

Abstract

Service Recovery is one of the most dominant areas of research in the field of services marketing and management. Service recovery refers to the corrective actions taken by the service providers in response to dissatisfactory service incidents termed as “service failures”. Research in the areas of consumer complaining behavior and service recovery has focused on the antecedents and consequences of consumer satisfaction, consumer attributions regarding product and service failures, consumer loyalty and switching behavior, and effectiveness of firms’ complaint resolution efforts. Conflicting conceptualizations of the outcomes of service recovery have been proposed by researchers over time. This study proposes and empirically tests an alternative conceptualization to extend the previous research in the field of service recovery and its outcomes.

The study employs equity theory as its guiding framework for investigating the impacts of consumers’ perceptions of fairness in service recovery on its consequences. The research employs a between-subjects pretest-posttest experimental design using a role playing methodology with random assignment of experimental stimuli to the participants. The study is conducted in the context of retail banking services. Specifically, this research examines how the consumers’ perceptions of fairness in service recovery affect their satisfaction with the recovery efforts, trust towards the service provider, propensity to repatronize the service firm, and the intentions to exhibit negative word-of-mouth behavior in their informal communication channels. The research model argues for mediating effects of service recovery satisfaction and trust between the perceived service recovery justice and complaining consumers’ behavioral intentions. The research hypotheses are tested using structural equation modeling.

Apart from testing the research hypotheses, the study also provides valuable managerial guidelines for designing service recoveries targeted at specific outcomes viz. consumer satisfaction, trust, repatronage, and word-of-mouth.