

LET JUSTICE BE DONE, FROM COACH TO FIRST CLASS: EXAMINING SERVICE RECOVERY THROUGH JUSTICE THEORY

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ONE, FROM COACH TO FIRST CLASS: SERVICE RECOVERY THROUGH JUSTICE THEORY

INTRODUCTION

According to Tretheway & Markhvida (2014, p. 3), profitability within the airline industry is extremely precarious, due to ÷olatile fuel prices, economic downturns, impacts of terrorism and natural disasters (hurricanes, volcanic ash, tsunamis, etc.), pandemics and government austerity measuresö. In order to remain solvent, competing airlines must maintain a stable revenue stream and market share (Chang, 2013). In an attempt to build loyalty and enhance customer satisfaction (Schumann, 2014), U.S. domestic airlines have spent considerable capital on promotional activities, including the delivery and maintenance of customer loyalty programs (Tuzovic, 2014). However, with respect to loyalty, results have been largely disappointing (Kang, 2015). What additional steps can be taken to significantly improve customer loyalty, ultimately providing for a more stable revenue stream and a more satisfied customer base?

A potentially viable alternative to giveaways, rebates, and loyalty programs may lie in a renewed focus on service failures and a firmø response to those perceived failures. Bell & Zemke (1987, p. 32) defined service failure as ÷situations in which customers are dissatisfied because their perception of the service they have received is worse than their expectationö. Research suggests that services fail and fail often (McCollough M. B., 2000). Due to the multiple (and necessary) interactions among travelers and airline service providers, the potential for service failure is a realistic concern (Chang, 2013). It has also been suggested that, for service providers, the potential negative impacts of these service failures are significant (McCollough M. , 2009). For these reasons, previous research suggests that service-oriented firms must respond to service failures with appropriate service recovery strategies (Chuang, 2012). Service recovery is a process which involves ÷those actions designed to resolve problems, alter negative attitudes of dissatisfied customers and to ultimately retain these customers (Miller, 2000, p. 388)ö.

In order to properly manage service failure, management should carefully examine each aspect of the service recovery process singularly (Kim T. K., 2009). Service recovery has been a popular research subject among several industries related to tourism, including hotels, restaurants, transportation and retail (Wang, 2014). Several theories have guided previous research, including social exchange, prospect theories, and equity theories (Smith, 1999). The present study applies justice theory (Rawls) based on the recommendations of Tax et al. Although justice theory is prevalent in tourism research focused on marketing, a consensus of the justice dimensions most responsible for satisfaction, WOM, and repurchase intent have yet to be identified. In addition, while several studies examining service recovery have employed scenario-based methodology, the majority of those studies have focused hotels and restaurants and not airlines.

LITERATURE REVIEW

When a breakdown in the service marketing activities occurs, customer expectations are not met, leaving customers unsatisfied (Wen, 2013). According to Smith (1999), the importance of recovery is attributed to the notion that customers are more emotionally cognizant in the recovery process than in routine or first-time service experiences. Poorly executed service recovery attempts may result in ÷a customerø dissatisfaction, resulting in complaints, negative word-of-mouth publicity, and the decision not to purchase another product or service from the same provider (Kim T. Y., 2012, p. 394)ö. The negative emotions associated with failed service recovery attempts may also include annoyance, regret, sadness, and anger (Swanson, 2011), potentially culminating in a double deviation phenomenon, inducing customers to react critically and vengefully (La, 2012). Previous studies suggest that failed service recoveries significantly and negatively impact operating costs, employee morale, and the overall image of a firm (Swanson, 2011). Subsequently, failed service recovery attempts are considered to be one of the predominant factors in customer switching behavior (McCollough M. B., 2000). Conversely, previous studies suggest that when service recovery attempts were perceived to be fair, customers expressed

Thus, it has been suggested that successful service recovery leads to customer satisfaction (Chang, 2013), retention or loyalty (Miller, 2005), and promotion of positive WOM (Kim T. Y., 2012).

Regardless of company tactics the outcome of a service recovery must be perceived by the customers as fair or just in order for it to be successful (Siu, 2013). According to Gelbrich & Roschk (2011), the perception of fairness is realized when a customer's received benefits (outputs) is at minimum, equal to the inputs (financial and nonfinancial burden) provided or invested. What distinguishes equity models of consumer satisfaction is the presumption that satisfaction is derived from an evaluation relative to the other parties involved in the exchange (Choi, 2014). To examine the perception of "fairness" in service recovery, marketing scholars began utilizing justice theory towards the end of the 1990s (Wen, 2013). Rawls' justice theory (1971), a political philosophy derived from Festinger's (1957) theory of cognitive dissonance and Adams' (1963) equity theory (McCollough M. A., 2000), was later applied by Tax et al., (1998). The economic and social interaction inherent in service failures result in overall customer evaluations of at least three distinct concepts, or dimensions (Smith, 1999). These three dimensions are known as procedural justice, interactional justice, and distributive justice (Kim T. Y., 2012).

Procedural justice reflects the process or policies of a firm, particularly the perception of timeliness, flexibility and responsiveness revealed in a service recovery attempt (Ok, 2005). Interactional justice represents customer perceptions of the service quality provided by the firm and its representatives; perceptions of how the customer feels he or she has been treated (Mattila, 2005). Examples of interactional justice include perceptions of respect, empathy, and interest provided by a firm's representative (Wen, 2013). Distributive justice addresses the compensation, or outcome of a recovery effort (Gelbrich, 2011). Examples of distributive justice include refunds, replacements, gifts, and discounts (Siu, 2013). Although some previous studies incorporating justice theory have suggested all three justice dimensions impact service recovery satisfaction similarly (Smith, 1999), others do not (McCollough M. B., 2000), and it remains unclear as to which dimension or dimensions have the most impact on service recovery satisfaction, WOM, or repurchase intent (Gelbrich, 2011). For example, while some researchers have found interactional justice to be the most important determinant of positive WOM (McLelland, 2015), others do not (Ok, 2005). Similarly, distributive justice has been recognized as the most important determinant of repurchase intent in some studies (Berman, 2006), yet the least important in other studies (Bitner, 1995).

It has been suggested that loyal customers are less price sensitive and require less effort with regard to communication (McCollough M. B., 2000), hence the motivation for companies to explore strategies which enhance relationships with customers. Results of a study investigating drivers of airline loyalty indicate that different market segments are driven by different factors (Dolnicar, 2011), yet little research has been done to examine the potential for service recovery and customer segmentation (based on socio-economic attributes) with regard to justice theory. A study by Kim, Kim & Kim (2009) examined service recovery satisfaction as well as "WOM" and revisit intentions. However, the research methods employed included a survey where respondents were asked to remember any service failure within the past six months. Additionally, the study was focused not on airlines but experiences pertaining to upscale hotels. While research focused on service recovery and airlines is largely limited to on-site surveys (airports) and customer recall, the methodology employed by many researchers examining hotels and restaurants include quasi-experiments or surveys which include experimental scenarios. Based on the "mixed results" of previous research, coupled with the potential benefits for both airlines and consumers, the present study could provide unique contributions to tourism literature with respect to justice theory while providing more effective service recovery tactics for airlines.

METHODS

To examine the role of each justice dimension with regard to satisfaction, repurchase intent, and WOM, a quantitative study will be adopted and a survey will be administered. Data used in this study will be obtained from an online panel survey of U.S leisure travelers. A panel surveys allow researchers

Panel of pre-recruited participants pre-recruited by a research
aire will include hypothetical scenarios regarding service
ization of the justice dimensions are incorporated within the
scenarios, which were based on previous studies (Bitner et al., 1990; Blodgett et al., 1997; Ok et al., 2005,
Ha et al., 2009); the validity and reliability of the scales (slightly modified) measuring satisfaction,
WOM, and repurchase intention have been established in previous studies. Each respondent will receive
one of four scenarios (an error-free recovery, a recovery error associated with procedural justice, a
recovery error associated with interactional justice, and a recovery error associated with distributive
justice). All scenarios are identical to the error-free recovery scenario except each the three additional
scenarios have been modified to isolate an error related to one justice dimension. A structural equation
model of the following constructs will be incorporated to examine the hypothesized relationships among
the latent factors.

The key independent variables will include (1) socio-demographic variables; (2) interactional
justice; (3) distributive justice; and (4) procedural justice. The key dependent variables will include: (1)
satisfaction with recovery; (2) WOM; and (3) repurchase intent. The resultant hypotheses are thus:

H₁: Respondents' perception of a breakdown in interactional justice during the service recovery
impacts satisfaction with service recovery significantly more negatively than a perceived breakdown in
procedural justice or distributive justice.

H₂: Respondents' perception of a breakdown in interactional justice during the service recovery
impacts WOM significantly more negatively than a perceived breakdown in procedural justice or
distributive justice.

H₃: Respondents' perception of a breakdown in distributive justice during the service recovery
impacts future purchase intent significantly more negatively than a perceived breakdown in procedural
justice or interactional justice.

H₄: The importance of each component of Rawls' Theory of Justice with respect to WOM is
dependent upon differences in gender, age, income level, education, and place of residence.

H₅: The importance of each component of Rawls' Theory of Justice with respect to future
purchase intent is dependent upon differences in gender, age, income level, education, and place of
residence.

POTENTIAL IMPLICATIONS AND CONCLUSIONS

Results of the proposed study may have implications for theory as well as tourism practitioners.
Theoretically, results should assist the field in better understanding which justice dimension (if any)
provides for the most satisfaction. This is important because further understanding of service recovery
could ultimately lead to theoretical developments relating to relationship marketing. In addition, results
should also assist the field in better understanding the role that age, sex, or income plays in forming
repurchase intent or increasing WOM, aiding in the development of theories that argue that the travel
population is homogenous in terms of what justice dimension is most/least effective in service recovery.
Finally, the results of the study could provide for additional research on methodologies which include
scenarios, a methodological tool that has been neglected in previous studies concerning airlines.

Managerial implications may include information related to how airlines can maintain or improve
customer relations with passengers who experience service failure. With competition among airlines
intensifying and price wars potentially having harmful effects on the airline industry, it is believed that
the current study could provide more satisfying experiences that could lead to repeat purchases (loyalty)
and positive word of mouth advertising. The success of airlines could further result in several positive
outcomes within the hospitality industry, including an increase in travel enjoyment and potentially an
increase in travel. Service failures are unavoidable, yet it has been suggested that service failure recovery
can provide more satisfaction for a customer than if the service was initially performed without error.
Stronger relationships between customers provided should benefit both parties.

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