long run.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7



**D. How strongly do you agree with the following questions or statements concerning the scenario that you were asked to read?**

1. I perceive the magnitude of the service failure described in the scenario to be very large.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

2. I believe that the employee(s) of this restaurant made every effort to apologize, explain, satisfy, resolve, or otherwise respond to negative situations, such as untimely service and incorrect orders.

<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

3. Was a service guarantee, ensuring total customer satisfaction, offered by the restaurant?

\_\_\_\_\_ Yes \_\_\_\_\_ No

**E. Please provide the following information about yourself.**

**Age:** \_\_\_\_\_ Under 20 \_\_\_\_\_ 20-25 \_\_\_\_\_ Over 25

**Gender:** \_\_\_\_\_ Male \_\_\_\_\_ Female

**Student Classification:** \_\_\_\_\_ Fr \_\_\_\_\_ Soph \_\_\_\_\_ Jr \_\_\_\_\_ Sr \_\_\_\_\_ Grad

**Currently Employed?** \_\_\_\_\_ Yes \_\_\_\_\_ No

**Have you ever worked in a restaurant?** \_\_\_\_\_ Yes \_\_\_\_\_ No

**If you have worked in a restaurant, have you ever worked as a waiter or waitress?**

\_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ Not Applicable

**How many times per month do you normally eat a meal at a restaurant (not a fast food restaurant)?**

\_\_\_\_\_ 0 \_\_\_\_\_ 1-3 \_\_\_\_\_ 4-7 \_\_\_\_\_ 8+

**Please refer to the next page to continue the survey.**



**F. The next task is unrelated to what you have completed thus far. Listed below are several past and present advertising slogans or phrases used by either local or national advertisers. Identify the slogan or phrase with the advertiser.**

1. "Where Quality is Job One."	_____
2. "M'm! M'm! Good!"	_____
3. "Just Do It!"	_____
4. "We Make Money the Old Fashion Way, We Earn It!"	_____
5. "Good to the Last Drop."	_____
6. "We've Got a Blue for You."	_____
7. "Grab Life by the Horns."	_____
8. "The Document Company."	_____
9. "Where's the Beef?"	_____
10. "Like a Good Neighbor..."	_____

**The survey continues on the other side of this page. Please read the instructions presented to you and complete the remaining questions. If you need to refer back to the scenario, you can do so.**

**G. Think about the restaurant experience described in the scenario that you were provided earlier and your feelings about the experience. Please respond to the following questions or statements.**

1. The <u>employees</u> were responsible for the problems I experienced during this visit to the restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
2. Any problem that I had at this restaurant was solely the <u>restaurant's</u> fault.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
3. I blame <u>myself</u> for any problems I experienced at this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
4. The problems that I experienced at this restaurant are likely to be <u>repeated</u> if I return for another visit to this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
5. The <u>employees</u> at this restaurant had no control over any of the problems I experienced during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
6. The <u>restaurant</u> had no control over any of the problems that I experienced during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7

**H. This is the final task of this survey questionnaire. Once again, think about the restaurant experience described in the scenario that you read at the beginning of this survey, and your feelings about the experience. Please respond to the following questions or statements.**

1. I would consider the visit at this restaurant, as described in the scenario, to be a part of an important event.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
2. I would think that the visit at this restaurant, as described in the scenario, would cost an above average amount of money.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
3. The reason I chose this restaurant was due to a special occasion.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

**Thank you for your time and participation. The researcher will collect the questionnaires when all of the participants have completed the survey. Please ensure that you have signed the consent form and placed your name and student ID number on the front of this questionnaire.**

## **STUDY 2: SURVEY INSTRUMENT**

### Marketing Survey

**The survey in which you are about to participate is being conducted by a graduate student in the Marketing Department at Louisiana State University. Before proceeding with the survey, your name is needed so that you can be awarded possible extra credit points by your instructor. The information will be kept strictly confidential. Also, please ensure that you sign the consent form that will be passed around the class.**

**Student Name:** \_\_\_\_\_

**Student ID Number:** \_\_\_\_\_

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Thank you for your participation in this research activity. Your responses are very important to this research effort.

In this survey, you will be asked to complete several tasks. Please read and complete one page at a time, without looking ahead to the other tasks. Respond to all questions in a manner that most accurately reflects your opinions.

**Please refer to the back of this page to begin the survey.**

You will be asked to read a scenario describing a consumer's experience in a restaurant setting. Please imagine yourself in the scenarios depicted. You will then be asked to answer several questions. Read the scenario carefully and answer the questions that follow.

**Again, please read and complete one page at a time.**

Please refer to the next page to begin the scenario evaluation.

Consumer Scenario: Control Group

**The scenario given below describes a consumer situation in a restaurant setting. Please imagine yourself in the scenario described. After reading the scenario, turn to the other side of this page and begin answering the questions that relate to the situation described to you.**

CONSUMER SCENARIO

**READ CAREFULLY**

You and another person go to a restaurant for dinner to celebrate a special occasion. This is the first time that either of you have been to the restaurant. You are seated at your table, and the waiter comes to greet your table, take orders for beverages, and to present the menus. The waiter informs you of any special menu items of the day, and leaves to get the beverages.

After a reasonable wait, the waiter returns with the beverages and takes the orders.

After another reasonable wait, the meal is delivered to the table. The waiter asks if there is anything else that may be needed before the waiter leaves.

The meals are fine. Everything is prepared and cooked just as it was requested. The meal is completed and you ask for the check.

The check is brought to you, and after completing an order of coffee and dessert, you pay the bill and leave the restaurant. (C)

**A. The following questions relate to the consumer scenario that has been described to you. Please respond to the questions or statements by circling one of the seven numbers to reflect your opinion. Then proceed to the next page.**

1. I am satisfied with the **service** received at this restaurant.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

2. In my opinion, the **service** provided by this restaurant was satisfactory.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

3. I am satisfied with the quality of the **service** provided during this visit to the restaurant.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

4. I am satisfied with the **overall dining experience** during this visit to the restaurant.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

5. As a whole, I am satisfied with this **restaurant**.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

6. In my opinion, this **restaurant** provides a satisfactory dining experience.

<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	

7. How satisfied are you overall with the quality of this **restaurant**?

<b>Very Dissatisfied</b>							<b>Very Satisfied</b>
1	2	3	4	5	6	7	

8. How do you feel about this restaurant as a food service business on this particular occasion?

<b>Very Dissatisfied</b>							<b>Very Satisfied</b>
1	2	3	4	5	6	7	

**Continue the survey on the other side of this page.**

**B. The following questions also relate to the consumer scenario that has been described to you. Please answer the following questions by circling one of the seven numbers to reflect your opinion. Continue the survey on the back.**

1. I would <b>not</b> try to convince my friends and relatives to eat a meal at this restaurant.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6		7
2. How likely are you to spread negative word-of-mouth communications about this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6		7
3. I would <b>not</b> encourage others to go to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6		7
4. How likely are you to speak negatively to your friends, relatives, and acquaintances about your experience at this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6		7
5. How likely are you to complain to the <u>manager</u> about your experience at this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6		7
6. How strongly do you feel that the <u>manager</u> of this restaurant should be told of any dissatisfaction that you may have concerning the service received?							
<b>Not Strongly At All</b>							<b>Extremely Strongly</b>
1	2	3	4	5	6		7
7. How likely are you to express your dissatisfaction to the <u>manager</u> regarding the quality of service at this restaurant?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6		7
8. If I complain to the restaurant <u>manager</u> about the service provided, the quality of the service will improve over the long run.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6		7



C. The following questions also relate to the consumer scenario that has been described to you. Please answer the following questions by circling one of the seven numbers to reflect your opinion. Continue the survey on the next page.

1. In the future, I intend to return to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
2. I would choose to go to this restaurant again if I had a choice.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
3. It is likely that I would go back to this restaurant to eat a meal.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
4. If my friends and I were looking for a restaurant to eat a meal, I would recommend that we choose this restaurant.							
<b>Strongly Disagree</b>							<b>Strongly Agree</b>
1	2	3	4	5	6	7	
5. In the future, how likely are you to go to this restaurant for a meal?							
<b>Extremely Unlikely</b>							<b>Extremely Likely</b>
1	2	3	4	5	6	7	

Please continue the survey on the next page.

**D. Please provide the following information about yourself.**

**Age:**  Under 20  20-25  Over 25

**Gender:**  Male  Female

**Student Classification:**  Fr  Soph  Jr  Sr  Grad

**Currently Employed?**  Yes  No

**Have you ever worked in a restaurant?**  Yes  No

**If you have worked in a restaurant, have you ever worked as a waiter or waitress?**

Yes  No  Not Applicable

**How many times per month do you normally eat a meal at a restaurant (not a fast food restaurant)?**

0  1-3  4-7  8+

**Please continue the survey on the other side of this page.**

**Please continue the survey on the next page.**

**E. The next task is unrelated to what you have completed thus far. Listed below are several advertising trivia questions. See how many of these you know.**

1. What color is the rooster on the Corn Flakes box?
  - a. Green
  - b. Blue
  - c. Purple
  - d. Yellow
  
2. Which fast food chain used the slogan “Where’s the beef?”?
  - a. Burger King
  - b. McDonald’s
  - c. Wendy’s
  - d. Dairy Queen
  
3. What famous cartoon character can be found smoking at the end of his show?
  - a. Woody Woodpecker
  - b. Elmer Fudd
  - c. Fred Flintstone
  - d. Bugs Bunny
  
4. Dairy Queen’s Blizzard was originally called by what name?
  - a. The Frosty
  - b. The Concrete
  - c. The Freeze
  - d. It has always been called the Blizzard
  
5. Which one of these individuals was once Ronald McDonald?
  - a. Adam Sandler
  - b. Johnny Depp
  - c. Willard Scott
  - d. Jerry Lewis
  
6. In the TV sit-com Seinfeld, what was George Costanza’s password at the ATM?
  - a. Ovaltine
  - b. Oreo
  - c. Zest
  - d. Bosco

**The survey continues on the other side of this page. Please read the instructions presented to you and complete the remaining questions. If you need to refer back to the scenario, you can do so.**

**F. Think about the restaurant experience described in the scenario that you were provided earlier and your feelings about the experience. Please respond to the following questions or statements. Then proceed to the next page.**

1. The <u>employees</u> were responsible for the experience during this visit to the restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
2. Any issue related to the experience at this restaurant was solely from the <u>restaurant's</u> efforts.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
3. Any issue related to the experience at this restaurant was due solely from <u>my own</u> efforts.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
4. The experience that I had at this restaurant is likely to be <u>repeated</u> if I return for another visit to this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
5. I would expect that the experience encountered during this visit to the restaurant would <u>not change</u> on my next visit to this restaurant.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
6. The <u>employees</u> at this restaurant had no control over the experience that I had during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7
7. The <u>restaurant</u> had no control over the experience that I had during this visit.	<b>Strongly Disagree</b>						<b>Strongly Agree</b>
	1	2	3	4	5	6	7

**G. This is the final task of this survey questionnaire. Once again, think about the restaurant experience described in the scenario that you read at the beginning of this survey, and your feelings about the experience. Please respond to the following questions or statements.**

1. I would consider the visit at this restaurant, as described in the scenario, to be a part of an important event.						
<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7
2. I would think that the visit at this restaurant, as described in the scenario, would cost an above average amount of money.						
<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7
3. The reason I chose this restaurant was due to a special occasion.						
<b>Strongly Disagree</b>						<b>Strongly Agree</b>
1	2	3	4	5	6	7

**Thank you for your time and participation. The researcher will collect the questionnaires when all of the participants have completed the survey. Please ensure that you have signed the consent form and placed your name and student ID number on the front of this questionnaire.**

## VITA

Anthony Hugh Kerr was born on July 12, 1948, in Baton Rouge, Louisiana. His parents were Edward Flower Kerr and Audrey Miller Kerr. Anthony's name was taken from his two grandfathers, Anthony Pettus Kerr, Sr. and William Hugh Miller Sr., both of whom were professors at Louisiana State University.

Anthony received his high school diploma from Montgomery Blair High School in Silver Spring, Maryland, in 1966. After spending his freshman year at Louisiana Tech University, Anthony transferred to Louisiana State University where he earned his Bachelor of Science degree in marketing in 1970, and a Master of Business Administration degree in 1972. One summer was spent earning 6 hours of degree credit at the University of Maryland in College Park, Maryland.

Anthony's work life can be viewed in three distinct areas of focus. The initial area of Anthony's work experience was devoted to commercial bank operations, product development, and marketing research. Another area of Anthony's work experience was in the investment industry as an investment broker. The most recent area of work focus has been in academics.

Anthony's academic work experience includes three semesters at Louisiana State University as an adjunct instructor of management prior to teaching for twelve semesters at Southern University in Baton Rouge, Louisiana. Anthony began the doctoral program in marketing at Louisiana State University in August, 1999, with management as his minor course of study. Anthony is currently a one-year visiting instructor at the University of North Carolina at Asheville. Anthony will receive his Doctor of Philosophy degree in business administration (Marketing) in May, 2004.