

**T.C.**  
**YEDITEPE UNIVERSITY**  
**GRADUATE INSTITUTE OF SOCIAL SCIENCES**

**Analyzing Customer Post Complaint Behavior via**  
**Brand Switching and Word-of-Mouth Factors:**  
**An Empirical Study on E-complainers in the Turkish Retail Banking Sector**

**By**  
**Elif Yolbulan Okan**

**Advisor**  
**Prof. Dr. Nukhet VARDAR**

**Submitted to the Graduate Institute of Social Sciences**  
**in Partial Fulfillment of the Requirements for the Degree of**  
**Philosophy of Doctorate Program in Marketing**

**ISTANBUL, 2007**

DOKTORA TEZ SAVUNMA TUTANAĞI

11/12/2007

SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ'NE,

İşletme Anabilim Dalı, "PAZARLAMA" Bilim Dalı doktora öğrencilerinden Elif OKAN 2547 Sayılı YÖK Yasası ve Yeditepe Üniversitesi Lisansüstü Yönetmeliğine uygun olarak 11/12/2007 tarihinde saat 09:00'de TEZ SAVUNMA TOPLANTISINA alınmıştır.

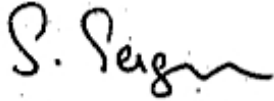
70 dakika süren sunuş ve soru-cevap seansları tarafımızca değerlendirilmiş olup, adı geçen aday oybirliği / oyçokluğu ile BAŞARILI / BAŞARISIZ bulunmuştur (\*).

Bu tutanak tarafımızca üç nüsha olarak 11.12.2007 tarihinde ve saat 09:09'da imzalanmıştır.

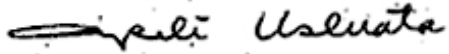
Bilgi edinilmesini ve gereğini saygılarımızla arz ederiz.



Prof. Dr. Nükhet VARDAR (Danışman)



Prof. Dr. Selime SEZGİN  
Bahçeşehir Üniversitesi



Prof. Dr. Aysel USLUATA  
Yeditepe Üniversitesi

Prof. Dr. Tuncay KOCAMAZ  
Yeditepe Üniversitesi, İşletme Bölümü



Doç. Dr. Mehmet YAHYAGİL  
Yeditepe Üniversitesi, İşletme Bölümü



(\* Lisansüstü Eğitim-Öğretim Yönetmeliğinin 73. Maddesine istinaden oybirliği / oyçokluğu ile tezin düzeltilerek jüri'ye tekrar sunulmasına / sunulmamasına karar verilmiştir.

Copyright 2007 Elif Yolbulari Okan

All Rights Reserved

## ABSTRACT

Even though customer complaint behavior (CCB) is studied extensively in literature, relatively little progress is made in developing a theoretical understanding of how consumers evaluate a company's response to their complaints and post complaint behavior.

In this study post complaint behavior is focused in terms of understanding the factors leading service recovery satisfaction, brand switching and WOM. Using perceived justice and disconfirmation of expectations as theoretical perspectives, the research model explains (1) how customers evaluate a company's response to their complaints and (2) how these evaluations affect customer satisfaction and post complaint behavior, specifically brand switching and WOM.

Although the research model is inspired by Davidow's (2003) model, modifications are done and some new untested relationships are added due to the specific aim of this study. First of all, service recovery satisfaction is added as a mediating variable between theoretical paradigms of the model and the behavioral consequences. Secondly, this study has a wider perspective regarding situational contingencies added in the model. Individualism, uncertainty avoidance, sense of justice, switching costs and attitude toward complaining are proposed to have impact on service recovery satisfaction and post complaint behavior. Thirdly, in Davidow's model the variables are arranged in a linear order however in this study they are rearranged in order to understand the impact of each factor on service recovery satisfaction, brand switching and WOM.

The research model is tested on 280 bank customers who complained about their service provider to a third party through internet. Unlike previous research, which is predominately experimental and scenario-based in Western settings, this study investigates actual complaints and provides a non Western; Turkish view.

Although the results reveal that all three forms of justice (distributive, procedural and interactional) have impact on service recovery satisfaction, factor analyses suggest that respondents evaluate recovery process according to their prior expectations about these justice dimensions. Therefore, new constructs in explaining service recovery satisfaction are introduced. Among them, disconfirmation about outcome and timeliness of the response have the highest explanatory power in explaining recovery satisfaction.

The relative importance of each organizational response dimension (timeliness, redress, apology, facilitation, attentiveness, credibility) is also investigated in this study. Findings indicate that brand switching intention is related to recovery satisfaction and switching costs. Likewise, service recovery satisfaction, individualism and uncertainty avoidance have impact on WOM.

Consequently, the theoretical model has conceptual and practical value to researchers and service companies. Besides its contribution to the existing literature by introducing new constructs in CCB, this research provides practical information that can lead to a better understanding of customers' recovery evaluation methods and be used to guide the formation of improved service recovery strategies.

**Keywords:** dissatisfaction, customer complaint behavior (CCB), third party complaints, e-complaints, service failure, service recovery, managing complaints, postcomplaint behavior, brand switching, word-of-mouth

## ACKNOWLEDGEMENT

It has been a long journey. I would like to express my gratitude to a large number of people who have provided me with invaluable support, personally and professionally throughout this journey. Without their encouragement and patience, I would never have been able to finish this dissertation.

First of all, I would like to express my sincere appreciation to my advisor Prof. Dr. Nukhet VARDAR. Her guide and support were essential components to the completion of this thesis. Appreciation is also expressed to the members of my thesis committee, Prof Dr. Selime SEZGİN and Prof. Dr. Ayseli USLUATA, for their valuable comments and feedback that essentially make this study more meaningful.

I am also grateful to all my colleagues in the department of business administration in Yeditepe University. I especially appreciate Senem GÖL's and Özlem KUNDAY's friendship and it is a good memory to work together for long hours. I thank to Sikayetvar.com team for all their support during the field study.

Last, but most of all, I thank all my family. I thank to my husband, Adil, for his enduring support during my academic pursuit. The smiles of my son, Efe and the little kicks of my daughter who was in me during this thesis, kept me from being weary. My dad and mum receive my deepest gratitude for their love and support. This dissertation is dedicated to all my family.

## **CURRICULUM VITAE**

Elif Yolbulan OKAN received her Bachelor of Arts in Business Administration from Middle East Technical University, Ankara in 1995 and her Master of Marketing from University of Salford Manchester, U.K., in December 1996. Between 1997 and 2002, she worked as an account officer in Turkish Economy Bank and Osmanlı Bank. She is a lecturer at the Department of Business Administration at Yeditepe University, Istanbul, Turkey since 2002.

## TABLE OF CONTENTS

ABSTRACT .....	i
ACKNOWLEDGEMENT .....	ii
CURRICULUM VITAE .....	iii
TABLE OF CONTENTS .....	iv
List of Figures .....	vii
List of Tables.....	vii
INTRODUCTION.....	1
1.1. Problem Statement .....	3
1.2. Purpose of the Study .....	3
1.3. Importance of the Study .....	7
1.4. Research Questions to be Addressed .....	8
1.5. Outline of the Study .....	9
2. LITERATURE REVIEW.....	10
2.1. Introduction .....	10
2.1.1. Customer Satisfaction/Dissatisfaction .....	11
2.1.2. Definition of CCB and Consumer Complaint Responses.....	13
2.1.3. Factors Affecting Customer Complaint Behavior .....	17
2.1.4. Third Party Complainers .....	19
2.2. Post Complaint Behavior .....	20
2.2.1. Justice Theory .....	20
2.3. Approaches to Service Recovery .....	22
2.3.1. Service Recovery Paradox .....	23
2.3.2. Service Recovery Determinants .....	23
2.3.3. Total Quality Management and Complaint Management.....	25
2.4. Brand Switching.....	25
2.5. Proposed Research Model.....	26
2.5.1. Research Questions .....	30
2.5.2. Hypothesis of the Study .....	31
2.6. A Brief Summary .....	38
3. THE RESEARCH DESIGN AND METHODOLOGY.....	39
3.1. Introduction .....	39
3.2. The Research Approach .....	39
3.3. The Research Strategy .....	40
3.4. The Data Collection Method .....	40
3.5. The Sample Selection.....	41
3.6. The Study Design and Measurement Scales .....	44
3.6.1. Measurement of Distributive Justice.....	45
3.6.2. Measurement of Interactional Justice .....	46
3.6.3. Measurement of Procedural Justice.....	47
3.6.4. Measurement of Disconfirmation of expectations.....	47
3.6.5. Measurement of Service Recovery Satisfaction .....	48
3.6.6. Measurement of Switching Intention.....	50
3.6.7. Measurement of Word-of-mouth .....	50
3.6.8. Measurement of Situational Contingencies.....	51
3.6.9. Measurement of Psychographics .....	52
3.7. Definitions of Variables .....	52
3.8. Data Analysis .....	56
3.8.1. Descriptive Statistics of the Study .....	56

3.8.2. <i>Inferential Statistics of the Study</i> .....	57
3.9. Hypothesis Testing.....	58
3.9.1. <i>The Relation between Perceived Justice and Service Recovery Satisfaction</i> .....	58
3.9.2. <i>The Relation between Disconfirmation of Expectation and Service Recovery Satisfaction</i> .....	58
3.9.3. <i>Service Recovery Satisfaction and Post Dissatisfaction Behavior</i> .....	59
3.9.4. <i>Hypotheses Regarding Situational Contingencies</i> .....	59
3.9.5. <i>Organizational Response Dimensions</i> .....	61
3.10. Pilot Study.....	61
3.10.1. <i>Discussion of the Preliminary Results</i> .....	62
4. RESULTS AND DATA ANALYSIS.....	63
4.1. Defining the Sample.....	63
4.2 Description of the Respondents' Profile.....	65
4.2.1 <i>The Comparison between Turkish Internet User Profile and Respondents' Profile</i> .....	67
4.3. The Proposed Model of the Study.....	68
4.3.1. <i>Identification of Variables in the Proposed Model</i> .....	70
4.3.2. <i>Reliability of the Measurement Scales</i> .....	70
4.4. Relationships between Variables of the Study.....	72
4.4.1. <i>The Relation between Perceived Justice and Service Recovery Satisfaction</i> .....	72
4.4.2. <i>The Relation between Disconfirmation of Expectation and Service Recovery Satisfaction</i> .....	73
4.4.3. <i>The Relation between Service Recovery Satisfaction and Post Recovery Customer Responses</i> .....	74
4.4.4. <i>The Relation between Time Spent with the Service Provider and Dependent Variables</i> .....	75
4.4.5 <i>The Relation between Number of Alternative Banks and Dependent Variables</i> .....	76
4.4.6 <i>The Relation between Switching Cost and Dependent Variables</i> .....	77
4.4.7 <i>The Relation between Individualism and Dependent Variables</i> .....	78
4.4.8 <i>The Relation between Uncertainty Avoidance and Dependent Variables</i> .....	79
4.4.9 <i>The Relation between Sense of Justice and Dependent Variables</i> .....	80
4.4.10. <i>The Relation between Attitude toward Complaining and Dependent Variables</i> .....	80
4.4.11. <i>The Relation between Gender and Dependent Variables</i> .....	81
4.4.12. <i>The Relation between Income and Dependent Variables</i> .....	82
4.4.13. <i>The Relation between Education and Dependent Variables</i> .....	83
4.4.14. <i>The Relation between Age and Dependent Variables</i> .....	83
4.5. Grouping the Variables of the Proposed Model.....	85
4.5.1. <i>Assessing the Internal Consistencies of the Dependent Variables</i> .....	88
4.6. Modified Model of the Study.....	89
4.7. The Effect of Antecedent Factors on Complainer's Service Recovery Satisfaction.....	92
4.7.1. <i>The Effect of Disconfirmation about Outcome (Distributive Justice) on Service Recovery Satisfaction</i> .....	92
4.7.2. <i>The Effect of Personal Relations Quality (Interactional Justice) on Service Recovery Satisfaction</i> .....	93
4.7.3. <i>The Effect of Disconfirmation about Speed (Procedural Justice) on Service Recovery Satisfaction</i> .....	93
4.7.4. <i>The Effect of Convenience of Complaint Process (Procedural Justice) on Service Recovery Satisfaction</i> .....	94
4.7.5. <i>The Effect of Explanation Quality (interactional justice) on Service Recovery Satisfaction</i> .....	95



4.8. Overall Examination of the Research Model .....	96
4.8.1. <i>Assessing the Relations between Antecedent Variables and Service Recovery Satisfaction</i> .....	96
4.8.2. <i>Assessing the Relations between Antecedent Variables and Brand Switching Intention</i> .....	98
4.8.3. <i>Assessing the Relations between Antecedent Variables and WOM</i> .....	99
4.9. Precedence of Service Recovery Satisfaction Determinants.....	100
4.10. Precedence of the Part the Complainer Complains To .....	101
4.11. Finalized Model.....	102
5. DISCUSSION .....	104
5.1. Introduction .....	104
5.2. Impact of Justice Dimensions on Service Recovery Satisfaction .....	105
5.2.1. <i>The Effect of Distributive Justice on Complainers' Service Recovery Satisfaction</i> .....	105
5.2.2. <i>The Effect of Interactional Justice on Complainers' Service Recovery Satisfaction</i> .....	106
5.2.3. <i>The Effect of procedural justice on Complainers' Service Recovery Satisfaction</i> .....	108
5.3. The Effect of Disconfirmation Theory on Complainers' Service Recovery Satisfaction .....	109
5.4. The Effect of Service Recovery Satisfaction on Intention to Brand Switching and WOM.....	109
5.5. The Effect of Situational Contingencies between Recovery Satisfaction and Post Complaint Behavior .....	110
5.5.1. <i>The Effect of Switching Costs</i> .....	110
5.5.2. <i>The Effect of Individualism</i> .....	111
5.5.4. <i>The Effect of Sense of Justice</i> .....	112
5.5.6. <i>The Effect of Demographic Variables</i> .....	113
5.6.7. <i>The Effect of Length of Time Spent with the Service Provider</i> .....	114
5.6.8. <i>The Effect of Number of Alternative Banks</i> .....	114
5.6. Organizational Dimensions of Service Recovery .....	115
5.7. To Whom People Complain? .....	118
5.8. Managerial Implications.....	119
5.9. Limitations of the Study .....	120
5.10. Suggestions for Future Research.....	121
6. CONCLUSION .....	123
APPENDIX A – Questionnaire.....	126
APPENDIX B- Mean Values of Variables .....	132
APPENDIX C- Crosstabulations .....	134
APPENDIX D – Identification of Variables .....	138
APPENDIX E- Factor Analysis and Reliability Analysis of Items Excluded from the Study .....	142
APPENDIX F- Definition of Statistical Tests.....	145
REFERENCES.....	147

## List of Figures

Figure 2.1 The Disconfirmation Theory (Boshoff, 1997).....	12
Figure 2.2. A Taxonomy of Customer Complaint Behavior (Day and Landon, 1977) .....	15
Figure 2.3. Postcomplaint Customer Behavior Responses Model (Davidow, 2003).....	27
Figure 2.4. Proposed Model .....	30
Figure 4.1. Proposed Model .....	69
Figure 4.2. Modified Model .....	90
Figure 4.3 Final Model.....	103

## List of Tables

Table 2.1. Definition of justice elements and associated principles (Tax et al., 1998).....	21
Table 3.1 Definitions of Variables .....	53
Table 3.2 Measurement Scales for variables of the study.....	55
Table 4-1 - Demographic Statistics for the main study (n=280).....	66
Table 4-2- Reliability Estimates for the Measurement Scales .....	71
Table 4.3 Results of Hypotheses Testing.....	84
Table 4.4 Factor Analysis.....	86
Table 4.5. Reliability Analysis.....	88
Table 4.6. Analysis of Dependent Variables.....	89
Table 4.7- Multiple regression of disconfirmation about outcome, personal relations quality, disconfirmation about speed, convenience and explanation quality on service recovery satisfaction.....	97
Table 4.8- Multiple Regression of recovery satisfaction and switching cost on intention to switch .....	98
Table 4.9 Multiple Regression of service recovery satisfaction, individualism and uncertainty avoidance on WOM .....	100
Table 4.10- Determinants of service recovery satisfaction .....	101
Table 4.11- The order of parties respondents complain to.....	102

## INTRODUCTION

*In this chapter, the area of the study is introduced, moving from general perspectives towards the focus on the specific problem. The research problem, aim and importance of the study are presented to give a clearer picture of the study field. The research questions and the outline of the whole thesis are also presented in this Chapter.*

The importance of building long-term relationships with existing customers is emphasized for varying reasons in marketing literature. However modern marketing philosophy which suggests building ongoing, interactive and long term relationships with customers is hard to realize in today's markets. Because, company's resources are limited, number of products and services available in the market are many and consumers are more sophisticated than ever. In other words, marketing activities which emphasize customer acquisition and sales are no longer sufficient in today's dynamic and highly competitive environment. For this reason, customer retention programs and defensive strategies for keeping current customers are becoming more and more important than customer acquisitions and sales strategies for marketers.

The need for customer retention stems from the fact that the cost of attracting a new customer substantially exceeds the cost of retaining a present one (Fornell and Wernerfelt, 1987). Colgate and Norris (2000) refers to Reicheld and Sasser's (1990) study and state that by retaining five percent more customers, a service provider can increase profits by almost 100 percent. Moreover, according to the Technical Assistance Research Program (TARP, 1986), it costs five times more to attract a new customer than to keep an existing one.

In order to be able to keep existing customers, marketers must guarantee customer's satisfaction and decrease dissatisfaction even if it is not possible to eliminate totally. However, the difficulty or even inevitability in attaining "zero defections" in service delivery is supported by many researchers in literature (Farquhar, 2004; Hart et al.,1990).When changing consumer aspirations and difficulties in satisfying consumers are considered in the light of theoretical and practical considerations, research in dissatisfaction rather than satisfaction should be attempted (Çavuşgil and Kaynak, 1980).

Defensive marketing strategies that focus on customer retention through effective complaint management, managerial programs to prevent and recover from service failures, and continuous improvement in service performance help to maintain long term relationships with customers. Furthermore, appropriate service recovery efforts can convert a service failure into a favorable service encounter, achieving secondary satisfaction, enhancing repurchase intention and positive word-of-mouth (WOM).

For an effective service recovery management, firms need information from their customers. Complaints are the most important sources of information for understanding and managing dissatisfaction. According to Nyer (2000) consumer complaining have a more direct beneficial effect. Nyer (2000) state that consumers, who are encouraged to complain, report greater increases in satisfaction and product evaluation compared to consumers who are not given the chance to complain.

Although customer retention through service recovery is very important in today's world, evidence-based guidance about how a firm can actually retain customers is limited. Majority of published research regarding complaining behavior and service recovery focuses on the antecedents of complaining behavior. However, the possibility of recovery from dissatisfaction via complaint management needs further research. This study concentrates on this less researched area; consequences of complaint behavior, namely brand switching and WOM.

This study examines the complaining behavior of Turkish bank customers and aims to analyze the factors affecting post complaint behavior in terms brand switching intention and word of mouth. Moreover, in this study a theoretical model is introduced to gain a deeper understanding of how companies handle customer complaints in order to satisfy and retain their customers. In the research model, perceived justice and disconfirmation of expectations are examined as the theoretical paradigms. Furthermore, the model is tested on Turkish bank customers who have complained through internet. The questionnaire developed to test the research model is conducted on bank customers whose complaints are handled by the service provider. Findings of the research presented in this study, aim to give a fresh view of how complaints should be handled for customer satisfaction, retention and spreading WOM.

## **1.1. Problem Statement**

Although customer dissatisfaction is threatening firms' survival, majority of researchers still focus on descriptive studies, aiming to explain the consumer complaining behavior. These studies concentrate mainly on the antecedents of complaining, who complains and who does not complain, whom people complain to, how and when they complain. However, the complaint resolution stage needs elaboration. In order to retain customers, firms need scientific knowledge on how to manage complaints. Besides customer retention, successful recovery from service failure for a company can yield to competitive advantage in the market place. In other words, if dissatisfaction is not predicted and complaints are not handled effectively, brand switching which leads to poor firm performance becomes unavoidable.

In complaint management area, following issues are not well understood (McCullough, 2000):

- What does constitute a successful recovery effort?
- How do customers evaluate service recovery efforts?
- What impact does product/service failure followed by recovery have on customer satisfaction evaluations, service quality attitudes and subsequent behavior intentions?

Compared to similar studies, this study includes a relatively wide range of variables; theoretical paradigms (perceived justice, disconfirmation of expectations), situational contingencies (sense of justice, individualism, uncertainty avoidance, attitude toward complaining) and organizational dimensions (timeliness, redress, facilitation, apology, attentiveness), in order to explain post complaint behavior.

## **1.2. Purpose of the Study**

Research aims of this study are; to review the customer complaint behavior of bank customers in Turkey and determine variables affecting service recovery satisfaction and post recovery behavior, specifically brand switching and word-of-mouth.

First of all, this study provides a fresh perspective to the current understanding of the customer complaint behavior literature. Since customer complaint behavior (CCB) literature is very much Western originated and therefore Western oriented, a nonwestern, especially a Turkish view is believed to be an addition to the existing literature body.

From a macro point of view, Turkey being a rapidly developing country will provide valuable information about the progress of consumerism, inline with other developments in the area of economy, legislation, politics, and education. The consumerism orientation of a society is closely related to the level of economic development of the country. Similarly economic development of a country is related to the educational advancement of the society. The higher educational level leads to a higher self confidence level which helps the individual have the power to search for the best available alternatives in the market. Borak (1985) studies consumerism in Turkey and finds a positive correlation among education level and taking action against malfunctioning products. However, by 1986 consumer consciousness was not yet developed in Turkey. Consumers were more passive, unorganized, without much information about the market situation. When they faced a problem, they did not know where and how to complain. So, consumer education has been a concern of governmental bodies and nongovernmental organizations (NGO) since the '80s. By then the social and educational change in the society has not only affected the consumer's perception of their rights about product failures but they started questioning the social cost of production, environmental and ecological concerns, and ethics.

The market potential of developing countries like Turkey, are affecting the business expansion and investment strategies of multinational firms. Thus consumers in these countries experience a rapid change in terms of the service/product qualities and varieties they receive. Consumer consciousness about consumerism increases as a result of internationalization in the developing countries.

Several consumer protection laws have been enacted since 1970 when the first attempt for consumer protection had been started by the Ministry of Commerce by establishing a Consumer Complaint Bureau in Ankara. The history of the rise of Turkish consumerism will be linked to this study in detail but it should be mentioned that the new consumer law (Law no 4077) which is the most comprehensive one has been enacted in 2003.

Consequently, today's Turkish consumers are worth examining because not only their political, legal, social, technological environment changed rapidly but the marketing infrastructure, marketing conditions different from '80s effect their responses and consumer behavior.

Secondly, it is very important to look into CCB in services sector since some recent studies accept services marketing as a paradigm shift in the marketing thought (Vargo and Lusch, 2004). So, this study aims to contribute marketing science from the perspective of service marketing by looking at the problem from banking sector's point of view.

Services elicit greater dissatisfaction than products since both technical and functional dimensions have an impact on consumer evaluations of services (Singh and Wilkes, 1996; Panther and Farquhar, 2004; Hart et al., 1990). In other words, intangibility, simultaneous production and consumption, and high human involvement are characteristics of service that make it difficult to achieve zero defection.

Ennew and Schoefer (2003) examine the tourism sector in their study and state that very few organizations guarantee to deliver 'zero defects' service every time because delivery of service relies on inputs from a number of different parties which must be coordinated to deliver consumer experience. The challenges of co-ordination can increase the likelihood of service failure. For example, the coordination of distribution channels is one of the most common reasons of service dissatisfaction for banking sector.

In general, financial institutions or banks are facing tremendous competition all over the world compared to other service organizations. They give much importance to quality improvement strategies to satisfy customer demands and meet expectations. Moreover, banking industry is appropriate for research, with regard to the challenge of integrating internal and external variables, which can lead to service recovery (Leal and Pereira, 2003).

According to a recent study by Gerrard and Cunningham (2004), brand switching in banking sector is realized very silently. Most business people think they have few dissatisfied customers because most do not complain. However, it is generally an accepted assumption that for every complaint received, the average business has another 26 customers with problems, at least six of which are serious. In addition, more than 90 percent of respondents do not complain or give feedback about the service they have been receiving before they change their service provider (Gerrard and Cunningham, 2004). This is a surprising outcome, because banks are the pioneer companies which invest heavily on customer relations departments in order to understand their customers' preferences and estimate their behavior. Goodman (2006) provides some beliefs of customers preferring to be silent such as;

‘complaining will not do any good’, ‘it is not worth the trouble’, ‘do not know where to complain’, and ‘afraid of counterattack’.

Thirdly, the consequences of customer complaint behavior are analyzed through the research model of this study. Although the antecedents are too much reviewed in literature, the consequences of CCB are not studied sufficiently. However, what happens after the complaint takes place is very important for companies to recover from dissatisfaction. From organizations point of view, encouraging consumer complaints and handling them properly may not be as easy as it is mentioned in many managerial customer relations management books.

One of the organizational difficulties is named “the vicious circle of complaints” by Fornell and Westbrook (1984). According to these authors, more complaints a firm receives, the more likely the customer service department is to transmit those complaints to other departments, causing the customer service department becoming isolated from management decision making and consequently, reducing the firm’s responsiveness, which contributes to a further increase in complaints.

To sum up, the purposes of this study are to propose and test a theoretical model consisting of antecedents and consequences of recovery satisfaction and to examine the roles of situational factors in the evaluation of service recovery efforts and consequently overall satisfaction and behavioral intentions. The specific objectives of this study are:

- To help to understand the profile of Turkish bank customers who complained to a third party
- To understand the relative impact of each justice dimension (distributive, procedural, and interactional justice) and disconfirmation of expectations, on the degree of satisfaction with recovery
- To scrutinize the updating role of service recovery on behavioral intentions; brand switching and WOM,
- To examine the effects of situational factors (psychographic, cultural, demographic) in the evaluation of service recovery efforts, and post recovery behavior
- To examine the importance of organizational dimensions on service recovery satisfaction



### **1.3. Importance of the Study**

In reality, more than half of business efforts responding to customer complaints actually strengthen customers' negative evaluations of a service (Hart et al., 1990). Therefore, it is important to understand what constitutes a successful service recovery and how customers evaluate service providers' recovery efforts.

Since complaint behavior literature is mainly Western oriented, a Turkish study is expected to provide contributive findings to the existing literature. Kaynak, Odabaşı and Kucukemiroglu (1992) state that consumers in Turkey, like in other developing countries, are unorganized and passive and they lack necessary information regarding market conditions, prices quality, or health regulations related to product.

On the other hand, it is known that developing countries such as India, Latin America, China, and East Asia are very important for today's global economy. Liu and McClure (2001) state that because western firms endeavor to penetrate a non-western culture with the objective of attracting new customers and concurrently, to establish long term, repeat purchase relationships, they need to effectively manage customer post purchase dissatisfaction.

Turkey as a developing country and being a prospective member of EU Turkey, it is believed that Turkish market requires a comprehensive study in terms of consumer behavior and complaint behavior. Especially Turkish banking sector is worth examining since the major share of foreign investment in Turkey is constituted by the banking sector.

Retail banking in Turkey has improved substantially over the years. Private banks are established after 1924 and until 1950s banks did not emphasize retail banking. After 1980, the liberalization and globalization movement in Turkey accelerated developments in retail banking. The attention on retail banking operations and service quality in order to meet customer expectations increased, parallel to the improvements in the political and economic conditions of 1990s.

Encouraged by Turkey's impressive economic growth rate of 9.8% in December 2004, foreign banks were looking forward to enter Turkish market. Rabobank acquired a 36% stake in Şekerbank, Turkey's 10th largest, for \$90 million; Belgium's Fortis Bank acquired 89.3% of Dışbank; Italian UnoCredito, together with Koç Holding, bought 57% of Yapı ve Kredi Bankası; France's BNP Paribas acquired 50% of TEB Financial Investments from Turkey's

Çolakoğlu Group for \$216.8m, gaining control of a 42.2% stake in Turkish Economy Bank (TEB), and General Electric's investment arm, GE Consumer Finance bought 25.5% of the Garanti Bank.

Another important discrimination of our study from others is that only third party complainers are examined. As Hogart et al. (2001) state, much of the research on third party consumer complaining is outdated. It is interesting to examine the third party complaining behavior in Turkey especially because of the relatively recent rise of consumer consciousness in Turkey.

According to the Turkish Consumers Association, consumer complaints doubled in 2007, compared to 2006. Moreover, 54% of complaints are recorded as e-complaints about bank and credit card services (Tüketiciler Birliği Hak İhlalleri Raporu, 2007). Therefore, it is anticipated that the findings of this study yield results which will have managerial implications in the rapidly changing and internationalizing marketing environment of the Turkish financial services. So, in both micro and macro senses, there is a need for a deep understanding of consumer complaint behavior in Turkey in the financial services sector.

#### **1.4. Research Questions to be Addressed**

This study aims to develop a model elaborating the CCB of Turkish retail bank customers. The study will highlight following questions that needs further analysis in literature.

- What are the demographics of Turkish third party complainers?
- What is the effect of perceived justice (distributive, interactional, procedural) on complainers' service recovery satisfaction?
- What is the effect of disconfirmation theory on complainers' service recovery satisfaction?
- What is the effect of service recovery satisfaction on intention to brand switch and WOM?
- Which of the organizational response dimensions are more important for satisfactory service recovery?
- Do length of time with the service provider, switching costs, psychographics (individualism, risk aversion, sense of justice) and attitude toward complaining moderate the relation between service recovery satisfaction and intention to switch brand?

## **1.5. Outline of the Study**

This thesis consists of six chapters. Chapter 1 starts with the problem statement and purpose of the study. Importance of the study and the research questions are also presented in Chapter 1. Chapter 2, which is literature review, provides the reader with an overview of previous studies and theories relevant to the purpose of this thesis. In addition, to conceptual framework, proposed model of the study and hypothesis driven from the model are also included in Chapter 2. How the research conducted is described in Chapter 3, which is “*Research Design and Methodology*”. Questionnaire developed for this study and measurement scales used are also presented in Chapter 3. Then, descriptions, tables, figures of collected data and their analysis based on the hypothesis testing and analyzing the proposed model of the study are introduced in Chapter 4, “*Results and Data Analysis*”. Chapter 5 presents the discussion of the findings by comparing the outcomes of data analysis and the related literature. Besides managerial implications and limitations, suggestions for further research are also presented in this chapter. Finally, the study is completed with a conclusion in Chapter 6.

## **2. LITERATURE REVIEW**

*This chapter consists of two parts. Literature review focuses on providing the reader with the information about the literature connected to this study's research problem. Moreover, this chapter reviews the theoretical background of customer complaint behavior and service recovery. In relation to the research questions of this thesis, reviews of customers' responses to dissatisfaction and service recovery strategies are presented. Then, in the theoretical frame of reference, the research model is developed and discussed based on literature. Finally, hypotheses of the study driven from the model, with their theoretical grounds are introduced.*

### **2.1. Introduction**

Consumer complaining behavior has been extensively studied since the late 1970s. In recent years, the importance of the topic to business firms has increased because consumers are more sophisticated and competition is more intense than ever. Academicians have focused on a number of research questions related to consumer dissatisfaction and complaining behavior (Singh 1988, Day and Bodur 1978, Fornel and Westbrook 1984, Bearden and Teel 1983). In literature studies concentrate mainly on the antecedents of complaining, who complains and who does not complain, whom people complain to, how and when they complain, factors involved in the complaint resolution stage and consumers' satisfaction with the complaining process.

Liu and McClure (2001) state that studies in CCB area are concentrated on three main areas. Firstly, researchers aim to find answers to whether, when, why and how customers complain. Secondly, they investigate customers' subsequent intentions and actions. Finally, how companies actually manage complaints and how they should respond to is studied.

Another characteristic of studies in the CCB area is that most of the studies are conducted in western countries (Liu and McClure, 2001). However, it is critical for multinational firms to find out whether there are cultural differences among customers in developing countries and others in terms of complaining, switching, negative word of mouth behaviors or seeking legal action. Therefore, developing countries like Turkey, become a very important environmental force for the rest of the world and deserves further exploration (Bilgin, Sriram and Wührer , 2004).

Phau and Sari (2004) state the need for examining East Asian countries because they are growing in affluence and hold a great influence in the global business arena in their study on complaint behavior in Indonesia, stating. Likewise, Ndubisi and Ling (2006) examine the post dissatisfaction behavior of Malaysian consumers via their complaint behavior and defection.

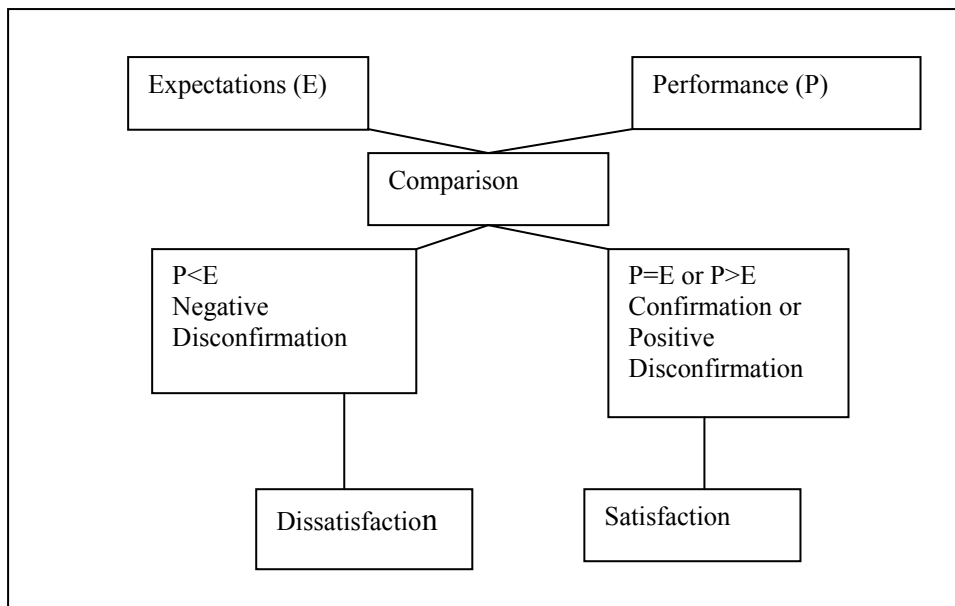
In addition, the rise of consumerism is quite a recent phenomenon in these countries compared to their Western counterparts. As a result of the new world order, consumers in developing countries are exposed to new products and services. As more consumers become sophisticated as a result of international firms' activities in their countries, they become more aware of consumerism.

### ***2.1.1. Customer Satisfaction/Dissatisfaction***

Long-term customers generate increasingly more profits year after year in almost all service businesses (Reichheld and Sasser, 1990). To keep ongoing relationships with existing customers, it is imperative to satisfy them in an exchange (Oliver and Swan, 1989). Thus, the literature on customer satisfaction/ dissatisfaction topic dates back as early as 1970s and is considered as the starting point to investigate customer complaint behavior and service recovery.

The theoretical basis for models of satisfaction/ dissatisfaction arises from consumer psychology and especially the theory of disconfirmation (Oliver, 1980). According to disconfirmation theory, dissatisfaction leading to CCB is a result of the gap between consumer's expectation and the actual performance of the product and service (Phau and Sari, 2004). In other words, as stated in Figure 2.1, confirmation or disconfirmation process is an evaluative process, in which a consumer compares a service or a product's performance to his/her prior expectations (Boshoff, 1997). Consumer's expectation is a very important factor affecting evaluation of purchase. If actual performance does not meet consumers' expectations, they will be disappointed, dissatisfied and possibly engage in complaining behavior. According to Hunt (1978), satisfaction is not how pleasurable the experience is, but the evaluation of whether or not the experience as pleasurable as it was supposed to be or expected to be.

**Figure 2.1 The Disconfirmation Theory (Boshoff, 1997)**



In literature, disparity between expectations and actual or objective product performance is explored by the help of psychological theories; namely, cognitive dissonance (assimilation), contrast, generalized negativity and assimilation contrast. Dissonance or assimilation theory states that any difference between expectations and perceived performance will be minimized or assimilated by consumer's adjusting his perception of the service to be more consistent with his expectations. Contrast theory is simply the converse of assimilation assuming that the customer magnifies the difference between the product received and the product expected. Another theory borrowed from psychology is the generalized negativity which posits that any discrepancy between expectations and reality results in a generalized negative hedonic state. Finally, the assimilation- contrast approach maintains that there are zones of acceptance and rejection in consumer perceptions. If the discrepancies are small enough, assimilation theory holds true, but reverse situations verify contrast theory (Anderson, 1973).

From a managerial point of view, customer's expectations are based on their past buying experiences, opinion of friends and associates and the marketer and competitor information (Parasuraman, 2004). Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. In contrast, if they raise expectations too high, buyers are likely to be disappointed. Thus,

successful companies raise expectations and deliver performance to match to embrace total satisfaction.

Besides theoretical backgrounds, sources of dissatisfaction are also studied in literature. Although there are common sources of dissatisfaction among developed and developing countries, the intensity of each source differs (Çavuşgil and Kaynak, 1980). Concerns of consumers in developing economies focus on primary needs such as food and shelter, displeasure in developed economies involves recreation, education, and ecological concerns. Product availability, level and consistency of product quality can be important sources of dissatisfaction in developing economies (Çavuşgil and Kaynak, 1980). Inflation and high prices constitute another major source of dissatisfaction in developing economies.

Consumer dissatisfaction is a complex phenomenon which emerges both at the individual product/supplier level and at the societal level. For example price, performance or safety related concerns may cause micro level dissatisfaction which may be more of a concern in developing countries (Çavuşgil and Kaynak, 1980).

### ***2.1.2. Definition of CCB and Consumer Complaint Responses***

Although several definitions of complaining behavior have been proposed, there is a general consensus about the conceptual meaning of consumer complaining behavior. Scholars define CCB as responses triggered by perceived dissatisfaction which is neither psychologically accepted nor quickly forgotten with consumption of a product or service (Singh 1988; Phau and Sari, 2004). It is difficult to set objective criteria for dissatisfaction because all statements showing that the performance of the firm does not fully comply with the customer's expectations are defined as complaints (Stauss and Siedel, 2004). McAlister and Erffmeyer (2003) define complaint situation in a metaphoric way as a "moment of truth" for the marketer to respond and manage appropriately.

Research dealing with CCB has started in the early 1970s. As stated by Singh (1988), Hunt observed that prior to 1972 there were only twelve articles on post purchase behavior.

In practice, complaints are often not differentiated. However in literature, there are scholars categorizing responses of dissatisfied customers such as Singh (1988). He categorizes dissatisfaction responses as behavioral and non-behavioral. Behavioral responses are all “expressions of dissatisfaction” directed towards the seller, third parties (legal actors) and friends and relatives (negative word of mouth). Conceptually, these responses need not to be limited to those directed towards the seller. Behaviors involving third party (e.g., legal action) or even friends and relatives (e.g., negative word-of-mouth communication) are also regarded as being in the category of behavior response (Day, 1984; Richins, 1983). Practitioners find these behavioral constructs useful in developing service recovery programs. Non-behavioral responses include forgetting or doing nothing.

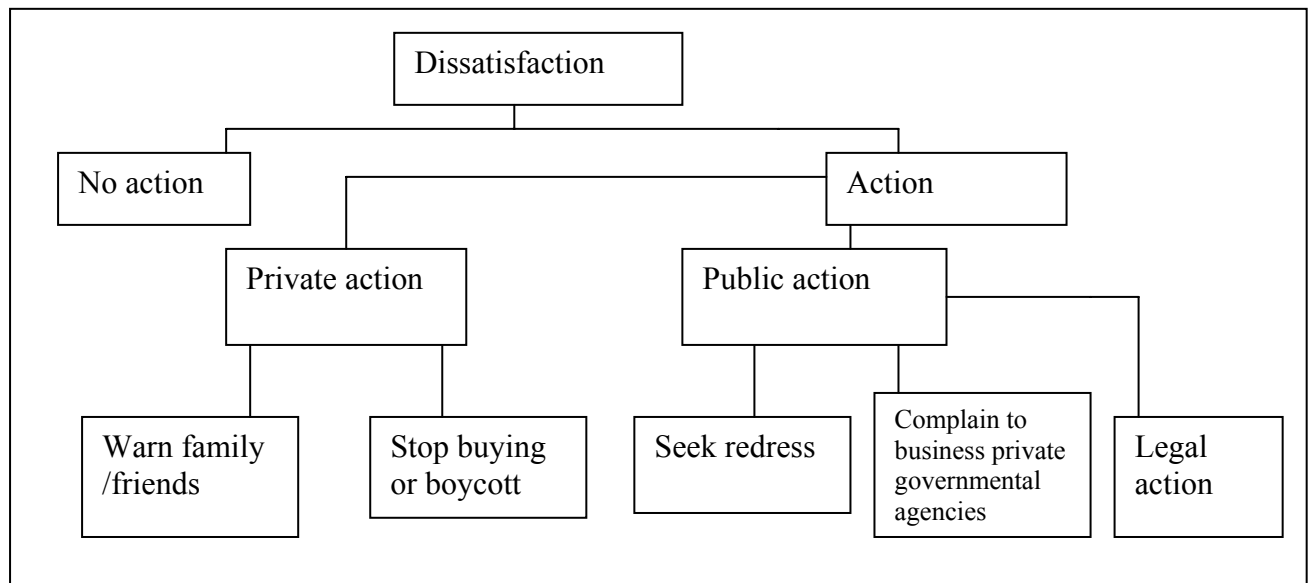
In terms of theory, the study of CCB and complaint responses appears to be critical in the explanation and prediction of consumer repurchasing intentions and brand loyalty (Day, 1984).

White and Yanamandram (2004) refer to Hirschman who is one of the first scholars in dissatisfaction literature, states that dissatisfaction may provoke two negative responses exit or voice. Exit involves ending the relationship and switching to a new supplier whereas voice includes attempts to remedy the situation or improve the conditions by making a complaint either to the seller or some other authority. Based on Hirschman’s work, Day and Landon (1970) proposed a widely accepted classification scheme to address CCB.

Day and Landon’s (1976) taxonomy of consumer complaint behavior (Figure 2.2), is widely accepted in consumer complaint behavior literature. Under their taxonomy, three major options are available to consumers who are dissatisfied with their purchase. These are no action, private action or public action. Consumers may refrain from action by rationalizing and forgetting the problem. Consumers may engage in private actions such as warning family and friends about the product and/or seller, boycotting the type of product and switching brands or retailers. Additionally, consumers may engage in public action such as seeking redress (i.e. a refund, an exchange or free repairs and replacement of defective parts, depending on the nature of the product and particular circumstances) directly from the retailer or manufacturer, complaining to the retailer or manufacturer, a public consumer protection agency, a voluntary organization or the media, or taking legal action against the retailer or manufacturer (Day and Landon, 1976; Day and Bodur, 1978).



**Figure 2.2. A Taxonomy of Customer Complaint Behavior (Day and Landon, 1977)**



Day and Landon’s classification is based on the importance and nature of the product or service consumed. According to this model, consumers decide how to respond when dissatisfied, depending on the significance of the consumption event, knowledge experience as a consumer, perceived costs of complaining and subjective probability that complaining will be successful.

Another approach to understanding CCB is taken by Singh (1990), who developed a typology of consumer complaint or dissatisfaction response style. In his categorization, four clusters of complaint response groups; passives, voicers, irates and activists are stated. Passives are dissatisfied consumers who may choose to do nothing or do not buy the same product or service again. Secondly, there are “voicers” who take some form of private action like changing the brand/supplier, ceasing to use the product or service, or warning family and friends. Thirdly, “irates” prefer to take public action that means asking for recovery by getting an exchange, including seeking redress from the seller, and taking legal action. Finally, “activists” who take a variety of different public and private actions comes. They may boycott and or spread negative information about the product/service. Companies appreciate and encourage public actions more than private, because companies become aware of problems with public actions and have the opportunity to retain their customers.

Alternatively, Stauss and Siedel (2004) propose four ways of behaving available to the customer. The customer may; switch by changing brands or exiting the market, engage in negative word of mouth, remain inactive despite dissatisfaction, or/and complain to the firm or to a third- party institution. As in the case of inertia despite being dissatisfied because of switching costs and inconveniences associated with change some customers prefer to stay with the service provider and wait for the most appropriate incident for switching. Although CRM applications are vital tools of modern marketing philosophy, customers still prefer not to give feedback and complain about the product or service they consumed. Barış (2006) refers to Harari (1997) in her book and states that 70 % of dissatisfied customers prefer not to complain and this goes up to 95 % in other studies. Goodman (2006) states that 50 % of customers encounter a problem but do not complain, 45 % complain to agent or frontline representatives; whereas only 1 to 5 % complains to management or headquarters and this situation is illustrated by “tip of the iceberg” phenomenon.

A less examined response to dissatisfaction is the ‘loyalty’ response which stands for staying with the supplier in anticipation that the situation will improve. Panther and Farquhar (2004) investigate ‘loyalty’ in finance sector and named it as ‘inertia’ in their study. Stephens and Gwinner (1998) identify the reasons and consequences of the phenomena of non-complaining behavior of customers in dissatisfying marketplaces. Inertia deserves special attention because first of all the company loses the opportunity to remedy the problem and retain the customer. Secondly, negative word of mouth generated by dissatisfied customers can damage firm’s reputation and result in the loss of potential and current customers. Finally, firm is deprived of valuable feedback about the quality and performance of its product and services.

To sum up, CCB is conceptualized as a set of multiple (behavioral and non-behavioral) responses, which are triggered by perceived dissatisfaction with a purchase. These consumer complaint responses have three main characteristics. First, the consumer complaint response are goal directed (redress or solving a problem), secondly, consumers do not engage in single, specific response behavior (complainers/noncomplainers). Thirdly, consumers engage in multiple complaint response such as complaining to the seller and talking to friends. This multiplicity raises questions about the dimensionality of the CCB concept (Singh and Wilkes, 1996). Researchers therefore need to recognize the multidimensionality of the consumer complaint behavior construct and studies should incorporate multidimensionality while investigating consumer complaint behavior.

### ***2.1.3. Factors Affecting Customer Complaint Behavior***

Although many researchers would agree with the central concept that dissatisfaction is a fundamental determinant for complaining behavior (Singh, 1988), most would qualify this proposition to include additional variables beyond satisfaction to fully explain consumer complaint behavior (Day, 1984). Many studies indicate that the consumer's response to dissatisfaction is heavily influenced by individual characteristics. However, like all aspects of consumer behavior, the product and situation are also important factors.

Consumer characteristics which may affect complaining behavior decisions include among other things: demographics (Bearden and Oliver, 1985; Bolting, 1989), personality factors (Bolting, 1989), attitudes (Richins, 1982), personal values (Keng and Liu, 1997, Stephens and Gwinner, 1998; Liu and McClure, 2001), culture (Day et al., 1981; Richins, 1987) and knowledge and experience of consumers (Singh, 1990).

Regarding demographic characteristics, it is stated that complainers tend to hold professional jobs, earn higher incomes, are well educated and younger than non-complainers (Singh, 1990). Some authors, however, dispute this and propose that the "elderly, poor and individuals low in education do not necessarily react more passively to perceived dissatisfaction" (Broadbridge and Marshall, 1995). Although Bolting's (1989) study does not indicate significant relation between demographic variables and complaining behavior, in general, findings are fairly consistent with regard to age, income, education and profession as possible determinants of consumers' propensity to complain (Broadbridge and Marshall, 1995).

Consumers' personality traits and psychological characteristics play an important role in complaining behavior. Consumers differ in self-confidence and in their degree of aggressiveness. Complainers are found to be more assertive, self-confident relative to non-complainers (Singh, 1990). However, it should be pointed out that, researchers find that most demographic variables and underlying personality traits provide very little explanatory power in explaining differences in consumer complaining behavior (Richins, 1987; Stephens and Gwinner, 1998).

Several studies support the role of attitudes toward complaining as direct positive antecedents of complaining behavior (Richins, 1982; Day, 1984). Consumers who have a favorable attitude toward complaining will be more likely to seek redress from the retailer (Blodgett and Granbois, 1992).

Keng and Liu (1997) investigate the relationship between personal values and complaint behavior in an Asian setting. According to Keng and Liu (1997) people with group orientation values, such as sense of belonging and warm relationships take private actions but self oriented people who have values like self respect, being well respected, self fulfillment, sense of accomplishment, fun and enjoyment in life, incline to take public actions. Self oriented people who are more extroverted, find it easy to complain to the seller or seek redress whereas group oriented people prefer to complain to people they know.

Consumers across cultures vary with respect to complaining behavior. With varying concepts of self, perceptions of others, and levels of social activity, consumers from different cultures give different types of responses when they complain (Mooij, 2004). In certain cultures, public voicing of consumer complaints may not be considered as a socially acceptable behavior. For example studies done in East Asian cultures show that consumers avoid direct confrontation and they are less likely to complain directly to the firm. Firms operating in these cultures should encourage direct complaints to reduce the probability of negative word of mouth or boycotting (Chelminski, 2001).

In literature collectivism and individualism are the most popular comparison dimensions for cross cultural studies examining differences with regard to complaining behavior. For example collectivistic consumers less likely to voice complaints compared to individualists because of their harmony needs (Mooij, 2004; Watkins and Liu, 1996). Negative word of mouth is more preferred among collectivists. On the contrary, taking legal action can be related to individualism and masculinity of the American culture where people want to get most out of life (Mooij, 2004). Besides a direct relation with consumer voicing, individualism affects consumer voicing through personal values such as aggressiveness, self confidence (Chelminski and Coulter, 2003) and consumer altruism is considered as a mediating variable between individualism and negative word-of-mouth.

Kanousi (2005) examines the impact of culture on service recovery expectations. Compared to overall service quality expectations, culture plays a less important role in service recovery expectations. Moreover, regarding recovery determinants communication is found to be extremely important for all consumers regardless of people's cultural profiles. Companies serving customers from cultures with high individualism should focus on employee empowerment; whereas market environment having low individualistic nature deserves higher level of explanation. Service providers serving consumers from cultures with high long-term orientation and high masculinity should put extra effort on tangibles while handling complaints (Kanousi, 2005).

Liu and McClure's (2001) study empirically confirms that when dissatisfied, consumers in a collectivistic culture (South Korean consumers) are less likely to engage in voice behavior but are more likely to engage in private behavior than those in an individualist culture (US consumers). Richins's (1987) indicates that cross-cultural differences might explain variation in the relationship between word-of-mouth and product problem variables for American and Dutch consumers.

#### ***2.1.4. Third Party Complainers***

The focus of this study is on third party complaining behavior, especially on e-complaint behavior. Marketers attach importance to third party complaints since they represent a higher-order action than complaining to friends, family, salesperson or company (McAlister and Errfmeyer, 2003). In general, company unresponsiveness that can severely threaten marketing relationships and effectiveness result in third party complaints.

Although third party complaints are stated as important, causes and implications are not well studied in literature (Sing, 1990).

Sing (1989) states that third party complainers tend to be younger, better educated, better informed, more politically active, and have higher incomes. Similarly, Hogart et al. (2001) refer to Tipper (1997) who suggests that education, income, gender, knowledge of consumer rights, and attitudes toward business can be associated with third party complaining.

## **2.2. Post Complaint Behavior**

Although complaint behavior has been investigated since the late 1970s, much of the work done concentrated on similar topics including the subjects of CCB, the determinants of CCB, the ways consumers express dissatisfaction or response styles, antecedents of CCB, personal and psychological characteristics of complainers. However, relatively little research has been conducted on the consequences of complaint behavior. What happens after consumers complain, how organizations handle complaints and how this organizational response affects complainants' subsequent attitudes and behaviors needs further elaboration (Gilly, 1987).

Consumers engage in complaint behavior with a benefit expectation which can be redress, or just an apology for the displeasing experience. Thus expectations of complaints are very important in judging the effectiveness of complaint handling. In Gilly's (1987) study, a model is proposed underlying the importance of complainants perception of the organization's response which results in some level of satisfaction or dissatisfaction that finally influence repurchase intentions. This model is rather a simplistic model of post complaint behavior since both organizational response dimensions (Davidow 2003), situational and individual dimensions (Liljander, 1999) are missing in this study. Disconfirmation theory which takes into account the difference between expectations and perceptions can be used to elaborate the model.

### **2.2.1. Justice Theory**

The leading theoretical perspective of customer complaint behavior and service recovery studies is justice theory (Tax et al., 1998; Smith et al., 1999). Justice theory is adapted from social exchange and equity theories. Equity theory is based on literature within social psychology focusing on the individuals' perceptions of the fairness of a situation, or a decision. According to equity theory, an individual perceives inequity when comparing his outcomes with the investments of others and find a difference. In other words, equity theory points to individuals' perceptions of the fairness (justice) of a decision or a situation and identifies justice as an appropriate framework (McCole, 2004).

According to this perspective, fairness of the complaint resolution procedures, the interpersonal communications and behavior, and the outcome are the principal evaluative criteria of the customer (Tax and Brown 1998). So, perceived justice consists of three

components: procedural justice, interactional justice, and distributive justice. In other words, consumers are concerned not only with the perceived fairness of the outcome but also with the perceived fairness of the manner in which the complaint is handled and the process by which resources or rewards are allocated. Tax et al. (1998) provide an overview of justice episodes and its important principles in each part, which is presented in Table 2.1.

**Table 2.1. Definition of justice elements and associated principles (Tax et al., 1998)**

<b>Principles of distributive justice</b>	
Equity	Provision of outcomes proportional to inputs to an exchange
Equality	Equal outcomes regardless of contributions to an exchange
Need	Outcome based on requirements regardless of contributions
<b>Principles of procedural justice</b>	
Process	Freedom to communicate views on a decision process
Decision control	Freedom to which a person is free to accept or reject a decision outcome
Accessibility	Ease of engaging a process
Timing/Speed	Perceived amount of time taken to complete a procedure
Flexibility	Adaptability of procedures to reflect individual circumstances
<b>Principles of interactional justice</b>	
Explanation/casual account	Provision of reason for failure
Honesty	Perceived veracity of information provided
Politeness	Well mannered, courteous behavior
Effort	Amount of positive energy put into resolving a problem
Empathy	Provision of caring individual attention

In service recovery context, perceived justice suggests that all actions during recovery process and the delivery of outcomes are critical in recovery evaluation. Distributive justice focuses on the specific outcome of the firm's recovery effort, such as discounts, coupons, free meals, replacement, refund, store credits, etc.(Blodgett et al., 1997). Tax et al. (1998) propose that even though a customer may be satisfied with the type of service recovery strategies offered, the recovery evaluation might be poor due to the process endured to obtain the recovery outcome. Procedural justice is often associated with the speed of handling the complaint, flexibility and convenience of the recovery processes. Interactional justice concerns the interpersonal treatment and communication of the firm representatives during the recovery

encounter. Interactional justice is often operationalized with sincere apology, explanation, honest, polite and empathic behavior (Blodgett et al., 1997).

To sum up, there is both theoretical and empirical support for all three justice dimensions affecting satisfaction with service recovery. Therefore justice theory is utilized in our research.

### **2.3. Approaches to Service Recovery**

Service recovery is defined as the productive handling of complaints and includes all actions taken by a service provider aiming to resolve the problem. In other words, the process of addressing service failures is called service recovery (Ennew and Schoefer, 2003). Service recovery is sometimes named as complaint management and is referred as the core of customer relationship management (Stauss and Siedel, 2004). Although new customer acquisition was the primary focus of the conventional type of marketing, CRM as a result of the high costs of customer acquisition, leads firms to focus on accompanying customers and then binding them for long periods of time by offering solutions to their possible problems.

Customer firm relationship like a personal relationship goes through different phases and named as customer relationship life cycle (Stauss and Siedel, 2004). During the customer relationship life cycle, three groups of customers require phase-specific management tasks. Potential customers are addressed by acquisition strategies, current customers require retention management, and the activities of regain management are directed toward lost customers. Customer relationships are stable when customers are satisfied but business relationships are endangered when customers are weighing the possibility of breaking off the relationship. Dissatisfaction is one of the principal reasons that customers terminate their loyalty to the firm and become welcoming to competitors' offers. With the help of complaints, customers make it possible for the firm to provide a solution. Thus, complaint management aims for a stabilization of the customer relationships that have been endangered through dissatisfaction.

According to Hart, Heskett and Sasser (1990), service recovery is a management philosophy that embraces customer satisfaction as a primary goal of business. Moreover, recovery is fundamental to service excellence and should be seen as an integral part of a company's strategy.



### ***2.3.1. Service Recovery Paradox***

There is an ongoing debate about the existence of service recovery paradox. Some researchers suggest that customers prefer an error free service at the first time over a very good service recovery, while others state the existence of a paradox. Service recovery paradox is defined as the situation where satisfaction of recovered customers exceeds that of customers who have not encountered any problems (Michel, 2002). For a single failure and satisfactory recovery, customers rate firms paradoxically high on satisfaction, word-of-mouth (WOM) and repurchase intent. However as Maxham and Netemeyer (2002) conclude second failure cannot be recovered despite effective efforts. Firms cannot only become experts on recovery, and they need to get things right the first time (Maxham and Netemeyer, 2002).

Moreover, truly superior recovery effort is supposed to generate greater satisfaction than if nothing has gone wrong (McColough, Berry and Yadav, 2000). Firms need to learn from mistakes and at least get it right the second time. Customers do not tolerate two unsatisfactory recoveries which is named as double deviation effect.

### ***2.3.2. Service Recovery Determinants***

Dimensions of complaint satisfaction and what constitutes an effective service recovery has been the subject of several researches. The attributes of complaint satisfaction named in literature vary in detail but they are generally consistent. A common theme in all service recovery articles is that customers must be satisfied with the firm's recovery efforts (Tax et al., 1988).

Despite the fact that satisfaction with service recovery is a multi-dimensional construct, no published study has used a measure of satisfaction that captures this multidimensional nature (Boshoff, 2005).

Stauss and Siedel (2004) conceptually organize these attributes into four dimensions, which are accessibility, quality of interaction, reaction speed, and appropriateness/fairness of results.

On the other hand, Bell and Zemke (1987) propose five ingredients for recovery; apology, urgent reinstatement, empathy, symbolic atonement, follow-up.

Michel, Bowen and Johnston (2006) provide an interdisciplinary approach and presented three types of recovery such as; customer recovery to re-establish customer satisfaction, process recovery to learn from failures to avoid re-occurrence, and employee recovery to prepare employees to deal with failures.

Furthermore, Zhu, Sivakumar and Parasuraman (2004) propose a conceptual framework of service failure and recovery strategies. Their study constitutes a mathematical model which helps to derive optimal recovery strategies. According to their model the goal of the firm is to minimize the overall recovery cost while maximizing the customer's overall perceived value taking factors as customer risk profile and nature of service failure in to consideration.

Kanousi (2005) refers to one the very few instruments developed to measure satisfaction with service recovery; Boshoff's RECOVSTAT. Boshoff identifies six dimensions of transaction specific service recovery as; communication, empowerment, feedback, atonement, explanation and tangibles. In other words, it is suggested that to ensure a successful service recovery, a service firm should communicate effectively with the customer, provide feedback, offer an explanation, empower the employees to solve the problem, apologize for any loss, make sure the customer is not "out of pocket" and ensure that the staff are appropriately dressed and appear in a professional working environment.

There are limited numbers of researches aiming to use RECOVSTAT as an instrument to measure satisfaction with service recovery. Boshoff (2005) empirically assesses RECOVSTAT , and confirms the validity and reliability of the instrument. As an answer to the criticism that RECOVSTAT measures only the functional quality not the technical quality, it is stated that the instrument is process based not an instrument to assess whether the complaint has been actually resolved.

Davidow (2003) proposes a model examining the relationship between some aspects of the organizational complaint response and post-complaint customer behavior, including satisfaction with the complaint response. Davidow (2003) also mentions that there is no consensus on how organizations should respond, or as to what are the most important dimensions. This study is inspired by his model as will be explained in detail in the next section.

Although the issue of service recovery has been addressed in several studies, there is still a lack of understanding of the evaluation of service recovery efforts for different categories of complaints by different types of consumers (Peelen , Boshoff and Hoogendoorn, 2005). Thus, this study aims to highlight the relative importance of each organizational response dimension.

### ***2.3.3. Total Quality Management and Complaint Management***

According to Leal and Pereira (2003) understanding customer dissatisfaction phenomenon is very important for the success and dissemination of total quality management (TQM) principles. Due to increasing demand, there is a probability of failure which leads to service recovery that enhances the expectation levels of customers and this process is named as “cycle of severity” (Leal and Pereira, 2003). So, TQM projects should identify the drivers of customer dissatisfaction rather than pampering customers and increasing customer expectations. Recent researches on quality have changed its direction from product or service related quality to relationship quality. Relationship quality is composed of dimensions such as; trust in the salesperson, commitment and satisfaction with the salesperson (Hennig-Thurau and Klee, 1997).

Bosch and Enriquez (2005) refer to Deming, TQM guru, who stated that service failures and complaints were inevitable due to the number of variables and perceptions involved in service transactions. Feedback and learning from mistakes are two vital ingredients for achieving TQM and profitability. Since complaints contain direct voice of the customer, companies can generate priceless knowledge from complaints. Bosch and Enriquez (2005) suggest that companies must design, build, operate, and continuously upgrade systems for managing complaints and name these systems as customer complaint management systems (CCMS).

## **2.4. Brand Switching**

Effective service recovery is recognized as a significant determinant of customers’ loyalty, satisfaction, trust, and commitment (Fornell and Wernerfelt, 1987). Service recovery procedures present organizations with an opportunity to improve customer satisfaction levels, thus enhance the likelihood of repurchase behavior. In other words, effective service recovery efforts can make an unfavorable service experience into a favorable one, consequently enhancing repurchase intention and positive word-of-mouth intention.

Keaveney's (1995) switching model is adapted to banking industry by Gerrard and Cunningham (2004). The model included eight switching incidents such as; pricing, inconvenience, core service failures, service encounter failures, employee responses to service failures, attraction by competitors, ethical problems, involuntary switching and seldom mentioned incidents. Studies in literature show that generally two or more incidents should have been realized for switching because bank relationships grow over time. Moreover, Aldlaigan and Buttle (2005) suggest that customers become attached to their retail banks for a number of reasons such as, faith in organizational competence, mutually align and congruent values and relational value obtained from interpersonal dynamics of their service encounters.

Another critical finding is that most of the customers prefer to switch silently in banking industry. According to Gerrard and Cunningham, (2004) around 90% of customers choose not to approach bank staff to discuss the underlying matters prior to switching. Hogart et al. (2001) find that consumers tend to voice to the seller, but they often follow up with either exiting or complaining to a third party. If banks could encourage customers to voice their complaints, banks would not only retain customers, but also avoid negative word of mouth and have more loyal customers.

## **2.5. Proposed Research Model**

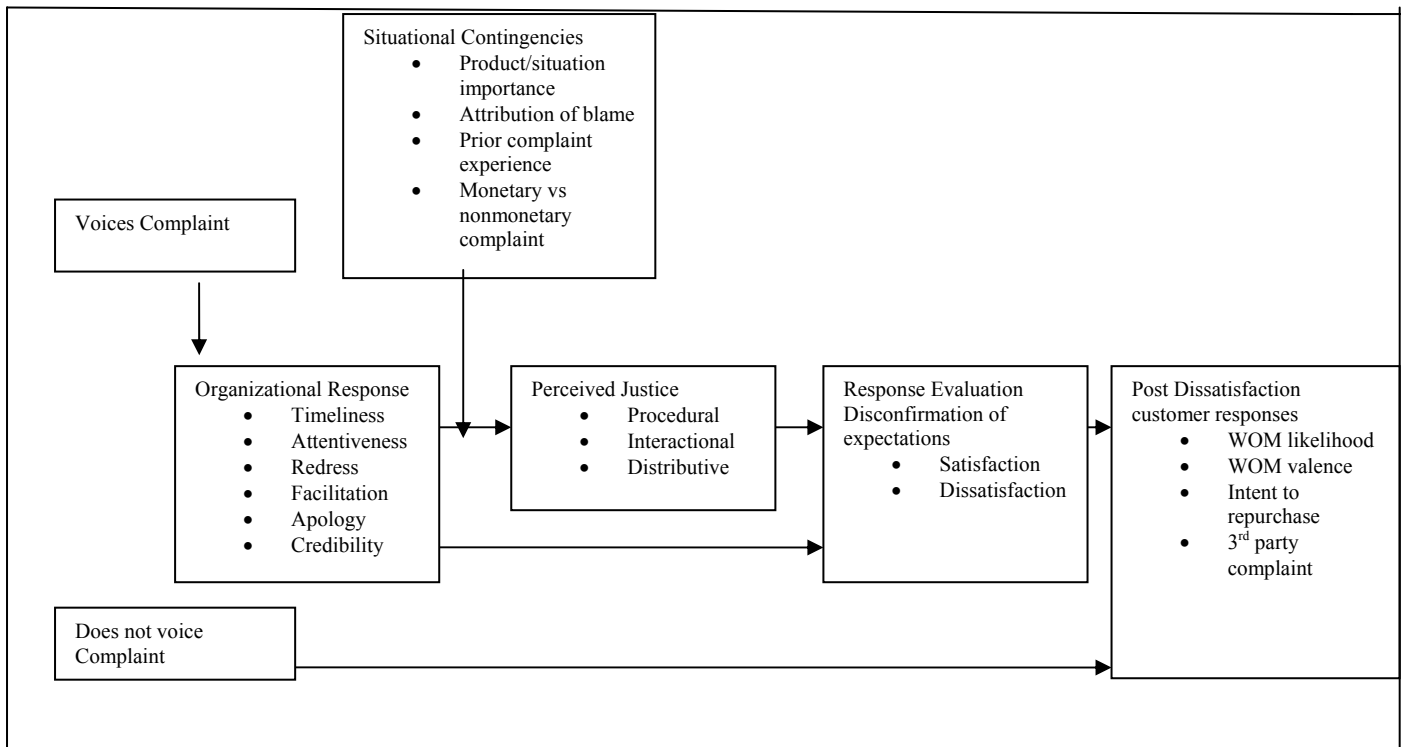
In literature there are models developed attempting to explain the antecedents and consequences of secondary satisfaction (McCole, 2004). This study's theoretical model (Figure 2.4.) conceptualizes the post recovery behavior of complainants. The model is adapted from previous models by including some new untested relationships.

This study is inspired by Davidow's (2003) model (Figure2.3). Unlike other complaint recovery frameworks that look only at satisfaction as a dependent variable, Davidow concentrates on repurchase and word-of-mouth behavior as dependent variables in his framework. Davidow's (2003) point that satisfaction can only be presented as a critical mediating variable, but not a final state for a model examining post complaint behavior, is also an important indication for this study.

In his model the effect of organizations' responses to a complaint on customer's post compliant behavior are examined. According Davidow there are six different dimensions of organizational responses to complaints (timeliness, facilitation, redress, apology, credibility,

and attentiveness) that affect post complaint customer behavior. In the literature, he presents the most comprehensive list of response dimensions.

**Figure 2.3. Postcomplaint Customer Behavior Responses Model (Davidow, 2003)**



Davidow (2003) states that in order to plan effective and efficient complaint management, the effects of organizational responses need to be measured. His model's primary aim is to understand why customers behave the way they do when presented with a specific organizational response to their complaints. Unlike most of the other studies focusing on perceived justice as a basis for determining complaint handling satisfaction, perceived justice is postulated to be a possible mediating influence between organizational response and post complaint behavior. However it is believed that Davidow underestimates the importance of justice or fairness dimensions and accuses them for dealing with subjective feelings. Since he presents the model for empirical testing, he raises some questions as potential areas to focus such as;

- “Can consumers even differentiate between the organizational action taken and how that action made them feel?”
- “Is perceived justice a complete mediator, or is it possible to have a direct effect from the organizational response to the post complaint behavior?”

Although our study is inspired by Davidow (2003), some adaptations are done due to our own research questions. Firstly, a new variable, “service recovery satisfaction” is introduced by this current study as a mediating variable between organizational and behavioral responses. In other words, recovery satisfaction is a mediator between theoretical paradigms and post complaint behavior in this study. Unlike Davidow’s model, both theoretical constructs; perceived justice and disconfirmation of expectations are hypothesized to have impact on service recovery satisfaction. The managerial advantage of this change would be to determine which perceived justice dimensions is most influential in recovery satisfaction. In Davidow’s model, variables are presented in a linear position where they are assumed to have impact on each other. However, there is not precedence in customers’ evaluation of service recovery. In the proposed model of this study, both theoretical constructs can have impact on service recovery satisfaction.

Unlike Davidow’s study, Gilly (1987) states this study’s model also concentrates on the belief that customers cannot successfully differentiate the cognitive actions from their attitudes or feelings. Thus, for example perceived speed has an impact on satisfaction, not the actual speed.

This study also attaches importance to the impact of organizational dimensions. For the first time the organizational dimensions’ relative importance will be measured in the context of this study. Findings will help to identify the priorities in CRM investments.

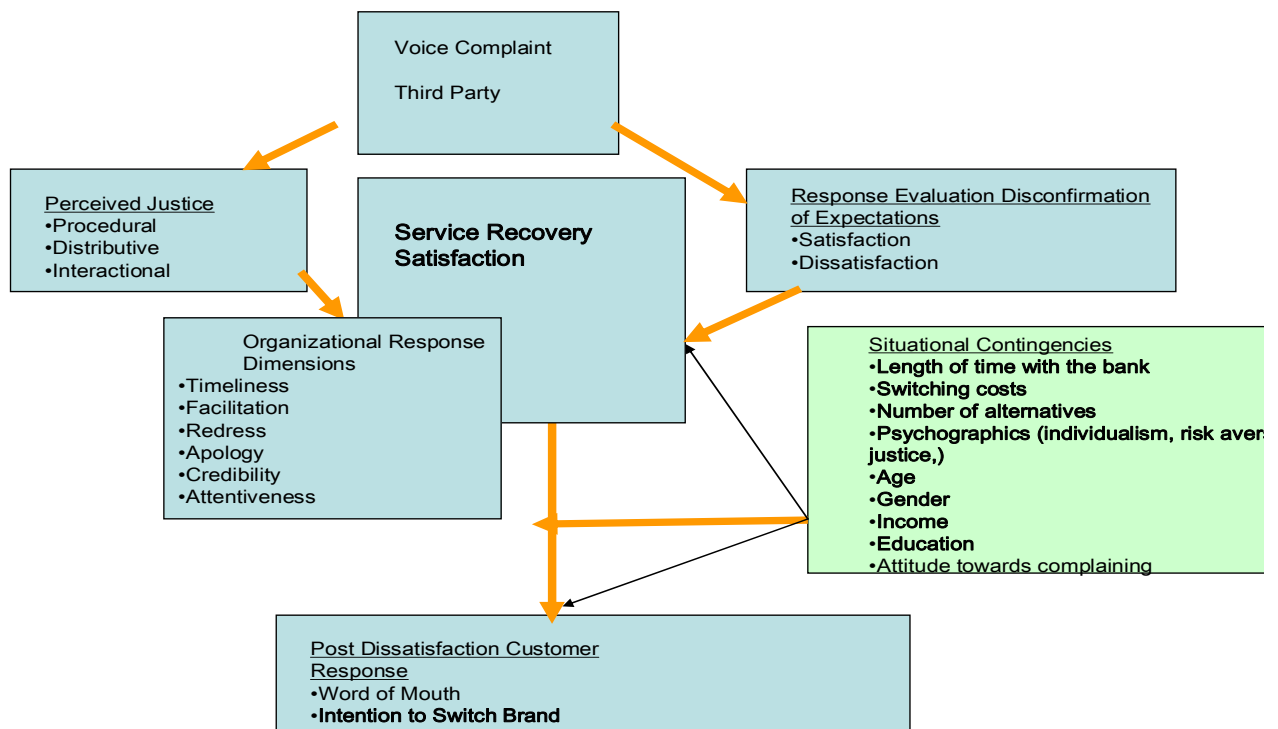
Another modification to the model is needed on the situational contingencies. In Davidow’s model situational contingencies are proposed to have moderating effect on the relation between organizational response and perceived justice. However, in that case the relation between satisfaction and post dissatisfaction customer response is supposed to be linear and direct. But it is stated in literature that many dissatisfied customers may prefer to stay with the service provider or vice versa (Nyer, 2000). Thus, by examining the effect of these situational contingencies, it would be possible to detect switch prone customers more easily. This would help to plan more effective and efficient recovery processes.

In this study, more situational contingencies are included and from a wider perspective. As seen in literature, cultural (uncertainty avoidance and individualism), psychographic (sense of justice), attitudinal (attitude toward complaining), situational (number of alternative service providers, time spent with the service provider) and demographic (age, gender, income, and education) factors are included in the model. By adding more variables, the explanatory power of the model is expected to be higher. In Davidow's model, situational contingencies are hypothesized to effect the relation between organizational response dimensions and perceived justice. However, in this study, situational contingencies are assumed to have impact on the relation between satisfaction and post complaint behavior. Although customers experience similar service recovery processes, some customers decide to switch their service providers but some decide to repurchase. So, there is a need to investigate the situational, personal and cultural factors leading these differences.

Moreover, the most important discrimination of our study from others is that only third party complainers are examined. Much of the research on third party consumer complaining is stated as outdated by Hogart et al (2001). It would be interesting to examine the third party complaining behavior in Turkey especially because of the relatively recent development of consumerism consciousness in Turkey.

As Hogart et al. (2001) state that consumers who use third party complaint mechanisms may be more tenacious and resourceful and their problems may be more severe or complicated. McAlister and Erffmeyer (2003) refer to Feick (1987) and state that third party complaints are especially important and problematic to marketers because they represent a higher order action than complaining to close friends or family or salesperson. Also the consequences of third party complaints can be very severe due to snowball effect. Besides the importance of third party complaints, the convenience of having a very objective, reliable and rich database of third party complaints on retail banking services in Turkey which will be introduced in detail in the methodology section, made us choose third party complaints as our focus.

**Figure 2.4. Proposed Model**



Additions made by this research are shown bold.

**2.5.1. Research Questions**

This study aims to answer following research questions by empirically testing the proposed model on bank customers who are third party complainers.

- v What are the demographics of third party complainers?
- v What is the effect of perceived justice on complainers’ service recovery satisfaction?
- v What is the effect of disconfirmation theory on complainers’ service recovery satisfaction?
- v What is the effect of service recovery satisfaction on intention to brand switch?
- v Which of the organizational response dimensions are more important for satisfactory service recovery?
- v Do length of time with the service provider, switching costs, psychographics (individualism, risk aversion, sense of justice) and attitude toward complaining



moderate the relation between service recovery satisfaction and intention to switch brand?

### **2.5.2. Hypothesis of the Study**

There are two important theoretical paradigms prevalent in service recovery research. The first is based on equity theory which indicates the individuals' perceptions of a situation's fairness. "Justice" is defined as an appropriate comparative framework to evaluate inputs versus outputs in a consumer setting by equity theorists (McCole, 2004). This theoretical perspective suggests that the fairness of the resolution procedures, the interpersonal communication and the outcome are the principal evaluative criteria of the customer (Tax et al., 1988). Thus, justice comprises a comprehensive framework for understanding the complaint process and complaint handling situations from initiation to completion. Regarding justice, a three dimensional view has evolved over time; distributive justice, procedural justice and interactional justice associated with the output, process and people involved, respectively. So, perceived justice is a combination of these three types; distributive, interactional and procedural.

Distributive justice is the perceived fairness of the tangible outcome offered by the service provider and has its origins in social exchange theory. Distributive justice is achieved in a service recovery when the customer receives at least what they would have received before the service failure occurred. In other words, the perceived fairness of the redress offered to consumers to resolve their complaints form distributive justice. Redress can be in form of tangible outcomes like refunds, exchanges, replacement, repair, correction, credit. (Tax et al., 1997). Studies in literature (Maxham and Netemeyer 2002; Tax et al., 1997) find that distributive justice affects satisfaction with complaint handling. Thus, it is hypothesized that distributive justice is an important determinant of service recovery satisfaction.

#### **H1 Distributive justice positively affects satisfaction with service recovery**

Interactional justice arises from the interpersonal part of a transaction. It is an intangible dimension which focuses on the interactional treatment during the service recovery process, including an apology, perceived helpfulness, courtesy, and empathy (Wirtz and Mattila, 2004). The findings of many studies support interactional justice as a significant predictor of customer satisfaction with service recovery efforts (Blodgett et al, 1995). Evidence shows that employees can help restore dissatisfied customers' evaluations by treating customers fairly,

which in return effect satisfaction with service recovery (Maxham and Netmeyer, 2002). According to Stauss (2002) the attributes of interactional justice are honesty, explanation, politeness and effort. This interpersonal treatment, especially apology, is seen as a very important moment of truth designating the customers repurchase intentions and satisfaction with service recovery since it appeared to remain in salient memory longer than any other detail.

## **H2 Interactional justice positively affects satisfaction with service recovery**

Procedural justice is process fairness. Tax and Brown (1998) call procedural justice the adequacy of the criteria or procedure used in decision making. In assessing procedures, the customer makes a subjective comparison of the processes used to handle a transaction, service recovery, or injustice. In order of importance, the attributes of procedural justice are assuming responsibility, speed, convenience, follow-up, process control, flexibility, and knowledge of process (Tax et al., 1998). Since process is an integral part of the product or service offering, providers can enhance satisfaction with the recovery by engaging in activities that maintain customer perceptions of procedural justice (Maxham and Netemeyer, 2002). Thus, procedural justice is especially important in service recovery context; because it enhances the probability of maintaining a long term overall satisfaction between parties and also effects satisfaction with the service recovery.

## **H3 Procedural justice positively affects satisfaction with service recovery.**

The second theoretical paradigm is the disconfirmation theory which has been the most accepted and supported measurement and predictor of satisfaction (Armstrong and Seng, 2000). According to disconfirmation paradigm, customers are satisfied as long as the performance of service or product provider exceeds customers' expectations. Regarding complaint situations, they have certain expectations about the firm's answer or reply. This complaint expectation becomes the standard on the basis of which the customer assesses their actual experience with the firm's reaction. If expectations are exceeded, complaint satisfaction is the result. Otherwise, dissatisfaction occurs.

It is confirmed in several studies that recovery disconfirmation, which is the comparison of recovery performance to predictive recovery expectations, has an affect on post recovery satisfaction (Yim, Gu, Chan and Tse, 2003; McCollough, Berry and Yadav 2000). Regarding the present model, customers who voice their complaints have prior expectations about the

banks' recovery process. In this research, they are asked whether their expectations are met or not met, and the effect of disconfirmation on building an overall satisfaction with the recovery process is measured.

**H4 The positive gap between the perceived performance and expectations, leads to greater service recovery satisfaction.**

Customer satisfaction can influence attitudinal change which in turn affects repurchase intention (Hellier et al., 2003). In other words, service recovery satisfaction is a necessary processing stage between service recovery attributes and post recovery behaviors (Maxham and Netemeyer, 2002). Satisfaction with the service performance after recovery is defined as a customer's affective psychological response based on subjective evaluations of the overall service performance after organizational recovery efforts by Hess et al. (2003). Many studies show that service recovery satisfaction has a positive influence on overall satisfaction, commitment, trust, WOM and repurchase intentions (Andreassen 1999; Fornell and Wernerfelt, 1987; Tax et al., 1998; Satuss, 2002).

The purpose of service recovery efforts is to move the dissatisfied customer to a state of satisfaction and hopefully retain the customer in the future (Andreassen, 2001). Stauss and Schoeler (2004) determine four main benefits of complaint management; information, attitude, repurchase and communication. Our study aims to investigate the repurchase benefit which arises when a complaining customer remains with a company instead of switching to a competitor and communication benefit which is generated when complaints are solved and satisfied customers engage in positive word-of-mouth, by recommending the service provider (Stauss and Schoeler, 2004).

The evidence for the relation between service recovery satisfaction and repurchase intention is mixed. Some studies show a positive relation between service recovery satisfaction and repurchase intention, but some results show that great service recovery cannot compensate for poor service delivery, but it can go along way towards limiting its harmful impact (Boshoff, 1997). It is known that unsatisfactory problem recovery leads to dramatic declines in customer satisfaction and increases in switching intentions, thus, when the focus is on reducing switching intentions considerable emphasis should fall on "getting it right the first time" and ensuring successful problem recovery (Levesque and McDougall, 1996).

**H5 The higher satisfaction with service recovery decreases the propensity to switch**

Besides purchase intent, WOM intent is also defined as a salient consequence in the satisfaction/dissatisfaction paradigm. In literature WOM intent is defined as the likelihood that one would favorably recommend a firm's product or service after a failure and recovery effort. It is suggested that customers who are highly satisfied with recoveries are "delighted" and desire to tell others about their experience (Maxham and Netemeyer, 2002).

#### **H6 The higher satisfaction with service recovery, positively effects WOM intent**

#### **Situational Contingencies**

An important feature of the banking industry is that only a small number of customers exit from their bank, even if they express their dissatisfaction (White and Yanamandram, 2004). Especially in retail banking market, the length of relationship between bank and customer is a common feature (Beerli et al., 2004).

The first moderating factor in the direct relation between satisfaction with service recovery and behavioral consequences is the time spent with the service provider. Roos (1999) finds that customers who had a longer relationship with the service provider also had a longer switching process. According to Colgate and Norris (2000) the length of relationship between customers and their banks vary from four to 52 years.

**H7A The propensity of switching is not the same, irrespective of the time spent with the service provider.**

**H7B WOM intention is not the same, irrespective of the time spent with the service provider.**

**H7C Satisfaction with service recovery is not the same, irrespective of the time spent with the service provider.**

Number of alternative service providers ready for use can increase the chances of brand switching, even in case of satisfaction with recovery. Customers with more alternatives are expected to be more demanding of the service recovery, influencing recovery satisfaction.

**H8A The more existing alternatives the customers have, the more likelihood of switching.**

**H8B The number of alternative banks have an effect on WOM.**

**H8C The number of alternative banks have an effect on service recovery satisfaction.**

Dissatisfied consumers remain loyal as they perceive the switching costs associated with changing service provider to be too high. In other words, some dissatisfied customers perceive that costs associated with switching provider outweigh the negative effects of the dissatisfaction that they are experiencing, so they remain loyal (Panther and Farquhar, 2004). Time, effort and uncertainty are commonly cited comments for switching costs. Colgate and Norris (2000) record in their study that seven out of ten respondents perceived high barriers to exit, such as the amount of time and hassle it would take to change; having to get new cheque books and having to learn to a new cash management system. According to some authors, marketers increase switching costs on purpose as part of their marketing strategies in order to decrease the possibility of brand switching (Hellier et al., 2003).

**H9A The level of perceived switching costs have an effect on switching intentions.**

**H9B The level of perceived switching costs have an effect on WOM.**

**H9C The level of perceived switching costs have an effect on service recovery satisfaction.**

Some of the demographic and psychographic attributes are found to influence complaint behavior (Keng and Liu, 1997). Unlike most studies in literature, this study does not look at the correlations of these attributes with complaint behavior. Instead, how these attributes moderate the relation between recovery satisfaction and post complaint behavior is studied.

The first psychographic variable is the individualism-collectivism scale. Although Turkish culture is known as a collectivistic culture according to Hofstede, the individualistic differences play an important role in consumer behavior, just like national characteristics. Individualistic people exhibit a greater degree of self confidence and they are more self oriented. They want products that are different and unique. Moreover, they feel strongly that complaining is a consumer's right. On the contrary, group oriented (collectivist) consumers find embarrassing to complain and are more ready to agree that "complaining is distasteful" (Keng and Liu, 1997). The stronger a consumer's social tie, the more likely the consumer is to engage in negative WOM in response to post recovery dissatisfaction.

Mattila and Patterson (2004) examine the impact of culture on consumer's perception of service recovery efforts. Their findings show that the differential sensitivity of East Asian and American consumers influence their attributions for service failure and moderate their satisfaction with service recovery process. Thus, it is hypothesized that individualism collectivism not only affects complaint response styles, but the decision to behave after recovery.

**H10A Complainers' individualism levels have an effect on switching intentions.**

**H10B Complainers' individualism levels have an effect on WOM**

**H10C Complainers' individualism levels have an effect on service recovery satisfaction.**

In this study, the relation between consumers risk taking limits and their post recovery behavior is also analyzed. According to Liu et al. (2001) customers from a high uncertainty avoidance culture tend to be more likely to encourage friends and relatives to do business with their service provider. It is known that Turkish consumers, being a part of high uncertainty avoiding culture, try to minimize the possibility of unstructured situations. It is assumed that low risk takers will perceive brand switching as a highly risky behavior. Thus,

**H11A The risk taking attitude has an effect on switching intentions.**

**H11B The risk taking attitude has an effect on WOM.**

**H11C The risk taking attitude has an effect on service recovery satisfaction.**

Some consumers consider complaining as a kind of "duty" or "responsibility" for a sense of "justice" (Keng and Liu, 1997). It is known that people who have high sense of justice prefer to voice their dissatisfaction on every occasion, but their post recovery behavior is not investigated sufficiently in literature. Whether their satisfaction with the service recovery leads to WOM or repurchase behavior is a question to be addressed in this study.

**H12A Sense of justice has an effect on switching intentions.**

**H12B Sense of justice has an effect on WOM.**

**H12C Sense of justice has an effect on service recovery satisfaction.**

Attitude toward complaining is defined as the personal tendency of dissatisfied consumers to seek compensation from firm (Yuksel et al., 2006). This attitude is conceptualized as the overall affect of the "goodness" and "badness" of complaining to sellers (Singh and Wilkes,

1996). In literature it is supported that consumers with positive attitudes toward complaining prefer to seek redress from the firm, and express their dissatisfaction to the firm and generate WOM (Blodgett et al., 1997; Day and Landon 1976). However, the post recovery behavior of consumers who have positive attitudes toward complaining is not analyzed.

**H13A Attitude toward complaining has an effect on switching intention.**

**H13B Attitude toward complaining has an effect on WOM.**

**H13C Attitude toward complaining has an effect on service recovery satisfaction.**

Demographic variables such as age, income, gender and education are found to influence complaint behavior. Studies show that, those who complain are younger in age, have better education and income (Day and Landon, 1976). Females are more likely to complain than males (Keng et al., 1995). However, this study will analyze the moderating effects of these demographic variables on the post recovery behaviors. According to McColl-Kennedy et al. (2003) there are significant differences between male and female customers regarding their perceptions of how service recovery should be handled.

For example, even if a complainer is dissatisfied with the recovery process, his income level directly affects his intention to repurchase or switch, since the switching costs depend heavily on ones income level in retail banking sector.

**H14A There are differences between men and women in their switching intentions**

**H14B There are differences between men and women regarding WOM**

**H14C There are differences between men and women in their secondary satisfaction levels.**

**H15A Income has an effect on switching intentions**

**H15B Income has an effect on WOM**

**H15C Income has an effect on service recovery satisfaction**

**H16A Education has an effect on switching intentions**

**H16B Education has an effect on WOM**

**H16C Education has an effect on service recovery satisfaction**

**H17A Age has an effect on switching intentions**

**H17B Age has an effect on WOM**

## **H17C Age has an effect on secondary satisfaction**

### **2.6. A Brief Summary**

This chapter summarizes the literature on the causes and consequences of customer complaint behavior and approaches to service recovery. It also includes the dominant theoretical framework underpinning successful service recovery- i.e. justice theory. The conceptual framework of the research model is also introduced in this chapter. Chapter concludes with the hypotheses and research questions driven from the research model.



### **3. THE RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

*This chapter describes the research design and the procedures used to achieve research objectives of the study. First of all, the research approach and strategy is discussed. Later, the data collection method chosen for this study is explained and the sample design is introduced. The pilot study and the data analysis methods constitute the last part of this chapter.*

#### **3.2. The Research Approach**

According to Yin (1994), there are three classifications of research available when dealing with a research problem: exploratory, descriptive or explanatory. Exploratory research is often used when a problem is not well known, or the knowledge is not available. Whereas the aim of descriptive research is to provide a description of various phenomenon connected to individuals, situations or events that occur. Explanatory research seeks to find cause and effect relationships between given variables. In order to accomplish that, besides having a well-defined research problem, hypotheses need to be stated. This research is explanatory in the sense that a conceptualization of the theory is developed and used when trying to explain the results. The relationships between different variables in the proposed model are examined and driven hypotheses are analyzed in this study.

Regarding research approaches, two different discriminations are stated in literature. First deductive-inductive, later qualitative-quantitative approaches will be discussed. Deductive and inductive approaches represent two different philosophies. The inductive way to draw conclusions is founded on empirical data. The researcher establishes theories and models that are based on different phenomena in reality. In deductive approach, researcher uses existing theories and investigates them empirically. Although the research problem is based on realities, the research questions are developed from already existing theories, which are compared to reality later, therefore this research is of deductive nature.

The qualitative and quantitative methods refer to the way one chooses to treat and analyze the selected data. The best approach to use for a study depends on the purpose of the study and the accompanying research question (Yin, 1994). Quantitative research has a structure in

which hypothesis take the form of expectations and the determination of the causal links specified by the hypothesis result in the acceptance, or rejection of the theoretical propositions. Hence, quantitative research places emphasis on methodology, procedures and statistical measures of validity. In qualitative approach a fewer number of objects are studied. This approach is used when the researcher aims to gain a deeper knowledge of the studied objects and when it includes feelings, values and attitudes.

Based on this study's research questions the chosen approach for this study is of quantitative nature. This research aims to find the relationships between some parameters (i.e. justice, disconfirmation of expectations, various situational contingencies) with variables of brand switching intention, WOM and recovery satisfaction which will be measured and analyzed by numbers.

### **3.3. The Research Strategy**

According to Yin (1994), the selection of the research strategy depends on three conditions: the type of the research questions asked, the extent of control that a researcher has over actual behavior events, and the degree of focus on contemporary events compared to behavioral events. Based on these conditions, experiments, surveys, archival analysis, histories and case studies are five research strategies that are possible to conduct. Survey and archival analysis are advantageous when the researcher's goal is to describe the incidence or procedure of a phenomenon and when it is to be predictive about certain outcomes (Yin, 1994).

Survey strategy is a popular and common strategy in social science that is usually associated with the collection of data from a sizeable population in highly economical way. Since survey techniques help to inquire about subjects that are exclusively internal to the participants, it is possible to learn about attitudes, opinions, expectations and intentions of respondents. Survey technique is chosen as the most appropriate strategy for this study because this study aims to investigate the customer perspectives –experiences regarding service failure and recovery and their subsequent behavior.

### **3.4. The Data Collection Method**

There are two major approaches to gathering information about a situation, person, problem or phenomenon; secondary data and primary data. Secondary data is information that is

already available and need only to be extracted. However, primary data is the form of information that must be collected through observations and communication.

The communication approach involves surveying people and recording responses for analysis, whereas observation includes monitoring behaviors, conditions and events. Observation does not fit to our study since attitudes and intentions related to a certain past occasion (service failure) cannot be observed. Thus survey method is chosen for data collection.

A researcher can conduct a survey by personal interview, telephone, mail computer or a combination of these. Considering that the widespread of complainants are all over Turkey, and time/cost limitations of completing the thesis, the most suitable data collection method for the study, is found to be self-administrative surveys. Among self-administrated survey, the Internet survey has the least cost and provides a high response rate (Cooper and Schindler, 2003).

### **3.5. The Sample Selection**

The basic idea of sampling is that by selecting some of the elements in a population, researcher may draw conclusions about the entire population. There are several compelling reasons for sampling, including: lower cost, greater accuracy of result, greater speed of data collection and accessibility to the population (Cooper and Schindler, 2003). Furthermore, sampling method can be divided into two categories; probability and non-probability sampling. In probability sampling, respondents are selected randomly and it ensures that the sample is representative of the population. By selecting probability samples, not only the chance of sampling error is reduced but also the range of probable sampling error present can be estimated. However, high costs, limited time, no generalization desires, or non – availability of the total population are conditions, which may lead researchers into non probability sampling such as; convenience, judgment, quota sampling (Cooper and Schindler, 2003).

As stated before, research aims of this study are; to review the customer complaint behavior of bank customers in Turkey and determine variables affecting service recovery satisfaction and as a result post recovery behavior in terms of brand switching intention and WOM. Based upon these aims, bank customers who complained about a service failure and experienced a service recovery process are chosen as the target respondent population.

In order to reach this group, two banks are contacted. Regarding number of credit card market share one of these banks is the second largest Turkish bank in 2006 (Vardar, 2007). First of all, it was planned to conduct the questionnaire on the dissatisfied customers of these banks. Customers who have experienced a service recovery process were thought to be the target respondents of the research. Although both banks get excited about the subject of the research, due to confidentiality reasons, they were reluctant to allow the researcher to conduct the research on their customers. Therefore, an alternative way to reach target sample is searched.

As a result of this search, an intermediary; [şikayetvar.com](http://şikayetvar.com), is found to have access to a broad array of bank complainants. This internet site [www.şikayetvar.com](http://www.şikayetvar.com) is a non profit organization, which aims to enhance the quality of goods and services in Turkey and was established by a medical doctor in 2001. This site plays the role of an impartial side, in which consumers who are dissatisfied with a product or service can freely voice their complaints by their e-mails. The managers of the site filter these messages regarding some grammar mistakes and ethical concerns. Sikayetvar.com takes the responsibility to publicize the complaint messages and forward these messages to the firms in question. The complaint handling process can also be followed by site members by reading the complainants' and firms' answers at the same time. Sikayetvar.com carries the responsibility to inform the consumers about goods and services in the market by publishing other consumers' complaints and enhance the capability of firms' complaint handling management. Şikayetvar.com is not a legal entity, or a decision mechanism in any form. Firms attach great importance to the rankings updated continuously in this independent site, and use these rankings as part of their marketing communication tools. Firms' membership fee is the only source of revenue for the site. Sikayetvar.com used to publish a monthly magazine but due to distribution problems the firm decided to suspend publication.

By June 2007 şikayetvar.com has 2.800 commercial members who are very well recognized firms from various sectors. In six years, şikayetvar.com has contributed in resolving 59.042 complaints. To be more explicit, in 2005 Ministry of Commerce and Industry has handled 17.000 complaints; whereas şikayetvar.com handled 19.000 in the same year. Besides being popular, site is very user friendly and full of information including sectors analysis by the help of a very comprehensive technological infrastructure. Şikayetvar gained several rewards

since its establishment including the best “civilian society organization” of Turkey in 2005 and 2006 by Altın Örümcek Web Sitesi competition.

This site is chosen as an intermediary for reaching target respondents for several reasons. First of all, the firm is independent and has a professional management. Moreover, Şikayetvar.com’s mission, which is to enhance customer awareness in Turkey and improve the quality of product and services in Turkey, is very important and parallel to marketing science philosophy. The founder of the sikayetvar.com showed great interest in this research and supported the research in terms of technical infrastructure and attaining their extensive database. The questionnaire which is introduced in the next section is developed as a web site by the sikayetvar.com technical department.

Consequently, it is decided to conduct the survey to consumers who complaint about their retail bank to a third party; an internet site and the banks should have responded to their complaints in one way or another. This sample structure has the advantage of attaining a wide range of bank complainants not only customers of a few banks.

For this study the complaints were filtered and marginal complaints were eliminated. Since researcher had access to all complaints and member information, members who complained about several banks in short periods, complaints about non-work related items were regarded as marginal. Firstly, complaints which were handled by the banks were chosen for the study. Since there were around 18.000 complaints about 29 banks in the sikayetvar.com, two criteria were chosen to limit the sample size and also to reduce the salient data to a minimum level. Time period of the complaints and complaint frequencies of the complainants were chosen as the limiting criteria.

In order to reduce salient data to a minimum level, it was very important to have an idea about the profile of an average member of the site. Respondents were chosen among site members who have complained about their banks in the chosen period; between 01.12.2006 and 26.01.2007. This period was chosen as two months because it was very important to contact complainants as soon as they have experienced service recovery process in order to learn their objective thoughts. Also, people would be more reluctant to reply a survey about an experience that they would barely remember. Complaint frequencies of these members were examined to determine the study’s sample definitely.

When complaint frequencies of the site members regarding complaint subjects were examined, it was observed that, the average number of complaints of a member was 1.5. However regarding only bank complaints the average complaint number was 1.3. So, it was decided to send the questionnaire to members who have written less than three complaints in general and in addition only one of the two complaints should be about bank services.

Second step in the sample selection process was limiting the complaints according to their issue dates. It was observed from the pilot study that recent complainers were more willing to reply messages. Therefore, complaints written in December and January were chosen for the study. There were 10.249 complaints in general between 01.12.2006 and 26.01.2007, whereas 2.623 of them were about bank services within the same period.

These 2.623 complaints were examined and sorted according to their writers' complaint frequencies. 2.019 (77%) complainers out of 2.623 satisfied our condition that they have written less than two complaints in general. However, 1.700 members have written only one complaint about bank services during the mentioned period. When these 1.700 members were examined, it was seen that 382 members have written more than one complaint before December.

So, 1318 members have met our qualifications by having two written complaints in general, whereas only one was about bank services and it was written between 01.12.2006 and 26.01.2007.

### **3.6. The Study Design and Measurement Scales**

The items used in the questionnaire are based on previous research (Blodgett et al., 1997; Davidow, 2003), and are modified to some extent to better fit the context of the study. All of the items; except gender, income and age are measured using 7-point Likert-type scales and most of the items are anchored with "strongly agree/strongly disagree".

Since most of the original measurement scales used is in English, some statements are translated from English to Turkish and reworded again. Now that the researcher has access to

the complaint story from the consumers own words, the questionnaire does not include questions about the service and the dissatisfaction reasons.

In the following section original measurement scales from literature or statements that are written for our research are stated. The questionnaire that is developed by translation and adaptations for the need of specific research purposes is present in the Appendix A.

### ***3.6.1. Measurement of Distributive Justice***

The study by Blodgett et al., (1997) examines the effects of various types of justice on complainants' negative WOM and likelihood of repatronage. Although they may have drawn inspiration from previous measures, this scale appears to be original to their study and their scale is one of the most often cited one in the literature.

Blodgett et al. (1997) provide some evidence of the scale's convergent and discriminant validity. In particular distributive justice is measured with four items resulting in Cronbach's alpha of 0.92 representing reliability.

The phrasing of the items in this scale is unique because items were developed for an experiment in which subjects were asked to imagine being a consumer in a scenario they were presented. So, adjustments and rewordings are done according to the specific needs of the current study. It is important to recognize that perceptions of distributive justice rest with the individual complainants and reflect their impressions of tangible outcomes. In other words perceived fairness of the redress in terms of refunds, exchanges, repairs, discounts on future purchases, store credits, offered to consumers to resolve complaints. However in retail bank context, the only tangible outcome can be monetary.

Original scale items (Blodgett et al., 1997) of distributive justice are as follows;

- Compared to what you expected, the “discount” offered was  
Less than expected.....More than expected  
1-----2-----3-----4-----5-----6-----7
- Taking everything into consideration, the manager’s offer was quite fair  
Strongly disagree.....Strongly agree  
1-----2-----3-----4-----5-----6-----7
- The customer did not get what was deserved (regarding a refund or exchange)

Strongly disagree.....Strongly agree

1-----2-----3-----4-----5-----6-----7

- Given the circumstances, I feel that the retailer offered adequate compensation

Strongly disagree.....Strongly agree

1-----2-----3-----4-----5-----6-----7

### **3.6.2. Measurement of Interactional Justice**

Previous studies identify a number of elements associated with interactional justice, such as truthfulness, the provision of an explanation, politeness, friendliness, sensitivity, interest, honesty, empathy, assurance, directness, concern, effort, acceptance of blame, offering an apology (Blodgett et al., 1997). In assessing service recovery satisfaction in retail banking setting, interactional justice is very important, since communication is a vital concern in the resolution of complaints and long term relationship building in retail bank marketing strategy.

Four, seven point statements are used by Blodgett et al. (1997) to measure the perceived courtesy and respect a customer is given when resolving a conflict. An alpha of 0.95 is reported for the scale's reliability.

However associated with the current studies, special aims and context, apology, empathy honesty seems relatively important. So, four statements are added in order not to underestimate the characteristics of retail bank setting and the importance of relationship marketing in this setting.

Original scale items (Blodgett et al., 1997) of interactional justice are as follows;

- The customer was treated with courtesy and respect

Strongly disagree.....Strongly agree

1-----2-----3-----4-----5-----6-----7

- The employees seemed to care about the customer

Strongly disagree.....Strongly agree

1-----2-----3-----4-----5-----6-----7

- The employees listened politely to what the customer had to say

Strongly disagree.....Strongly agree

1-----2-----3-----4-----5-----6-----7

- I feel that the customer was treated rudely ®

Strongly disagree.....Strongly agree



1-----2-----3-----4-----5-----6-----7

### **3.6.3. Measurement of Procedural Justice**

In literature procedural justice is operationalized mostly with flexibility, waiting time/responsiveness, efficiency, timeliness, convenience of the complaint handling process (Blodgett et al., 1997). These dimensions are also associated with customer satisfaction and service quality. So, in order to measure the service recovery satisfaction, procedural justice is very important. Blodgett et al. (1997) used three, seven point statements to measure the perceived fairness of the criteria and policies used to resolve a dispute between customer and provider. However because the perceived convenience of the complaint handling processes in retail banking sector is important, a fourth statement is added to the original scale. Reliability of an alpha of 0.85 is reported for the scale by Blodgett et al., (1997).

Original scale items (Blodgett et al., 1997) of procedural justice are as follows;

- The customer's complaint was handled in a very timely manner  
Strongly disagree.....Strongly agree  
1-----2-----3-----4-----5-----6-----7
- The customer's complaint was not resolved as quickly as it should have been ®  
Strongly disagree.....Strongly agree  
1-----2-----3-----4-----5-----6-----7
- The customer had to make too many trips to the store in order to resolve the problem®  
Strongly disagree.....Strongly agree  
1-----2-----3-----4-----5-----6-----7

### **3.6.4. Measurement of Disconfirmation of expectations**

Customers' service recovery expectations are customer's beliefs about the level of reparation that is appropriate after a service failure (Hess et al., 2003). And the disconfirmation paradigm states that if company performance exceeds expectations, customers will be positively disconfirmed or satisfied. In literature it is highly supported that disconfirmation paradigm is very affective on the customer satisfaction process. Thus, it is hypothesized that satisfaction with service recovery is highly dependent on the gap between customer expectations and the actual perceived performance.

Oliver (1980) tests a model of consumer satisfaction that express satisfaction as a function of expectation and disconfirmation. A two item, seven point scale is used by Oliver (1980). Alternatively, Westbrook (1987) also develops a three item, five point Likert type scale.

In the original scale a first level satisfaction has been measured thus only the level of benefits and problems has been questioned.

- The problems you have encountered have been

Much less serious than expected.....Pretty much as expected.....Much more serious than expected

1-----2-----3-----4-----5-----6-----7

- The benefits you have experienced have been

Much less serious than expected.....Pretty much as expected.....Much more serious than expected

1-----2-----3-----4-----5-----6-----7

However, since the object of the expectations is very unique in the current study, the phrasings of the items are adjusted.

### ***3.6.5. Measurement of Service Recovery Satisfaction***

Consumers enter the complaint process with some expectations about outcomes that might emerge (Estelami, 2000). Delightful and disappointing consumer complaint processes have strong effects on consumer's future judgments and post recovery behavior. As Mattila and Wirtz (2004) state satisfaction is a key variable in service recovery and it is usually defined as a mediator explaining the relationship between service recovery dimensions and post recovery behaviors (repurchase intent and negative WOM).

In the first part of constructing items for measuring service recovery satisfaction, four questions are developed aiming to determine the level of satisfaction with the recovery efforts. The most widely accepted performance-based scale (Blodgett et al., 1993; Westbrook and Oliver 1981) employed in customer satisfaction research is taken as a guide for this study.

- Overall, I was satisfied with the way the transaction was handled
- Overall, I was pleased with the firm
- Overall, I was pleased with the service I experienced
- Overall, I was dissatisfied with the service I experienced
- Overall, I felt the service was good.

As Stauss (2002) states, in the literature some synonyms for “complaint satisfaction” can be found such as “secondary satisfaction, “complaint response satisfaction”, “satisfaction with organization complaint response”, “redress satisfaction”, “service recovery satisfaction”, “satisfaction with complaint resolution” and “recovery disconfirmation”. However, all terms mean the same; complaint satisfaction refers the customer’s assessment of the company’s response to a complaint. Thus, companies have to know what elements of the complaint procedure the customers evaluate. They can make rational decisions to improve their recovery strategies and then prevent brand switching only if they know what dimensions and attributes of their complaint management are perceived as more important. In literature there are studies focusing on constitution of a service recovery index basing on identification of dimensions of a satisfactory recovery process. Some of these theoretical models are based on disconfirmation theory, equity theory (Anderassen, 2000), some grounded on just justice theory (Tax et al., 1998) and some claimed to find ideal combination of attributes of an ideal complaint handling process from a more managerial point of view, RECOVSTAT (Boshoff ,1999). Although this recovery satisfaction (RECOVSTAT) tool is seen as a reliable and valid instrument, respondents are not among real complainants, instead households are asked to think of their expectations about their potential complaint handling occasions.

In this respect, this study has an advantage over existing measurement tools, since real complainants whose complaints are handled right after service failure are surveyed. This will help the researcher to learn respondents’ relatively more objective opinions about service recovery process. Moreover, basing on theoretical grounds, explicit organizational response dimensions’ affect on service recovery satisfaction are measured.

Davidow (2003) hypothesizes a model compromising the organizational response dimensions. These dimensions are believed to affect the complainant’s overall satisfaction with the service recovery and subsequent postcomplaint customer behavior such as word-of-mouth and brand switching. These dimensions are timeliness, facilitation, redress, apology, credibility, and attentiveness. The importance of these dimensions on customers’ service recovery satisfaction is analyzed in the survey.

- Please rank the elements which play major role in your complaint resolution case (1: the most important, 9 the least important)
  - The banks was very fast in responding my complaint
  - The banks procedures were clear and easy for complainants

- The bank gave me a genuine apology
- The banks explanation was very convincing
- The bank representative treated me with respect and was quite pleasant to deal with.
- The outcome that I received from the bank returned me to a situation equal to or grater than before the complaint

### ***3.6.6. Measurement of Switching Intention***

Stauss (2002) states that the studies on complaint satisfaction focus mostly on the relationship between complaint satisfaction and customer retention or repurchase behavior. It is heavily supported in literature that complaint satisfaction has a positive influence on transaction satisfaction, commitment, trust, word-of-mouth, and repurchase intentions (Fornell and Wernerfelt, 1987; Tax et al., 1988; Andreassen 2000; Maxham and Netemeyer 2002).

Some studies (Stauss, 2002) conclude that complaint satisfaction is a necessary prerequisite for customer retention since it does not refer to the problem resolution but also to additional attributes of complaint handling. However some studies (Maxham and Netemeyer, 2002) support the idea that customers experiencing satisfactory recoveries may still choose to switch their service or product providers.

Following statements are presented in the questionnaire in order to learn the respondents' intention about brand switching.

- I do not think of switching my bank
- I do not think of working with this bank anymore
- This experience has made me change my bank
- If had to choose a bank again I would choose the same bank

### ***3.6.7. Measurement of Word-of-mouth***

Negative word-of-mouth communication may be very harmful to firms in many aspects. Consumers are more likely to spread negative word of mouth about a dissatisfactory response than positive word of mouth about a well handled complaint (Cho and Joung, 1999).

Following questions aim to learn respondents' word of mouth behavior about the recovery incident.

- I would recommend this bank to my friends
- I share this unpleasant experience with the bank on every occasion with my friends
- I warn my friends about not to use this bank's service

### ***3.6.8. Measurement of Situational Contingencies***

#### **Length of time with the bank**

Trubik and Smith (2000) state that the length of time a customer is with the bank, affects the likelihood of leaving. So, this statement aims to learn the length of relation with the bank.

- How long have been working with the bank you have complained?

Less than 3 months 3months-1 year 1-2 years 2-3 years 3-5 years 5-10 years more than 10 years

#### **Switching Costs**

Time, cost, risk and convenience are chosen as representative dimensions for switching cost in banking sector. Following statements aim to understand the respondents' perceptions of switching costs.

- It will take time to switch my bank
- It is costly to switch my bank
- It is risky to change my bank
- It is easy to change my bank ®

#### **Number of alternative banks**

How many other banks are you working with regarding the service you have complained about?

None 1 -2 3-4 5-6 7-8 8-10 more than 10

#### **To whom respondents complain to?**

Rank the following alternatives according to the precedence of parties you preferred to complain to?

- Friends
- Bank CRM department
- Bank personnel
- Consumer action groups
- News papers
- Sikayetvar.com

### **3.6.9. Measurement of Psychographics**

Psychographic factors incorporating personality and attitudes are examined as major reasons of complaint behavior (Davidow and Dacin, 1997). This study aims to understand the moderating effect of these differences on post recovery behaviors of respondents. The scale for measuring psychographic factors is adapted from Phau and Sari (2004). They adapt their scale from Keng et al. (1995). The original scale was a five point Likert scale however due to the need to have consistency with other scales, seven point scale is used.

Original scale is as follows from Phau and Sari (2004)

#### Individualism/self confidence

- I like to receive attention
- I like to be different from others
- I prefer to be different rather than to do things the way other people do
- I like product that are different and unique

#### Uncertainty avoidance (Risk taking attitude)

- I like taking chances
- I like people who take risks in life without fear of what happens
- I you want big gains, you have to take risks
- Investing in the stock market is too risky for me

#### Attitude toward complaining

- Always complain when I am dissatisfied because it is my right
- Complaining is for people who has little else to do
- Complaining about anything is distasteful for me
- I find embarrassing to complain

#### Sense of Justice

- Complaining about an unsatisfactory product is my duty
- It bothers me if I do not complain about an unsatisfactory product
- People have a responsibility to inform the seller about a defective product

### **3.7. Definitions of Variables**

In Table 3.1 variables of the study are defined in relation to items of the questionnaire. In addition, the variables included in this study and types of measurement scales of each variable are presented in Table 3.2.

**Table 3.1 Definitions of Variables**

<b>Question</b>	<b>Variable</b>	<b>Name</b>	<b>Definition of variables</b>
1	Var1	Banknum	Number of banks respondents are working with
2	Var2	Hist	Length of time respondent is working with the bank
3- The order of parties respondent complaint to	Var3	Friends	Friends-family members
	Var 4	BankCRM	Call center
	Var 5	Person	Branch personnel
	Var 6	Third	Third party
	Var 7	Paper	Newspaper
	Var 8	Site	Şikayetvar
4	Var 9	Dist1	Distributive justice
5	Var 10	Dist2	Distributive Justice
6	Var 11	Dist3	Distributive Justice
7	Var 12	Dist4	Distributive Justice
8	Var 13	Int1	Interactional Justice
9	Var 14	Int2	Interactional Justice
10	Var 15	Int3	Interactional Justice
11	Var 16	Int4	Interactional Justice
12	Var 17	Int5	Interactional Justice
13	Var 18	Int6	Interactional Justice
14	Var 19	Int7	Interactional Justice
15	Var 20	Int8	Interactional Justice
16	Var 21	Proc1	Procedural Justice
17	Var22	Proc2	Procedural Justice
18	Var23	Proc3	Procedural Justice
19	Var24	Proc4	Procedural Justice
20	Var25	Disc1	Disconfirmation
21	Var26	Disc2	Disconfirmation
22	Var27	Disc3	Disconfirmation
23	Var28	Disc4	Disconfirmation
24	Var29	SS1	Service recovery satisfaction
25	Var30	SS2	Service recovery satisfaction
26	Var31	SS3	Service recovery satisfaction
27	Var32	SS4	Service recovery satisfaction
28 –Service recovery satisfaction determinants	Var33	Time	Time
	Var34	Facil	Facilitation
	Var35	Redress	Redress
	Var36	Apology	Apology
	Var37	Cred	Credibility
	Var38	Attent	Attentiveness
29	Var39	WOM1	Word of mouth
30	Var40	WOM2	Word of mouth
31	Var41	WOM3	Word of mouth

<b>Question</b>	<b>Variable</b>	<b>Name</b>	<b>Definition of Variables</b>
32	Var42	WOM4	Word of mouth
33	Var43	Switch1	Brand switching
34	Var44	Switch2	Brand switching
35	Var45	Switch2	Brand switching
36	Var46	Switch3	Brand switching
37	Var47	Switch4	Brand switching
38	Var48	Swcost1	Switching cost (time)
39	Var49	Swcost2	Switching cost ( cost)
40	Var50	Swcost3	Switching cost (risk)
41	Var51	Swcost4	convenience
42	Var52	Ind1	Individualism
43	Var53	Ind2	Individualism
44	Var54	Ind3	Individualism
45	Var55	Uncert1	Uncertainty avoidance
46	Var56	Uncert2	Uncertainty avoidance
47	Var57	Uncert3	Uncertainty avoidance
48	Var58	Uncert4	Uncertainty avoidance
49	Var59	Att1	Attitude towards complaining
50	Var60	Att2	Attitude towards complaining
51	Var61	Att3	Attitude towards complaining
52	Var62	Sense1	Sense of justice
53	Var63	Sense2	Sense of justice
54	Var64	Sense3	Sense of justice
55	Var65	Age	Age
56	Var66	Gend	Gender
57	Var67	Educ	Education
58	Var68	Inc	Income



**Table 3.2 Measurement Scales for variables of the study**

<p><b>Nominal</b></p> <ul style="list-style-type: none"> <li>• Var1- Banknum</li> <li>• Var2 –Hist</li> <li>• Var64 Age</li> <li>• Var65 Gender</li> <li>• Var66 Educ</li> <li>• Var67- Inc</li> </ul>	<p><b>Ordinal</b></p> <ul style="list-style-type: none"> <li>• Var 3 Friends</li> <li>• Var 4 bankCRM</li> <li>• Var 5 Person</li> <li>• Var 6Third</li> <li>• Var 7Paper</li> <li>• Var 8Site</li> <li>• Var33 Time</li> <li>• Var34 Facil</li> <li>• Var35 Redress</li> <li>• Var36 Apology</li> <li>• Var37 Cred</li> <li>• Var38 Attent</li> </ul>
<p><b>Interval</b></p> <ul style="list-style-type: none"> <li>• Var 9Dist1</li> <li>• Var 10Dist2</li> <li>• Var 11Dist3</li> <li>• Var 12Dist4</li> <li>• Var 13Int1</li> <li>• Var 14Int2</li> <li>• Var 15Int3</li> <li>• Var 16Int4</li> <li>• Var 17Int5</li> <li>• Var 18Int6</li> <li>• Var 19Int7</li> <li>• Var 20 Int8</li> <li>• Var21 Proc1</li> <li>• Var22 Proc2</li> <li>• Var23 Proc3</li> <li>• Var24 Proc4</li> <li>• Var25 Disc1</li> <li>• Var26 Disc2</li> <li>• Var27 Disc3</li> <li>• Var28 Disc4</li> <li>• Var29 SS1</li> <li>• Var30 SS2</li> <li>• Var31 SS3</li> <li>• Var32 SS4</li> <li>• Var39 WOM1</li> <li>• Var40 WOM2</li> <li>• Var41 WOM3</li> <li>• Var42 WOM4</li> </ul>	<p><b>Interval</b></p> <ul style="list-style-type: none"> <li>• Var43 Switch1</li> <li>• Var44 Switch2</li> <li>• Var45 Switch3</li> <li>• Var46 Switch4</li> <li>• Var47 Swcost1</li> <li>• Var48 Swcost2</li> <li>• Var49 Swcost3</li> <li>• Var50 Swcost4</li> <li>• Var51 Ind1</li> <li>• Var52 Ind2</li> <li>• Var53 Ind3</li> <li>• Var54 Uncert1</li> <li>• Var55 Uncert2</li> <li>• Var56 Uncert3</li> <li>• Var57 Uncert4</li> <li>• Var58 Att1</li> <li>• Var59 Att2</li> <li>• Var60 Att3</li> <li>• Var61 Sense1</li> <li>• Var62 Sense2</li> <li>• Var63 Sense3</li> </ul>

### **3.8. Data Analysis**

Yin (2003) asserts that the data analysis implies examining, categorizing, tabulating or otherwise recombining the collected data. In this section the analyze methods of the collected data are presented.

#### ***3.8.1. Descriptive Statistics of the Study***

First of all data is analyzed by descriptive statistics which helps the researcher to understand how frequently certain phenomena occur. Since frequencies are generally obtained for nominal variables, some independent variables of this study like Banknum (number of banks customer is working with), Hist (period of time customer is working with the bank), Age (age), Gend (gender), Educ. (education), Inc(income) and their subcategories are analyzed. Percentages and cumulative percentages of each category in each variable are presented in the form of tables, histograms and bar charts.

Whether men or women prefer to work with more banks can be analyzed by cross tabulations that will allow us to cross-classify respondents in terms of their answers to more than one question.

Mean, median, and mode are three measures of central tendencies whereas range, standard deviation, variance and the interquartile range are measures of dispersion. Mean will provide meaningful explanations about interval scaled variables.

Median is an appropriate statistics for ordinal scaled items. In our study Resp and SSI which measure to whom people complain to in the first place and the importance of organizational determinants that enhance the service recovery satisfaction, are two ordinal scaled items. To whom people complain firstly is searched by looking at the first quartile. Likewise regarding organizational response dimension, the most and the least important organizational response variables are seen in the first and the last quartile respectively.

Nominal scales are analyzed by finding the most frequently occurring phenomenon named mode. In this study age, education, gender, income, banknum, and hist are appropriate variables to analyze with the help of mode.

### ***3.8.2. Inferential Statistics of the Study***

The relations between variables, differences in a variable among subgroups, how several independent variables might explain the dependent variable are topics of inferential statistics. The Pearson correlation is used to understand the relationships between interval scaled variables in terms of strength. After conducting Pearson correlation factor analysis is essential as the most adequate technique to reduce variables and provide fewer and meaningful components.

The strengths of following relationships are analyzed by Pearson correlation;

- justice (Dist1-4, Int-1-8, Proc1-4) measuring variables and service recovery satisfaction (SS1-4)
- disconfirmation (Disc1-4) and service recovery satisfaction (SS1-4)
- service recovery satisfaction (SS1-4) and word of mouth (WOM1-4)
- service recovery satisfaction (SS1-4) and switching behavior (switch1-4)
- Switching costs (swcost1-4) and word of mouth (WOM1-4)
- Switching costs (swcost1-4) and switching behavior (switch1-4)
- Switching costs (swcost1-4) and secondary satisfaction (SS1-4)
- Attitude towards complaining (att1-3) and word of mouth (WOM1-4)
- Attitude towards complaining (att1-3) and switching behavior (switch1-4)
- Attitude towards complaining (att1-3) and secondary satisfaction (SS1-4)
- Sense of justice (Sense 1-3) and secondary satisfaction (SS1-4)
- Sense of justice (Sense 1-3) and switching behavior (switch 1-4)
- Sense of justice (Sense 1-3) and word of mouth (WOM1-4)
- Individualism (Ind1-3) and WOM (WOM 1\_4)
- Individualism (Ind 1-3) and switching behavior (switch 1-4)
- Individualism (Ind 1-3) and secondary satisfaction (SS1-4)
- Uncertainty avoidance (Uncert1-4) and WOM (WOM 1-4)
- Uncertainty avoidance (Uncert1-4) and secondary satisfaction (SS1-4)
- Uncertainty avoidance (Uncert1-4) and switching behavior (switch1-4)

Besides analyzing relationships between interval scaled items, relation between nominal variables of the study needs examination as well. The relation between number of banks respondents are working with (Banknum), length of time with the bank (hist), age, gender (gend), income (inc), and education (educ) are investigated by the use of Chi Square analysis

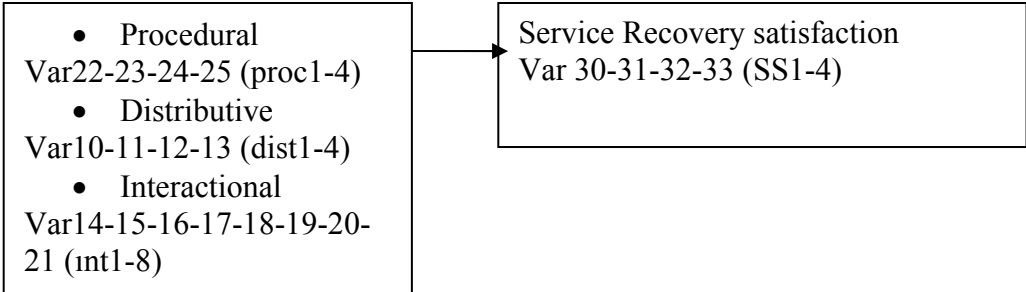
(X2 test). Thus the Chi Square test of significance helps us to see whether or not any of mentioned nominal variables are related.

**3.9. Hypothesis Testing**

**3.9.1. The Relation between Perceived Justice and Service Recovery Satisfaction**

The Pearson correlation is used to test the following hypothesis.

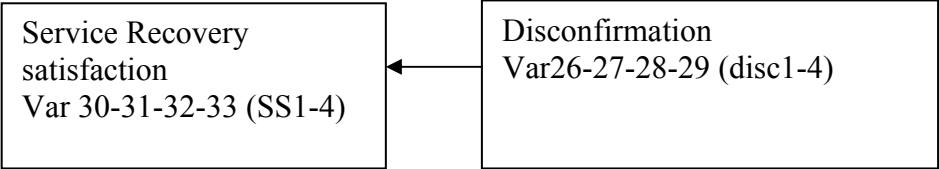
- H1 Distributive justice positively affects satisfaction with service recovery
- H2 Interactional justice positively affects satisfaction with service recovery
- H3 Procedural justice positively affects satisfaction with service recovery.



**3.9.2. The Relation between Disconfirmation of Expectation and Service Recovery Satisfaction**

The Pearson correlation is used to test the following hypothesis.

H4- The positive gap between the perceived performance and expectations, leads to greater service recovery satisfaction.

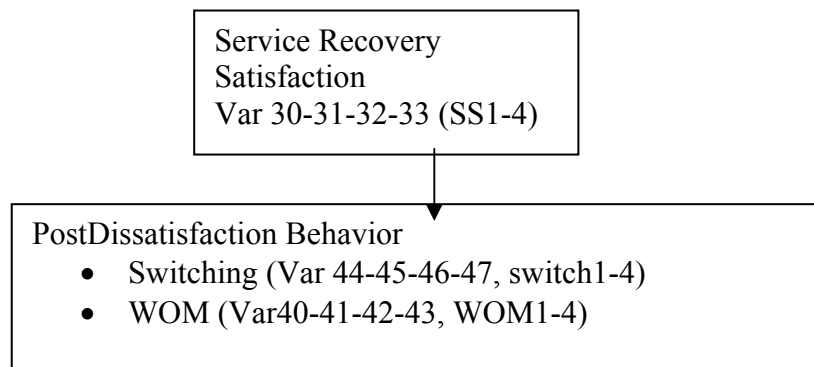


### 3.9.3. Service Recovery Satisfaction and Post Dissatisfaction Behavior

The Pearson correlation is used to test the following hypothesis.

H5 The higher satisfaction with service recovery decreases the propensity to switch

H6 The higher satisfaction with service recovery, positively effects WOM intent



### 3.9.4. Hypotheses Regarding Situational Contingencies

ANOVA analysis is used to test the effects of length of time spent with the bank and number of alternative banks on dependent variables of the study.

H7A The propensity of switching is not the same, irrespective of the time spent with the service provider

H7B WOM intention is not the same, irrespective of the time spent with the service provider.

H7C Satisfaction with service recovery is not the same, irrespective of the time spent with the service provider.

H8A The more existing alternatives the customers have, the more likelihood of switching

H8B The number of alternative banks have an effect on WOM.

H8C The number of alternative banks have an effect on service recovery satisfaction

Pearson analysis will help to identify the effect of following situational contingencies on dependent variables. The moderating effect of situational contingencies on the relation between recovery satisfaction and switching costs or WOM will be determined by multiple regression analysis.

H9A The level of perceived switching costs have an effect on switching intentions.

H9B The level of perceived switching costs have an effect on WOM.

H9C The level of perceived switching costs have an effect on service recovery satisfaction.

H10A Complainers' individualism levels have an effect on switching intentions.  
H10B Complainers' individualism levels have an effect on WOM  
H10C Complainers' individualism levels have an effect on service recovery satisfaction.

H11A The risk taking attitude has an effect on switching intentions.  
H11B The risk taking attitude has an effect on WOM.  
H11C The risk taking attitude has an effect on service recovery satisfaction

H12A Sense of justice has an effect on switching intentions.  
H12B Sense of justice has an effect on WOM  
H12C Sense of justice has an effect on service recovery satisfaction

H13A Attitude toward complaining has an effect on switching intention  
H13B Attitude toward complaining has an effect on WOM  
H13C Attitude toward complaining has an effect on service recovery satisfaction

Following hypothesis need to be tested through looking at differences in the means for two groups in the variable of interest. The **t-test** which examines significant mean differences between two groups helps us to evaluate whether male or female respondents behave differently.

H14A There are differences between men and women in their switching intentions  
H14B There are differences between men and women regarding WOM  
H14C There are differences between men and women in their secondary satisfaction levels.

Since there are more than two groups and dependent variable is measured on an interval scale, **ANOVA** is appropriate to test following hypothesis.

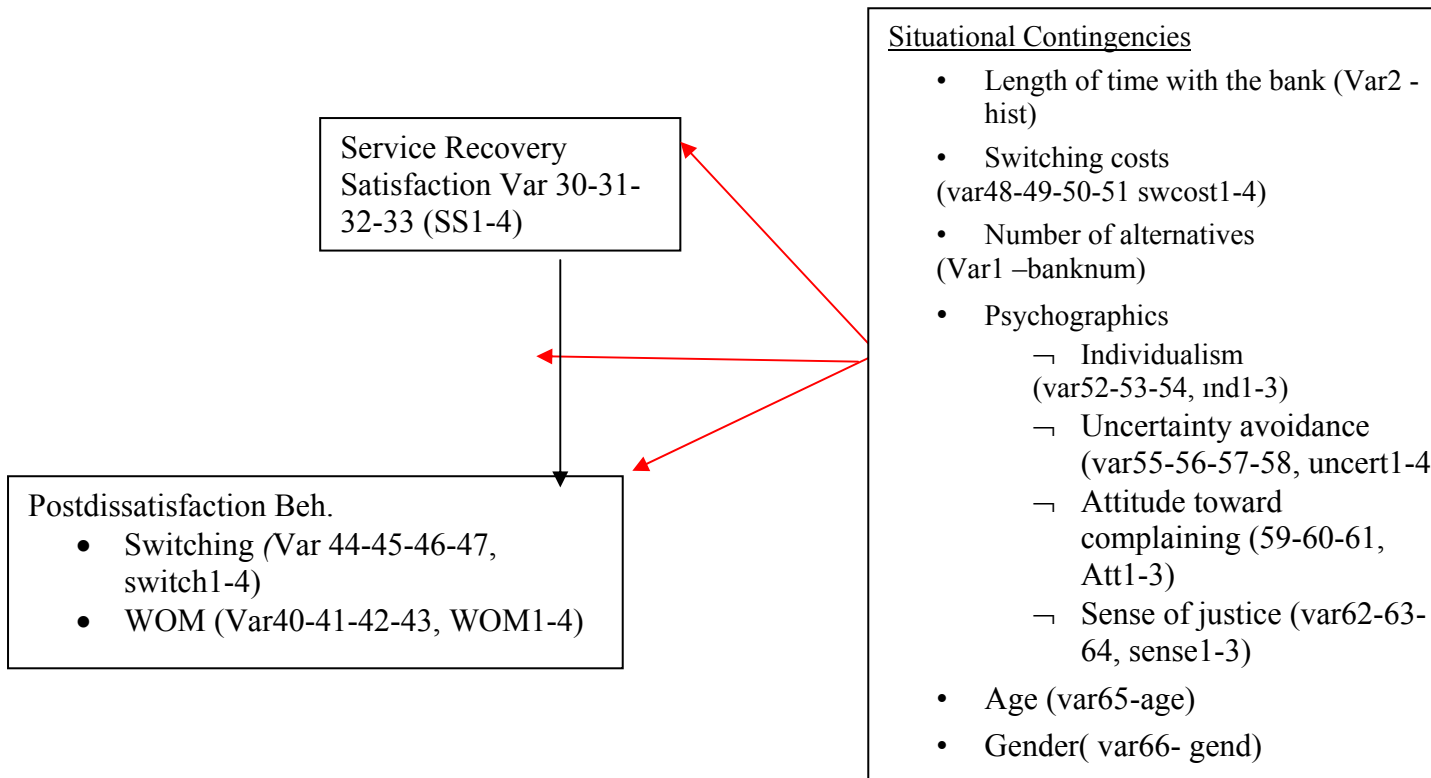
H15A Income has an effect on switching intentions  
H15B Income has an effect on WOM  
H15C Income has an effect on service recovery satisfaction

H16A Education has an effect on switching intentions  
H16B Education has an effect on WOM  
H16C Education has an effect on service recovery satisfaction

H17A Age has an effect on switching intentions

H17B Age has an effect on WOM

H17C Age has an effect on secondary satisfaction



### 3.9.5. Organizational Response Dimensions

Using Friedman test, the precedence of the organizational response dimensions regarding their effect on service recovery satisfaction is tested. This enables to comment on the perceived importance of determinants and provides important knowledge for firms' complaint handling performances. This analysis helps the user to predict the possible importance of each dimension.

### 3.10. Pilot Study

Şikayetvar announced about the study on their site in May 2006. Information about the study like the aim and method of the study can be read on the site under the news section from the beginning of the study.

The questionnaire developed (Appendix A) is prepared as a special link for online use with the help of Şikayetvar.com site managers. The link is very user friendly and convenient for respondents' answers. At the time pilot study conducted, there were 7932 complaints about bank services in the site. For the pilot study, recent complaints about bank services were read and 60 members of Şikayetvar internet site were selected. These members' complaints have been handled by the service provider and these members have written complaints about only one service provider during their site membership. An invitation for the questionnaire is sent to respondents along with a short explanation about the aim of the study in the first week of December 2006. 12 people entered the link given and completed the questionnaire in a few days time.

### ***3.10.1. Discussion of the Preliminary Results***

In the first week of December 2006, the questionnaire has been sent and a reminder message is sent after 5 days. However, just twelve questionnaires out of sixty were received by December 15.

First of all response rate is lower than expected. This is an early alert for the research to take precautions for the main study. As a precaution, instead of reviewing all the complaints and choosing proper respondents, main study is sent to all complainers who have only one complaint about banks and no more than three complaints which is equal to the average complaint number among site members. This will increase the number of respondents of the main study's sample and shorten the data collection phase of the research.

The very early responses shows that question 3 and 28, which are asking respondents to enumerate the choices given, are not understood properly. Few people gave same points to each choice in spite of arranging them in order. Appropriate technical correction is done to handle this problem.

Answers to the questions were consistent proving that people are not filling the questionnaire for the sake of it but answering the questions with care. Another proof for respondents' interest is that 5 out of 12 respondents asked for the results of the study. Only one respondent out of sixty started the questionnaire and gave it up later because his time constraints.



## **4. RESULTS AND DATA ANALYSIS**

*This chapter presents the empirical study and analyses using the methodology described in Chapter 3. First of all, the sample design of the main study and the how the questionnaire is conducted are explained. Secondly, the research model of the study is reviewed before analyzing the findings. Analyses start with conducting descriptive statistics in order to define the respondent profile.*

*Further advanced analysis is carried out to analyze the relations between variables; disconfirmation of expectations, justice dimensions, recovery satisfaction, brand switching intention, WOM and situational contingencies. Finally, the proposed model of the study will be discussed according to the findings of the statistical relations and reasons of divergence from the original model.*

### **4.1. Defining the Sample**

After the questionnaire has been updated in the light of the pilot study, main study is conducted. As mentioned earlier, in order to reach a reliable and meaningful data, sample is selected systematically.

The purpose of this study is to explore the consequences of customer complaint behavior in terms of post recovery behavior such as brand switching and WOM. Also this study aims to determine the factors effecting satisfactory complaint management.

Therefore the questionnaire is applied to bank customers who have voiced their complaints and at the same time whose complaints has been managed by the service provider. As mentioned in detail in Chapter 3, respondents for the study are chosen among members of Sikayetvar.com by cross sectional sample design. The researcher and two technicians in the head office of the internet site in Ankara have worked together to review and classify complaints.

Of the 1318 surveys sent by mail, 43 mails have returned, so 1275 (96.7%) surveys have been sent successfully. Consequently, out of these 1275 members, 280 responded. Overall, this particular research attained a response rate of 22 %.

Studies comparing online and mail surveys indicate that response times in online surveys are considerably shorter than mail surveys, whereas response rates seem higher in mail surveys (Çobanoğlu, Warde and Moreo, 2001; Deutskens, Jong, Ruyter and Wetzels, 2006). However, this study has a comparably high response rate. Respondents are especially willing to give feedback to an online survey since they originally expressed their complaints on online. Regarding response time, 120 respondents (42.85%) responded within the first two hours after they received the mail.

Before analyzing data statistically, respondents' profile is examined. Mail addresses or site member name of the respondents are asked as an optional question in the survey and 186 (66.4%) respondents have answered the question. This additional information helps to analyze and categorize respondents' complaint subjects and the retail banks names. In addition, respondents' preferences for deciphering their identities could be stated as an indication of their serious interest in the survey. When these 186 complaint messages are examined, it is seen that the market share of the banks and complaint numbers about these banks are parallel. Vardar (2007) states that the two biggest banks in the Turkish retail banking sector have a credit card market share of 45.8% in total at the end of the first quarter of 2006. It is found that the same banks are the subject of 107 (57.5%) complaints in our study. So, this study's sample structure in terms of retail banks is somewhat similar to the retail bank sector in Turkey regarding market shares.

Regarding complaint subjects, 118 (62%) complaints are about credit card membership fee and annual account fees. In relation to this issue, during January and February 2007 there has been a debate about the legal basis of account and membership fees of credit cards in Turkey. News has been published about the lawsuit aiming to prove the illegality of these fees and allowances. So, complainers might have felt encouraged for complaining during the period. Consumer action groups have announced that banks would have canceled these fees if bank customers complained. In March 2007, after the fieldwork was completed, court has decided to cancel the fees and allowances for cards which have not been used for a year. Banks rearranged credit card agreements in order to underline the legality of fees and allowances.

In addition, statistical analysis is done by comparing the name of the retail banks complained and complaint subjects in order to express the degree to which sample data accurately and

precisely represent the characteristics of the population. Analysis states that there is no bias in the respondent sample. Thus, it can be concluded that data collected represents the population.

#### **4.2 Description of the Respondents' Profile**

The Statistical Package for Social Sciences (SPSS) version 11.5 is used for the analysis of data. The survey's demographic descriptive statistics are presented in Table 4-1.

Of the 280 respondents 223 (80 %) are male and 57 (20 %) are female. 49.3 % of the respondents are between 20 and 30 years of age, 37.9 % are between 31 and 40. The education reported by respondents show that 67.9% are university graduates, 17.5 % high school graduates, 13.9% have post graduate degree whereas 0.7% has high school diploma. Sixty seven percent of the respondents report that their monthly income is between 1.000 YTL and 3.000 YTL, 16.1% less than 1.000YTL, 11.4% between 3.001 and 5.000 YTL, 3.2 % between 5.001YTL and 7.000 YTL and 2.1% report above 7.001 YTL.

So, a typical respondent of the study is a male university graduate earning between 1.000 YTL and 3.000 YTL and aged between 20 and 30.

Out of 280, 156 (55.7%) respondents state that they are working with 3 or 4 banks at the same time, 111 (39.6%) with 5 or 6, 11(3.9%) with 7 or 8 and 2 (0.7%) with 8 or 10 banks.

Similarly the length of time with the bank is also asked in the survey and 26.8% state 3 or 4 years, 18.9% 5 or 6 years, 17.9 % 6 or 10 years, 6.8 % more than 10 years, 7, 9% less than one year and 7, 9% less than 3 months.

Respondents of the study are working with 2.49 banks on average and their length of time spent with the banks is 4.21 years on average (Appendix B).

**Table 4-1 - Demographic Statistics for the main study (n=280)**

<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>GENDER</b>		
Male	223	<b>80</b>
Female	57	20
<b>AGE</b>		
20-30	138	<b>49.3</b>
31-40	106	<b>37.9</b>
41-50	28	10
51-60	8	2.9
Over 61	0	0
<b>EDUCATION</b>		
Primary	0	0
Secondary	2	0.7
High School	49	17.5
University	190	<b>67.9</b>
Post Graduate	39	13.9
<b>INCOME</b>		
Less than 1.000 YTL	45	16.1
1.000 -3.000 YTL	188	<b>67.1</b>
3.001- 5.000 YTL	32	11.4
5.001 – 7.000 YTL	9	3.2
More than 7.001 YTL	6	2.1
<b>NUMBER OF ALTERNATIVE BANKS</b>		
0	0	0
1-2 banks	156	<b>55.7</b>
3-4 banks	111	39.6
5-6 banks	11	3.9
7-8 banks	2	0.7
8-10 banks		
<b>TIME SPENT WITH THE BANK</b>		
Less than 3 months	22	7.9
Less than 1 year	22	7.9
1-2 years	39	13.9
3-4 years	75	<b>26.8</b>
5-6 years	53	18.9
7-10 years	50	17.9
More than 10 years	19	6.8

As a result of analysis on crosstabulations, it is seen that older customers stated that they have been working with their bank for a longer time period. According to this significant relation between age and time spent with the bank(  $X^2=35,9$ ;  $p=0,007$ ), eight respondents aged between 51 and 60 stated that they have been working with their bank for more than 3 years (Appendix C).

Although there is no significant relation ( $p>0,050$ ) between age and number of banks, it is seen from crosstabulation tables that there were only two respondents who have been working with 8 to 10 banks at the same time and their ages were between 31 and 40.

Similarly, Chi square analysis does not state a significant ( $p>0,050$ ) relation between education and time spent with the bank. However, according to crosstabulation tables, the only two secondary school graduates state that they have been working with the same bank for more than 6 years.

There is a widely believed opinion that low income consumers use credit cards as financial instruments to back up their monthly payments. So, low income consumers have the tendency to have more credit cards. However, the relation between income and number of banks is found insignificant ( $p>0,050$ ) in this study.

#### ***4.2.1 The Comparison between Turkish Internet User Profile and Respondents' Profile***

According to the study done by Esmer (2007), typical Turkish internet users are young and male population. Although the difference between male and female users is decreasing, 60 % of internet users are recorded as male users in 2007. According to our study this percentage is higher (80%), and this difference could be related to the nature of banking services.

With respect to age, 89% of internet users are aged below 40, whereas 87.2 % of respondents are aged between 20 and 40 in this study. Forty-one percent of internet users are recorded university graduates in Esmer's (2007) study. In this study 67.9% of respondents are university graduates, 17.5% high school and 13.9% postgraduate. Higher educated profile of the study can be related to the bank services specific nature. Also this profile can be related to the characteristics of members of interactive internet users such as Sikayetvar.com members. These people are active internet users who are not reluctant to react about their problems and

preferences. Higher education enhances these attributes. Consequently, demographic profile of the study is similar to the general Turkish internet user profile.

#### **4.3. The Proposed Model of the Study**

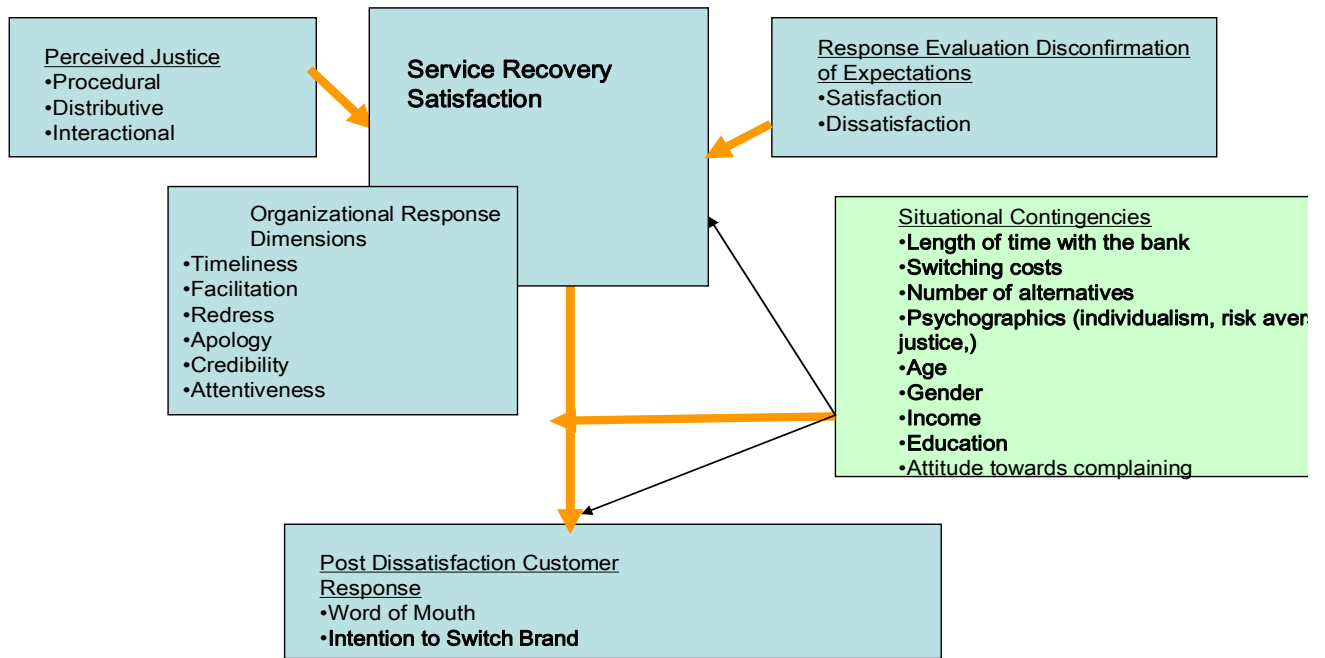
The proposed model is developed in the light of purposes of the study which are to explore the consequences of customer complaint behavior in terms of post recovery behavior such as brand switching and WOM and to determine the factors effecting satisfactory complaint management.

Thus, this comprehensive model has two main parts. First, factors effecting satisfaction with service recovery are included in the model. These factors, perceived justice and disconfirmation of expectations are two theoretical paradigms that are very commonly used in customer complaint behavior literature.

The first theoretical paradigm, perceived justice which is derived from social exchange theory originally has three dimensions; distributive justice, procedural justice and interactional justice. Distributive justice is associated with the perceived fairness of the tangible outcome offered by the service provider. Procedural justice is about perceived process fairness and operationalized mostly with flexibility, waiting time/responsiveness, efficiency, timeliness, convenience of the service recovery management. Thirdly, interactional justice focuses on the interpersonal treatment during the service recovery process, and has dimensions such as apology, perceived helpfulness, courtesy, and empathy.

Second theoretical paradigm in the model is the disconfirmation of expectations. Customers who have voiced their complaints already have certain expectations about the service recovery process. Customers assess service recovery process by comparing these expectations with the actual performance of the firm in handling the complaint.

**Figure 4.1. Proposed Model**



So, service recovery satisfaction is effected from the gap between prior expectations of the customer and actual performance of firm’s recovery efforts; disconfirmation of expectations.

In the second part of the model, consequences of service recovery satisfaction regarding intentions to switch brand and WOM are examined. Demographic and situational contingencies are included in the model as moderators between service recovery satisfaction and post dissatisfaction behavior.

#### ***4.3.1. Identification of Variables in the Proposed Model***

All variables of the model are described in detail in Appendix D. They are also examined in terms of mean and standard deviations in Appendix B.

Mean values of items measuring service recovery satisfaction indicate that on average respondents are not satisfied with the recovery efforts of banks. In relation to this, respondents show tendency for brand switching. Regarding psychographic variables, on average respondents have positive attitudes toward complaining and they have high sense of justice. Parallel to the Turkish culture's scores on uncertainty avoidance, respondents' scores are also high for uncertainty avoidance. However although Turkish culture is known to be collectivist, respondents showed individualistic characteristics in this study (Appendix B). This could be due to the average age group of the study since some studies state that young population in Turkey is moving rapidly towards individualism (Tsuladze, 2007). Furthermore, it is known that individualistic characteristic enhances customer complaint behavior. Thus, there is a tendency to voice complaints among young generation in Turkey due to their individualistic characteristic.

#### ***4.3.2. Reliability of the Measurement Scales***

Although the original measurement scales of the study are already tested for reliability as mentioned in Chapter 3, it is necessary to check the reliability of the measurement item scales once again since original scales are translated from English to Turkish for this study. As stated in Table 4.2, the Cronbach's Alpha reliability check assures the inter item consistency of the independent and dependent variables of the study.

Distributive justice has the highest reliability value whereas disconfirmation has the lowest. This finding is supported by further analysis, and disconfirmation construct is excluded from the model later in this Chapter.



**Table 4-2- Reliability Estimates for the Measurement Scales**

<b>Construct</b>	<b>Variable</b>	<b>Cronbach Alpha</b>
Distributive Justice	Dist1+Dist2+Dist3+Dist4	0,9215
Interactional Justice	Int1+Int2+Int3+Int4 Int5+Int6+Int7+Int8	0,7675
Procedural Justice	Proc1+Proc2+Proc3+Proc4	0,7259
Disconfirmation	Disc1+Disc2+Disc3+Disc4	0,6190
Service recovery satisfaction	SS1+SS2+SS3+SS4	0,8951
WOM	WOMrev1+WOM2+WOM3+WOM4	0,6851
Switch	Switch1+ Switch2+ Switch3+Switch4	0,8951
Switching cost	Swcost1+Swcost2+Swcost3+Swcost4	0,8687
Individualism	Ind1+Ind2+Ind3	0,8465
Uncertainty Avoidance	Uncert1+Uncert2+Uncert3	0,7694
Attitude toward Complaining*	Att2+Att3	0,6429
Sense of Justice	Sense1+Sense2+Sense3	0,6987

In order to attain these acceptable reliability measurements, following two items have been excluded from the study (Appendix E) due to low reliability values. Respondents could have difficulty in connecting these variables to any of perceived constructs.

Uncertainty avoidance	Uncert4	Investing in the stock market is too risky for me	Risk taking attitude
Attitude toward complaining	Att1	Always complain when I am dissatisfied because it is my right	Complaining is perceived as a right

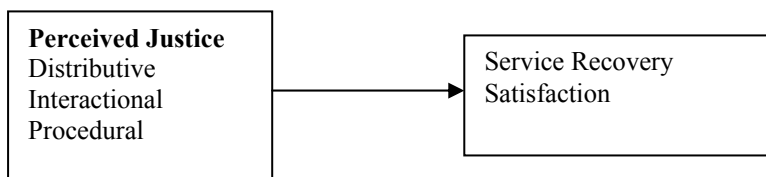
#### 4.4. Relationships between Variables of the Study

Correlations; how one variable is related to another, the nature, direction and significance of the bivariate relationships is determined in this section. In Appendix F, some of the tests used are described. Depending on the analysis of the relations, hypotheses of the study is tested. In the latter part of the chapter, the significant relations found are utilized to attain the finalized model of the research.

##### 4.4.1. The Relation between Perceived Justice and Service Recovery Satisfaction

In literature, perceived justice is suggested as the principal evaluative criteria of the customer for service recovery satisfaction. Regarding justice, three dimensions has evolved over time; distributive justice, procedural justice and interactional justice associated with the output, process and people involved, respectively.

The first three correlations to be analyzed are between these justice constructs and service recovery satisfaction as hypothesized below.



##### H1 Distributive justice positively affects satisfaction with service recovery

The perceived fairness of the redress offered to consumers to resolve their complaints form distributive justice. So, this hypothesis suggests that there is a positive correlation between tangible output offered for the complaint resolution by the service provider and customers' service recovery satisfaction.

Pearson correlation analysis is used to determine the existence, direction and strength of correlation between interval scaled variables. According to Pearson analysis, a significant, positive and moderate correlation ( $r=0,648$ ;  $p=0, 00$ ) is found between distributive justice and service recovery satisfaction.

Thus, findings support that when complainants believe that they receive fair outcome, they are more satisfied with the service recovery process. In other words, tangible outcome or compensation of the bank for the service failure is an effective instrument for secondary satisfaction.

## **H2 Interactional justice positively affects satisfaction with service recovery**

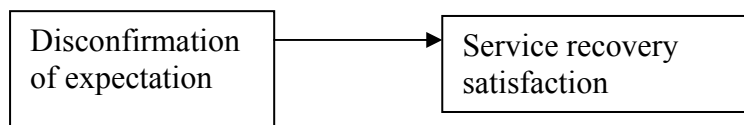
Pearson analysis results shows that there is a significant, positive and moderate relation ( $r=0,563$ ;  $p=0,00$ ) between interactional justice and service recovery satisfaction. This finding supports the widely believed opinion that there is a relation between personal communication with the service provider in terms of empathy, honesty, and receiving convincing apology and explanation during service recovery and service recovery satisfaction.

## **H3 Procedural justice positively affects satisfaction with service recovery.**

According to Pearson analysis, there is a significant, positive and moderate relation ( $r=0,389$ ;  $p=0,00$ ) between procedural justice and service recovery satisfaction. As mentioned before, procedural justice is operationalized with flexibility, waiting time/responsiveness, efficiency, timeliness, convenience of the complaint handling process in this study. Thus, a positive relation is found between perceived process fairness and service recovery satisfaction.

### ***4.4.2. The Relation between Disconfirmation of Expectation and Service Recovery Satisfaction***

Customer expectations constitute an important basis for satisfaction. The positive gap between actual performance of the product or service and the customer's prior expectations is a very basic definition for customer satisfaction. Thus, it is hypothesized that customers are satisfied as long as the actual performance of service recovery exceeds customers' prior expectations.



## **H4- The positive gap between the perceived performance and expectations, leads to greater service recovery satisfaction**

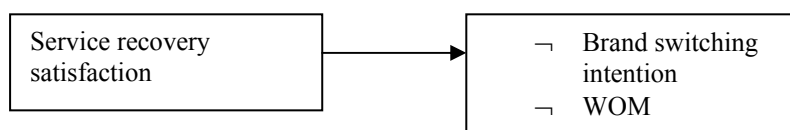
Results of Pearson analysis suggest that there is significant, positive and moderate ( $r=0,694$ ;  $p=0,00$ ) relation between disconfirmation of expectations and service recovery satisfaction. Thus, this result supports the view that it is very important to understand and set customers' expectations at realistic levels in order to increase customer satisfaction.

#### ***4.4.3. The Relation between Service Recovery Satisfaction and Post Recovery Customer Responses.***

In the proposed model, service recovery satisfaction is a stage between service recovery attributes and post recovery response. Among post recovery responses, this study concentrates on brand switching intention and WOM.

First of all, the relation between service recovery satisfaction and brand switching intention is analyzed. Since brand switching is a very important problem for the business world, firms are trying to find new ways to keep customers loyal even if they are dissatisfied.

One of the research questions of this study is to understand the antecedents of brand switching at times of service failure. In literature and business world it is often debated that even after service failure; effective recoveries can prevent brand switching. Thus, the effect of complainants' service recovery satisfaction is hypothesized to effect brand switching intention.



#### **H5 The higher satisfaction with service recovery decreases the propensity to switch**

A significant, negative relation is found at a moderate level ( $r = -0,576$ ;  $p = 0,00$ ) according to Pearson analysis. Thus the relation between customer recovery satisfaction and switching intention is indicated. If customers are satisfied with the firms' recovery performance, they have less desire to switch their brands. Thus, effective service recovery is very important for keeping customers in micro sense and for survival of the firm in macro sense.

It is a very popular and widely believed idea that WOM communication is becoming more and more influential on customers preferences than commercial communication. Thus, an important dependent variable of the study is WOM. In this study it is tested whether customers who are satisfied with recoveries, desire to tell others about their experience.

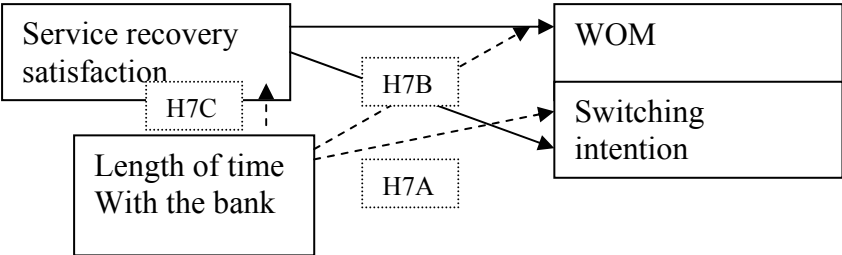
#### **H6 The higher satisfaction with service recovery, positively effects WOM**

Pearson analysis indicates that a significant, positive relation is found between recovery satisfaction and WOM at a moderate level ( $r=0,665$ ;  $p=0,00$ ). Thus, satisfaction with recovery encourages customers desire to talk about their experiences to other people.

According to the findings, the relation between satisfaction and WOM is supported stronger than the relation between satisfaction and brand switching intention. As discussed in detail in the next chapter, this may be due to the high switching costs in banking industry. High switching costs in banking sector might weaken the relation between recovery satisfaction and brand switching.

**4.4.4. The Relation between Time Spent with the Service Provider and Dependent Variables**

In literature there are opposing findings on the influence of length of relationship with the service provider and switching or satisfaction process. Thus, the relation between respondents’ tenure with the bank and their post complaint behavior and recovery satisfaction levels are analyzed.



**H7A The propensity of switching is not the same, irrespective of the time spent with the service provider**

Since there are more than two different groups regarding respondent’s time spent with the same service provider and switching is measured on an interval scale, one way ANOVA is appropriate to test this hypothesis.

Results of ANOVA test show that (F test is insignificant at 1,060 level) there are not significant differences in the mean switching intentions of individuals in the different longevities of relations with service providers.

**H7B WOM intention is not the same, irrespective of the time spent with the service provider.**

ANOVA test ( $F=0,628$ ) does not state a significant relation with the longevity of the relation with the service provider and WOM. Thus, there are not significant differences in the mean WOM intentions of individuals in the different longevities of relations with service providers.

**H7C Satisfaction with service recovery is not the same, irrespective of the time spent with the service provider.**

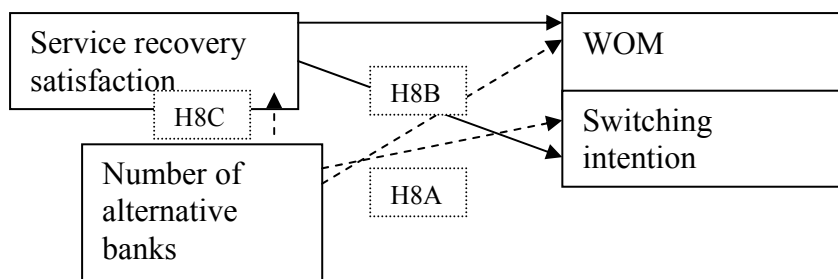
According to ANOVA test H7C is not supported ( $F=0,185$ ). Thus, there are not significant differences in the mean service recovery satisfactions of individuals in the different longevities of relations with service providers.

Findings of this study indicate that there are no relevant relations between longevity of relationship with the bank and consumers service recovery satisfaction levels, WOM and switching intentions. In other words, time spent with the same service provider is not a significant determinant for recovery satisfaction or any of the two post dissatisfaction behaviors; WOM or switching intention.

#### ***4.4.5 The Relation between Number of Alternative Banks and Dependent Variables***

It is proposed that when dissatisfied consumers have alternatives for the same service, the chances for brand switching tend to increase. Thus, it is hypothesized that the existence of alternatives can be an encouraging factor for brand switching or WOM.

In addition, consumers working with different banks at the same time may have the tendency to compare the services of these banks. This may influence the expectations of consumers which in turn influence the service recovery satisfaction.



**H8A The more existing alternatives the customers have, the more likelihood of switching**

Results of ANOVA test indicate ( $F=1,112$ ;  $p=0,344$ ) that H8A is not supported. Thus, there are not significant differences in the mean switching intentions of individuals working with different number of banks at the same time.

**H8B The number of alternative banks have an effect on WOM.**

No significant relation is found and H8B is not supported ( $F=2,641$ ;  $p=0.050$  but Levene is test significant). Thus, there are not significant differences in the mean WOM of individuals working with different number of banks at the same time.

**H8C The number of alternative banks have an effect on service recovery satisfaction**

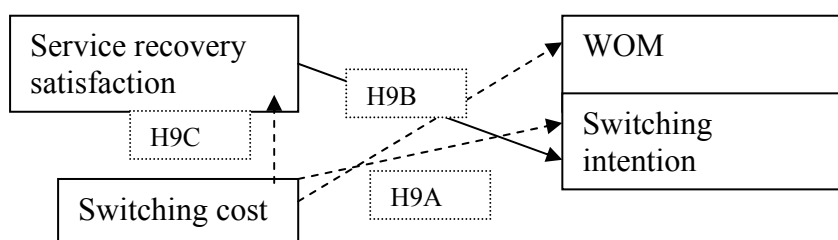
Results of ANOVA test indicate that H8C ( $F=1,035$ ,  $p=0,378$ ) is not supported. Thus, there are not significant differences in the mean secondary satisfaction of individuals working with different number of banks at the same time.

So, number of alternative banks does not have influence on switching intentions, WOM or secondary satisfaction. Respondents do not attach much importance to their alternative banks available when they evaluate service recovery process and decide to take action in terms of WOM or brand switching.

**4.4.6 The Relation between Switching Cost and Dependent Variables**

Brand switching is not a direct result of dissatisfaction. Dissatisfied consumers may prefer to stay with the same service provider due to reasons such as, high switching costs. Time, cost, risk and convenience are chosen as representative dimensions for switching cost in banking sector. It is hypothesized that switching costs are influential not only on switching intentions but also on WOM and recovery satisfaction.

**H9A The level of perceived switching costs have an effect on switching intentions.**



Regarding Pearson test, switching cost and switching intentions are seemed to have a negative relation ( $r=-0.431$ ;  $p=0, 00$ ). Thus H9A is supported. There is a significant relation between switching cost and consumers' intention to switch.

**H9B The level of perceived switching costs have an effect on WOM.**

Regarding Pearson test, switching cost and switching intentions have a positive relation ( $r=0.282$ ;  $p=0, 00$ ). Thus, perception about switching costs and desire to share experience with other people is related.

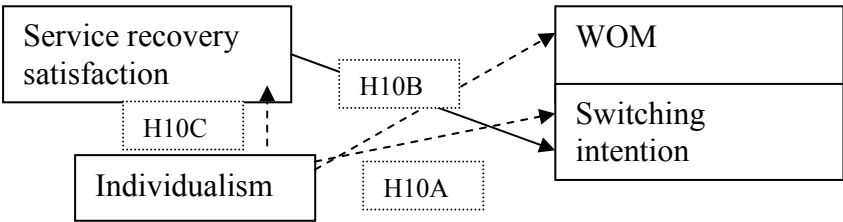
**H9C The level of perceived switching costs have an effect on service recovery satisfaction.**

According to Pearson test, switching cost and recovery satisfaction are related ( $r=0.356$ ;  $p=0, 00$ ). Respondents' perception about switching costs effect their service recovery satisfaction positively and at a moderate level.

Consequently, switching costs is found to have influence on secondary satisfaction, WOM and switching intentions.

**4.4.7 The Relation between Individualism and Dependent Variables**

Individualism and collectivism is the most popular comparison dimension for cross cultural studies examining differences with regard to complaining behavior. Individualism affects consumer voicing and less individualist cultures are less likely to voice their complaints because of harmony needs. It is hypothesized that individualism is an encouraging characteristic for brand switching and discouraging for WOM. In addition, individualist consumers' relatively high expectations may decrease their satisfaction probability since they prefer to be different and like unique products.





**H10A Complainers’ individualism levels have an effect on switching intentions.**

According to Pearson test results ( $p>0,050$ ), there is no significant relation between switching intentions of individuals and respondents’ individualistic characteristics.

**H10B Complainers’ individualism levels have an effect on WOM**

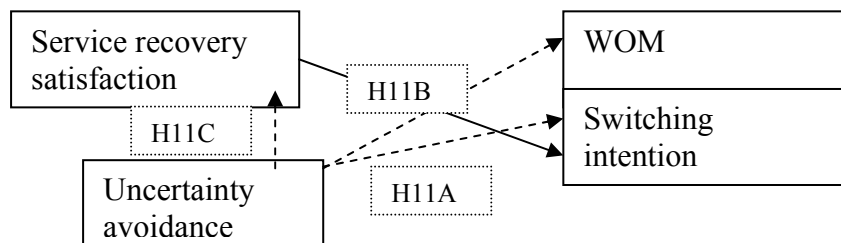
There is no significant relation between WOM and individualism according to Pearson test results ( $p>0,050$ ).

**H10C Complainers’ individualism levels have an effect on service recovery satisfaction.**

No significant relation is found between recovery satisfaction and individualism ( $p>0,050$ ). Consequently, individualism is not related to recovery satisfaction, WOM and switching intention.

**4.4.8 The Relation between Uncertainty Avoidance and Dependent Variables**

Risk taking is another cultural dimension which effects consumer behavior. According to this study, risk taking limits and respondents post recovery behavior and recovery satisfaction levels are hypothesized to be related.



**H11A The risk taking attitude has an effect on switching intentions.**

According to Pearson test results there is not a significant relation between uncertainty avoidance characteristic and switching intentions of respondents.

**H11B The risk taking attitude has an effect on WOM.**

No significant relation is found between risk taking attitude and WOM. .

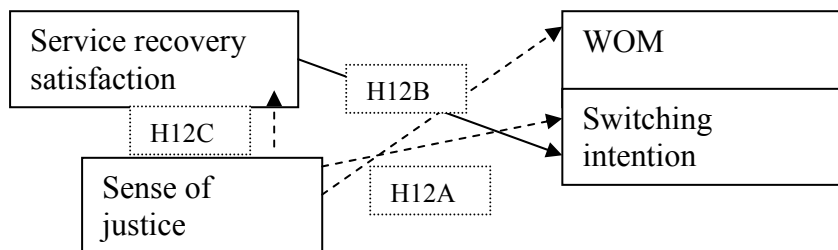
**H11C The risk taking attitude has an effect on service recovery satisfaction**

According to Pearson test results, no significant relation is found between recovery satisfaction and uncertainty avoidance characteristic.

Thus, according to the data analysis, risk taking attitude is not related to service recovery satisfaction, brand switching intention or WOM. This result may be related to the fact that, majority of complaint subjects are about credit card fees and respondents have several alternatives available for the same service. Therefore, they do not perceive high risks in brand switching.

#### ***4.4.9 The Relation between Sense of Justice and Dependent Variables***

Although the relation between complaining behavior and sense of justice is analyzed in literature, the relation between consumer's high sense of justice and their post recovery behavior has not been investigated sufficiently.



**H12A Sense of justice has an effect on switching intentions.**

**H12B Sense of justice has an effect on WOM**

**H12C Sense of justice has an effect on service recovery satisfaction**

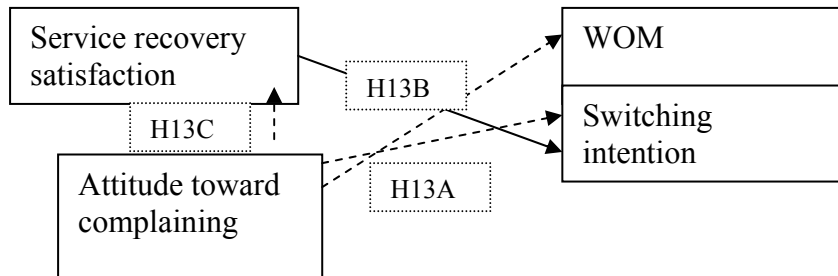
According to Pearson test results, none of the above hypotheses are supported. Thus, there is no relation between sense of justice and neither of the dependent variables.

This may be due to the fact that high sense of justice is a common characteristic for respondents of the study, since 73 percent of the respondents state that they have high sense of justice. Thus, there is a relation between sense of justice and complaint behavior but post recovery behavior is not related to sense of justice.

#### ***4.4.10. The Relation between Attitude toward Complaining and Dependent Variables***

Attitude toward complaining has been investigated as one of the antecedents for complaining behavior in literature. However, the post recovery behavior of consumers who have positive attitude toward complaining is not analyzed sufficiently. Thus, the relation between attitude

toward complaining and WOM, switching intention and recovery satisfaction is hypothesized as following.



**H13A Attitude toward complaining has an effect on switching intention**

**H13B Attitude toward complaining has an effect on WOM**

**H13C Attitude toward complaining has an effect on service recovery satisfaction**

Pearson test results indicate that there is no significant relation between attitude toward complaining and any of the dependent variables.

Thus, findings indicate that there is no relation between attitude toward complaining and recovery satisfaction, switching intention, or recovery satisfaction. Like sense of justice, respondents are similar in their attitudes toward complaining. However, this characteristic is not related to any of the post recovery behavior.

#### ***4.4.11. The Relation between Gender and Dependent Variables***

Numerous studies on the subject of complaint behavior focus on the effect of demographic variables on different types of complaint behavior. However in this study demographic variables are analyzed in terms of their effect on post dissatisfaction behavior such as; recovery satisfaction, WOM and switching intention. Before analyzing the relation between gender and dependent variables, it is important to state that 80% of respondents are male in this study (Table 4.1).

**H14A There are differences between men and women in their switching intentions**

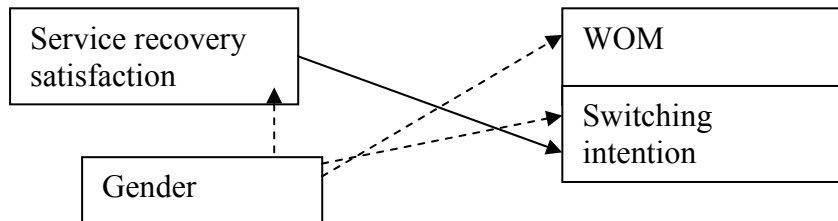
Independent t test is done to test this hypothesis. T test is insignificant ( $p=0.365$ ). Thus H14A is not supported. There are not significant differences in switching intentions of individuals regarding their gender.

#### **H14B There are differences between men and women regarding WOM**

H14B is not supported ( $p=0.495$ ). In other words there are no significant differences between men and women in their WOM behavior.

#### **H14C There are differences between men and women in their secondary satisfaction levels.**

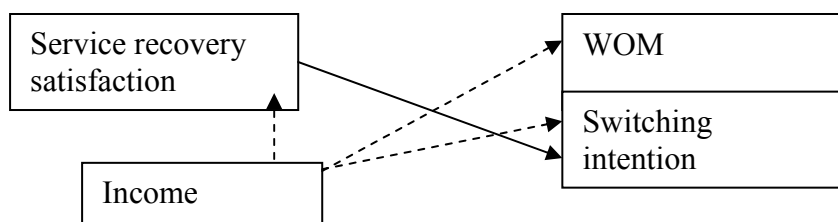
H14C is not supported ( $p=0.918$ ). There are no significant differences between men and women in their secondary satisfaction levels.



Consequently, there are no differences between male and female respondents in their switching intentions, WOM and recovery satisfaction levels.

#### **4.4.12. The Relation between Income and Dependent Variables**

It is believed that there is a tendency for higher income groups to be more demanding for recovery strategies. So, it is hypothesized that there will be a relation between income and service recovery satisfaction. Similarly, high income respondents are hypothesized to be more ready for brand switching and WOM.



#### **H15A Income has an effect on switching intentions**

#### **H15B Income has an effect on WOM**

#### **H15C Income has an effect on service recovery satisfaction**

The results of ANOVA do not indicate any significant differences between respondents who have different income levels and their post recovery behavior or satisfaction.

Thus, income does not have influence on secondary satisfaction, WOM or switching intentions.

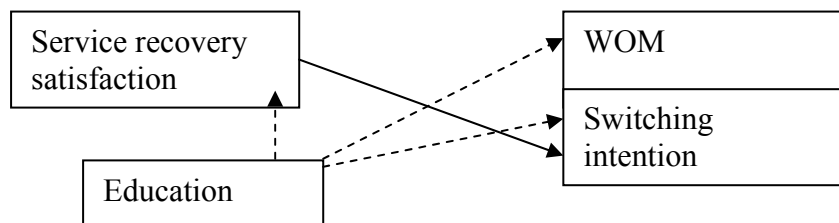
#### 4.4.13. The Relation between Education and Dependent Variables

Although not examined sufficiently in literature, high education is believed to increase customers' expectations for service recovery and can lead to dissatisfaction from recovery.

**H16A Education has an effect on switching intentions**

**H16B Education has an effect on WOM**

**H16C Education has an effect on service recovery satisfaction**



It is observed that education does not affect any of the dependent variables; secondary satisfaction, WOM or switching intentions. This may be related to the fact that sample is very homogenous regarding education levels, 67.9% of the respondents are university graduates. Since all respondents are internet users, and members of an internet consumer action group, sikayetvar.com, education is not a significant determinant for dependent variables.

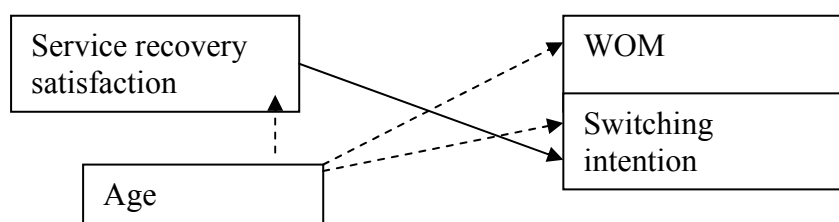
#### 4.4.14. The Relation between Age and Dependent Variables

It is predicted that there are differences between young and older customers because of their generational differences in terms of values and expectations. It is hypothesized that these differences effect respondents' service recovery satisfaction, brand switching intention and WOM.

**H17A Age has an effect on switching intentions**

**H17B Age has an effect on WOM**

**H17C Age has an effect on secondary satisfaction**



Findings indicate that neither of the hypotheses above is supported. Thus, age is found to have no effect on secondary satisfaction, WOM and switching intentions.

Regarding demographic variables, age, education, income and gender do not have any effect on any of the dependent variables; satisfaction, WOM or switching intentions.

**Table 4.3 Results of Hypotheses Testing**

	<b>Relation between</b>	<b>Finding</b>
H1	Distributive Justice-Recovery Satisfaction	Support r=0.648;p=0,00
H2	Interactional Justice- Recovery Satisfaction	Support r=0.563;p=0,00
H3	Procedural Justice-Recovery Satisfaction	Support r=0.389;p=0,00
H4	Disconfirmation-Recovery Satisfaction	Support r=0.694;p=0,00
H5	Recovery Satisfaction-Switching Intention	Support r=-0.576;p=0,00
H6	Recovery Satisfaction- WOM	Support r=0.665;p=0,00
H7A	Time spent with the bank-Switching Intention	No relation
H7B	Time spent with the bank- WOM	No relation
H7C	Time spent with the bank-Recovery Satisfaction	No relation
H8A	Number of alternative banks- Switching Intention	No relation
H8B	Number of alternative banks-WOM	No relation
H8C	Number of alternative banks-- Switching Intention	No relation
H9A	Switching cost- Switching Intention	Support r=-0.431;p=0,00
H9B	Switching cost -WOM	Support r=0.282;p=0,00
H9C	Switching cost- Recovery Satisfaction	Support r=0.356;p=0,00
H10A	Individualism- Switching Intention	No relation
H10B	Individualism -WOM	No relation
H10C	Individualism - Recovery Satisfaction	No relation
H11A	Uncertainty avoidance- Switching Intention	No relation
H11B	Uncertainty avoidance- WOM	No relation
H11C	Uncertainty avoidance - Recovery Satisfaction	No relation
H12A	Sense of Justice- Switching Intention	No relation

	<b>Relation between</b>	<b>Finding</b>
H12B	Sense of Justice -WOM	No relation
H12C	Sense of Justice –Recovery Satisfaction	No relation
H13A	Attitude - Switching Intention	No relation
H13B	Attitude - WOM	No relation
H13C	Attitude - Recovery Satisfaction	No relation
H14A	Gender -Switching Intention	No relation
H14B	Gender -WOM	No relation
H14C	Gender- Recovery Satisfaction	No relation
H15A	Income -Switching Intention	No relation
H15B	Income -WOM	No relation
H15C	Income -Recovery Satisfaction	No relation
H16A	Education -Recovery Satisfaction	No relation
H16B	Education -Switching Intention	No relation
H16C	Education -WOM	No relation
H17A	Age -Switching Intention	No relation
H17B	Age -WOM	No relation
H17C	Age- Recovery Satisfaction	No relation

#### **4.5. Grouping the Variables of the Proposed Model**

As seen in Table 3.1., variables used in the model needs to be categorized and reduced to a manageable number, in order to conduct further statistical analysis and also to test the model’s exploratory power. In statistics, factor analysis is a commonly used data reduction method. It is possible to resolve numerous numbers of measurements into distinct patterns of constructs with the help of factor analysis.

All independent variables measuring the three dimensions of perceived justice, disconfirmation of expectations, uncertainty avoidance, sense of justice, individualism, attitude toward complaining, and switching cost are examined through factor analysis (Table 4.4.). Variables measuring service recovery satisfaction, WOM and brand switching intention

are included in the factor analysis in the second stage since they constitute dependent variables of the research model.

Thirty seven variables are included in the factor analysis and 11 factors are extracted as presented in Table 4.4. The explanatory power of these 11 factors explaining post complaint behavior is %69 and each factors loading is also given in the table (Table 4.5). It is important to note that Kaiser-Meyer-Olkin test is recorded as 0,803 which show that the data used in the analysis is a homogenous collection of variables which are suitable for factor analysis. Bartlett's test is significant and also highly confirms the statistical significance of the correlations.

**Table 4.4 Factor Analysis**

<b>Factor</b>	<b>Variable</b>	<b>Loading</b>	<b>Item explanation</b>
<b>1</b>	Dist3	0,909	Bank's recovery effort compared to expectations
	Dist4	0,899	Evaluation of the offer compared to expectation
	Dist2	0,822	Bank's offer and expectations comparison
	Dist1	0,776	The effect of tangible outcome
<b>2</b>	Disc4	0,647	Positive gap between expectation and actual recovery performance in terms of offer
	swcost2	0,872	Monetary requirement perceived as an obstacle for brand switching
	swcost1	0,840	Switching time perceived as an obstacle for brand switching
	Swcosre4	0,820	Brand switching is perceived as a easy process (reverse)
	swcost3	0,805	Brand switching is perceived as risky
<b>3</b>	int1	0,814	The courtesy and respect shown during interpersonal relations
	int4	0,756	Level of courtesy shown by the personnel
	int3	0,718	Bank personnel's listening ability
	int2	0,652	Bank's customer orientation level
	int5	0,607	Satisfaction from the interpersonal relations
<b>4</b>	ind2	0,908	Preference for original products(Individualism as psychographic factor)
	ind1	0,891	Need to feel unique – self confidence (Individualism as psychographic factor)
	ind3	0,742	Tendency to be perceived as an individual rather than part of a group (Individualism as psychographic factor)
<b>5</b>	Proc2	0,775	Bank's speed in answering complaints
	proc1	0,750	The quickness of service recovery process
	disc1	0,576	Positive gap between expectation and actual recovery performance in terms of professional effort



<b>Factor</b>	<b>Variable</b>	<b>Loading</b>	<b>Item explanation</b>
	disc3	0,565	Positive gap between expectation and actual recovery performance
<b>6</b>	sense3	0,844	Complaining is a responsibility
	sense1	0,810	Complaining is a natural duty
	sense2	0,641	Complaining is a natural response
	att1	0,570	Complaining is perceived as a right
<b>7</b>	uncert3	0,849	Risk taking attitude
	uncert2	0,844	Risk taking attitude
	uncert1	0,717	Risk taking attitude
<b>8</b>	Proc3	0,849	Struggle in voicing the complaint too many times
	Proc4	0,840	The convenience in finding the right person in charge of the complaints
<b>9</b>	ATTREV2	0,822	Complaining is perceived as a negative behavior
	ATTREV3	0,808	Complaining is a source of shame
<b>10</b>	INTREV6	0,758	If apology is received from the bank
	INTREV7	0,652	If explanation is made by the bank
	INTREV8	0,538	How much the explanation was persuasive
<b>11</b>	<i>UNCEREV4</i>	<i>-0,613</i>	<i>Risk taking attitude</i>
	<i>DISC2</i>	<i>0,504</i>	<i>Negative gap between expectation and actual recovery performance</i>

Before labeling each factor, the reliability in other words internal consistency of these factors needs to be tested. As seen in Table 4.5, the first ten factors internal consistencies are relatively high or close to acceptable reliability levels (often assumed as 0,70) to continue further analysis. Factor 10; “explanation quality” has a reliability level of approximately 0, 50 but preferred to be kept for further analysis. In addition it is very important to note that none of the variables are needed to be excluded in the data set to reach these reliability levels.

However, the last factor’s internal consistency is not sufficient to carry further analysis. So, question about perceived risk in stock market (Uncert4) in order to measure risk taking attitude of respondents and question about the negative gap between expectations and actual state of the recovery process (disc 2) are excluded from the further analysis.

**Table 4.5. Reliability Analysis**

<b>Factor</b>	<b>Factor Label</b>	<b>Reliability (Cronbach</b>
1	Disconfirmation about	0,9137
2	Switching cost	0.8687
3	Personal relations quality	0,8386
4	Individualism	0,8465
5	Disconfirmation about	0,7479
6	Sense of justice	0,6911
7	Uncertainty avoidance	0,7694
8	Convenience	0,7622
9	Attitude	0,6429
10	Explanation quality	0,4908
<b>11</b>	<b>Stock market</b>	<b>0,1764</b>

All variables excluding these two (uncert4 and disc 2) are retested for factor analysis and it is seen that explanatory power of the first ten factors is also 69%. Consequently, explanatory power is not increased when the last factor is excluded.

#### ***4.5.1. Assessing the Internal Consistencies of the Dependent Variables***

The first dependent variable of the study is service recovery satisfaction. As commonly suggested in literature the two theoretical paradigms', perceived justice and disconfirmation of expectations', effect on service recovery satisfaction of complainants is analyzed.

All four items (SS1, SS2, SS3 and SS4) aiming to measure service recovery satisfaction constitute a highly reliable unidimensional factor as seen in Table 4.6.

**Table 4.6. Analysis of Dependent Variables**

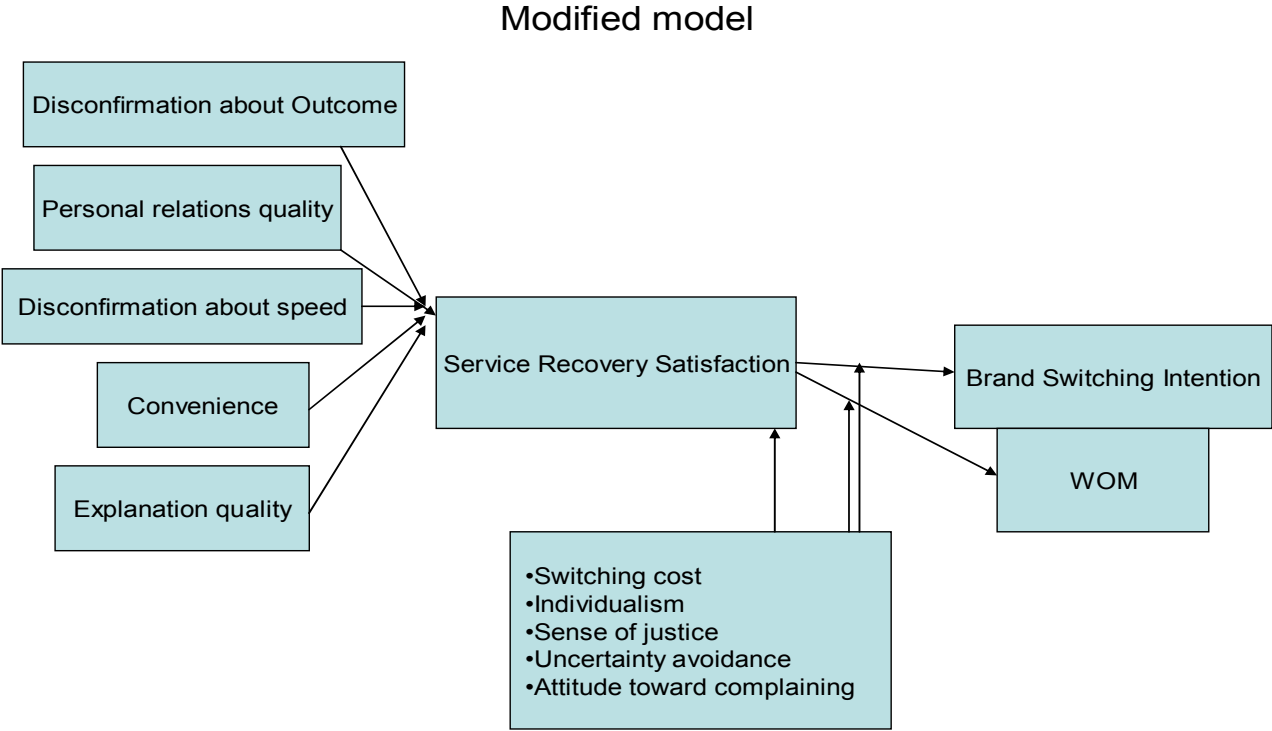
Construct	Variable	Variable-item	Factor	Reliability
Service recovery satisfaction	SS1	I was pleased with the complaint handling process of the bank	76,614%	0.8951
	SS2	Bank's complaint management was satisfactory		
	SS3	After all, I feel positive about the bank now		
	SS4	I like the bank more after this experience		
Switching intention	Switch1	I do not think of switching my bank	61,344%	0,8131
	Swith2	I do not think of working with		
	Switch3	This experience has made me		
	Switrev4	If had to choose a bank again		
WOM	WOM1	I share my experience on every occasion	51,613%	0,7122
	WOM2	I recommend this bank to my friends		
	WOM3	I share my positive feelings		
	WOM4	I warn my friends about not to use this bank's services		

Similarly, switching intention and WOM also form unidimensional constructs which have high internal consistencies as seen in Table 4.6.

#### **4.6. Modified Model of the Study**

In the light of the analysis above following model is developed. In this section how the proposed model changed and the new factors of the model developed is explained in detail.

**Figure 4.2. Modified Model**



The theoretical antecedents of service recovery satisfaction, distributive justice, interactional justice, procedural justice and disconfirmation of expectations are reorganized again after factor and reliability analysis.

First of all, variables aiming to measure distributive justice that is the perceived fairness of the tangible outcome offered by the service provider are successfully forming a unidimensional construct with one added variable, expectancy about the solution (Disc4-disconfirmation).

So, the variables about distributive justice along with a disconfirmation measuring variable form a new factor, disconfirmation about outcome. In the later parts, it is going to be examined whether complainants’ expectations about the tangible offers from the service provider affect their service recovery satisfaction or not.

The first five variables of interactional justice also form a highly reliable unique factor. The common base for these five variables is that they are aiming to understand respondents' perception about the bank personnel's listening ability, courtesy and respect. Thus, this factor is named as personal relationship quality and its effect and predictive power on service recovery satisfaction is analyzed.

Variables about procedural justice are divided in two dimensions, variables about perceived speed of the recovery process and variables about perceived easiness of complaint process. Variables about speed form a reliable factor along with two of the disconfirmation variables. This shows that besides the actual speed of the recovery process, the prior expectations are also important for respondents. So this new factor is named "disconfirmation about speed" and its effect on service recovery satisfaction is measured in the next section. Similarly, questions asking the easiness of complaint process are found to be forming a unique factor and named they are named as "convenience".

Finally, the last three variables of interactional justice construct, questioning the apology and explanation made by the service provider during complaint management form a unique reliable factor and named as "explanation quality" for the purpose of the study.

It observed from the findings that all variables regarding situational contingencies; individualism, uncertainty avoidance, sense of justice and attitude toward complaining form individual factors as proposed in the original model of the study. The only factor that is below the acceptable reliability level is the last factor which constitutes of items about disconfirmation of expectations and the risk taking attitude.

Regarding dependent variables of the study; service recovery satisfaction, switching intention and WOM, form unidimensional, reliable, and highly explanatory factors (Table 4.6).

To sum up, the original proposed model is modified according to the factor analysis. In the modified model antecedents of service recovery satisfaction are reorganized. The major difference is that disconfirmation of expectations which is the gap between expectations and actual state of the recovery process is not perceived as an individual construct by the respondents. Instead, the dimensions of perceived justice and disconfirmation of expectations are perceived as close dimensions for effective service recovery. According to findings,

distributive justice and timeliness dimension of procedural justice are evaluated regarding to customers' prior expectations. In other words, expectations about fairness of response speed and tangible outcome of the recovery process are held to be standards against which recovery performance is judged. This is not surprising since all modern marketing philosophies take consumer expectations into consideration to a great extent. Service recovery management should take customers' expectations about justice dimensions into consideration in the first place. Customers' standards for recovery; timeliness and convenience depend heavily on their previously set expectations.

In our study, antecedents of service recovery satisfaction are reorganized and renamed. Dimensions of perceived justice; distributive, interactional and procedural justices are renamed as disconfirmation about outcome, personal relations quality, disconfirmation about speed, convenience, explanation quality. In the light of the modified model, relations between these variables are examined in the next section.

#### **4.7. The Effect of Antecedent Factors on Complainer's Service Recovery Satisfaction**

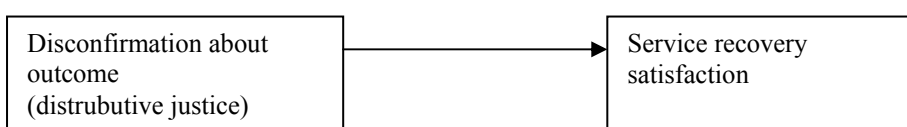
As explained in detail in the previous section, variables of the perceived justice are modified according to the statistical results and respondents perception of the constructs. Thus, the magnitude and significance of relations among constructs according to the modified model needs to be analyzed. Following new hypotheses are proposed to analyze this modified model.

##### ***4.7.1. The Effect of Disconfirmation about Outcome (Distributive Justice) on Service Recovery Satisfaction***

Distributive justice is evaluated as the perceived outcome (compensation) fairness. However findings show that, respondents' prior expectations about the outcome, also plays an important role in distributive justice perception. So, to find the effect of gap between justice expectations about the outcome and actual outcome on service recovery satisfaction, following hypothesis is derived;

**H18 Positive gap between bank's offer and justice expectations about the outcome positively affect satisfaction with service recovery**

Findings support that when complainants believe that they receive fairer outcome than they expected, they are more satisfied with the service recovery process.



To test this proposition, Pearson correlation is conducted and a moderate level positive relation is found ( $r=0.687$  and  $p< 0.05$ ). Thus, tangible outcome or compensation of the bank for the service failure is an effective instrument for secondary satisfaction. But it is very important to mention that complainants' perception about the actual compensation must exceed their prior expectations.

#### ***4.7.2. The Effect of Personal Relations Quality (Interactional Justice) on Service Recovery Satisfaction***

Although interactional justice is appraised as apology, explanation, courtesy, respect, care, empathy and concern toward customers, data analysis showed that respondents perceive this dimension as two separate constructs. This may be due to the fact that personal relations are perceived as a very important dimension for satisfaction in banking industry. Thus items about personal relations form a separate construct than the others about explanation and apology.

The first factor which constitutes of variables such as courtesy, respect, care, listening ability is renamed as personal relations quality. It is hypothesized that respondents fairness perception of these intangible interactional dimensions effect service recovery compensation.



#### **H19 Personal relations quality positively affects satisfaction with service recovery**

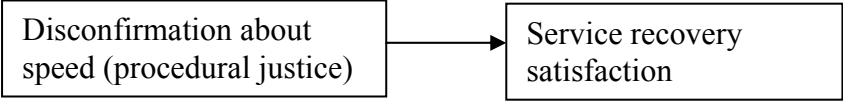
A moderate level positive relation is found ( $r=0.540$  and  $p< 0.05$ ) by Pearson analysis. This finding indicates that there is a positive, significant relation between personal relations quality and service recovery satisfaction at a moderate level.

#### ***4.7.3. The Effect of Disconfirmation about Speed (Procedural Justice) on Service Recovery Satisfaction***

In our study procedural justice, in other words, process fairness is operationalized with flexibility, waiting time/responsiveness, efficiency, timeliness, convenience of the complaint handling process in the original model. Hence, factor analysis shows that variables about timely responsiveness and convenience of the complaint handling process are grouped as two different constructs (Table 3).

Variables concerning timely responsiveness of the complaint handling process are perceived as a unique variable along with disconfirmation of expectation variables.

So, data analysis indicates that respondents evaluate the speed of bank's recovery performance depending on their prior expectations.



In other words, the fairness perception in timely responsiveness can be explained by the positive gap between actual speed of bank's complaint handling and respondents' prior expectations about timely responsiveness of the bank. It is hypothesized that this fairness perception in the speed of bank's responsiveness positively effects service recovery satisfaction.

**H20 Positive gap between bank's timely responsiveness and expectations about the speed of recovery positively affect satisfaction with service recovery**

A moderate level positive relation is found ( $r=0.599$  and  $p < 0.05$ ) by Pearson analysis. Thus, respondents' fairness perception about bank's speed of responding to complaints compared to their prior expectations is found to be an influential factor on service recovery satisfaction.

**4.7.4. The Effect of Convenience of Complaint Process (Procedural Justice) on Service Recovery Satisfaction**

As stated above, procedural justice is divided into two constructs in this research's modified model. Convenience in the complaint management process constitutes the second part of procedural justice. Easiness in finding the right person to complain or not struggling in repeating complaints to different people is named as convenience of complaint process. It is hypothesized that convenience of complaint process influences service recovery satisfaction.



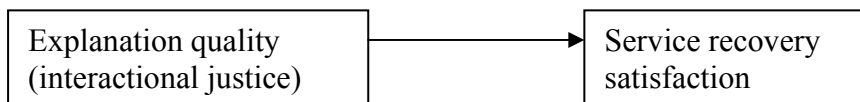


## **H21 Convenience in complaint handling process positively affects satisfaction with service recovery**

According to Pearson correlation, a significant, positive relation is found ( $r=0.147$  and  $p< 0.05$ ) at a low level. Although a significant relation is found it is fairly supported that respondents' service recovery satisfaction is influenced by their perception about the convenience of the recovery process. This could be related to the nature of the study since all respondents voiced their complaints through Sikayetvar.com. So, convenience could be perceived as a relatively irrelevant dimension for satisfactory recovery process by the respondents.

### ***4.7.5. The Effect of Explanation Quality (interactional justice) on Service Recovery Satisfaction***

As stated before, respondents perceived variables concerning interactional justice as two separate factors. The first factor, as examined in hypothesis 19 were related to concern for customers and named as personal relations quality. Whereas the last three questions of interactional justice in the survey were related to the apology, and explanation dimensions of interactional justice. Variables concerning whether an apology or an explanation has been made, and whether respondents find these explanations convincing and sincere are grouped as explanation quality.



## **H22 Explanation quality positively affects satisfaction with service recovery**

A moderate level positive relation is found ( $r=0.328$ ,  $p< 0.05$ ) as a result of Pearson analysis. Thus, apologies and sincere explanations are influential in complainant's satisfaction with the complaint handling process.

#### 4.8. Overall Examination of the Research Model

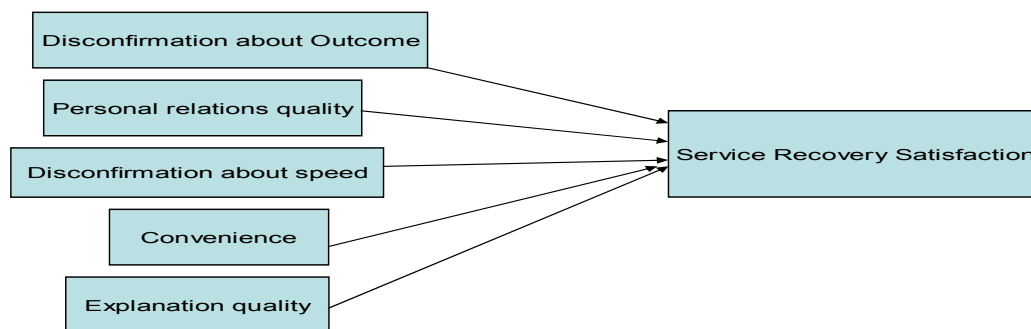
At this stage the model needs to be analyzed in terms of predicting the changes in the dependent variable in response to changes in several independent variables.

Multiple regression is a type of multivariate technique which is appropriate when the research problem involves a metric dependent variable presumed to be related to one or more metric independent variables (Hair et al., 1995). In other words, regression analysis is a statistical forecasting model that is concerned with describing and evaluating the relationship between a given variable and more of other variables.

Multiple regression analysis is conducted three times since the model aims to find the relationships between independent variables effecting secondary satisfaction, WOM and brand switching.

##### *4.8.1. Assessing the Relations between Antecedent Variables and Service Recovery Satisfaction*

In the first part of the model, disconfirmation about outcome (distributive justice), personal relations quality (interactional justice), disconfirmation about speed (procedural justice), convenience of recovery process (procedural justice) and explanation quality (interactional justice) are suggested as factors affecting service recovery satisfaction.



In Table 4.7, the significance opposite each independent variable indicates that variables except convenience make a significant addition to the prediction of service recovery satisfaction. R Square, 0.608, which indicate that 60.8% of the variance in the dependent variable is explained by the independent variables in the model. The adjusted R<sup>2</sup> gives the explanatory power of the model. This value has to be greater or equal to 50%. In other words, 60.8 % of the variance in service recovery satisfaction can be explained by the four independent variables; disconfirmation about the outcome, personal relations quality, disconfirmation about speed and explanation quality.

**Table 4.7- Multiple regression of disconfirmation about outcome, personal relations quality, disconfirmation about speed, convenience and explanation quality on service recovery satisfaction**

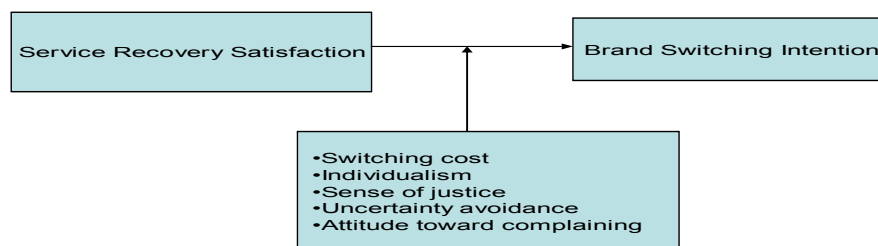
<b>Independent Variables</b>	<b>Beta</b>	<b>p</b>
Disconfirmation about outcome	0,657	0.000
Personal relations quality	0,269	0.000
Disconfirmation about speed	0,308	0.000
<i>Convenience</i>	<i>0,001</i>	<i>0.969</i>
Explanation quality	0.116	0.006
<b>R<sup>2</sup>=0.608</b>		

The regression analysis also provides information about the effects of individual predictor variables. The beta coefficients (Table 4.7) indicate the increase in the value of the dependent variable for each unit increase in the independent variable. Accordingly, disconfirmation about outcome is found to be the most important variable in explaining service recovery satisfaction, and explanation quality is the least explanatory independent variable. This may be related to the fact that majority of the complaints are about credit card fees and respondents do not find bank's standard explanations about this topic convincing. Besides, respondents could be aware that banks are very unwilling to apologize when they experience service failure.

Thus, tangible offer of the service provider, timeliness of the recovery process, personal relations quality (courtesy, respect, listening ability), and apology or explanations of the service provider are important factors for complainants recovery satisfaction respectively.

#### 4.8.2. Assessing the Relations between Antecedent Variables and Brand Switching Intention

One of the important aims of this study is to understand the brand switching behavior of complainants. It is proposed that service recovery satisfaction is one important variable effecting brand switching intention. However, as stated in literature even dissatisfied customers may prefer to stay loyal, thus factors leading inertia also deserves investigation. In the model these moderating variables are named as situational contingencies.



Stepwise technique in multiple regression analysis helps to identify the effect of independent variables on brand switching intention and also the moderating effect of situational contingencies; switching cost, individualism, sense of justice, uncertainty avoidance and attitude toward complaining.

**Table 4.8- Multiple Regression of recovery satisfaction and switching cost on intention to switch**

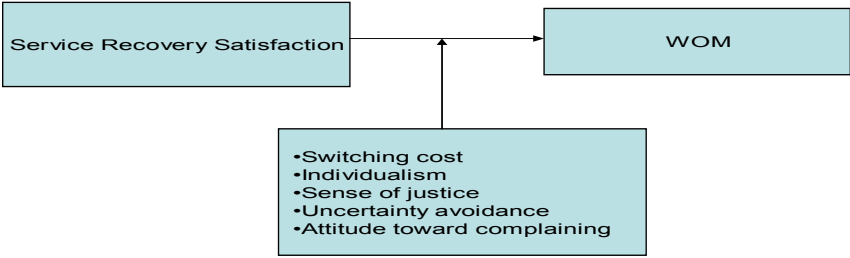
Independent Variables	Beta	p
Recovery Satisfaction	-0.498	<b>0.000</b>
Switching Cost	-0.259	<b>0.000</b>
<b>R2=0.408</b>		

The result of multiple regression analysis suggests that switching intention is related to only recovery satisfaction and switching cost. Individualism, sense of justice, attitude, and uncertainty avoidance are not significantly explaining switching intention. Service recovery satisfaction and switching cost together explain 40.8% of the variance in switching intention. It is important to note that this explanatory power is low since R2 is lower than statistically acceptable level (0.5). This may be due to other variables that are not included in the study such as, the perception of indifference among alternative service providers.

Service recovery satisfaction has a higher explanatory power than switching cost. Furthermore, data of this study shows that none of the psychographic factors have significant influence on the relation between satisfaction and switching intention. Thus, it can be concluded that psychographic factors may be related to complaining behavior however evaluation of recovery and final decision of switching or WOM requires more contextual and situational examination than individual.

**4.8.3. Assessing the Relations between Antecedent Variables and WOM**

In this section the factors which significantly help to predict the WOM behavior is examined.



The regression analysis provides information about the effects of individual predictor variables and moderating effect of situational contingencies on WOM. Service recovery satisfaction, individualism and uncertainty avoidance are observed as important predictors and can explain 47.7 % of variance in WOM. Although very close to the statistically acceptable level (0.5), it is necessary to state that the explanatory power (0.477) is low. Service recovery satisfaction has a relatively high explanatory power for WOM. Individualism has a negative correlation with WOM (Table 4.9). Although very low relation is found, findings support the

view that, individualism is a discouraging characteristic for WOM since it may be associated with aggressiveness or self confidence. Moreover, individualists tend to be confident in their decisions but unwilling to share information with people around them.

**Table 4.9 Multiple Regression of service recovery satisfaction, individualism and uncertainty avoidance on WOM**

<b>Independent Variables</b>	<b>Beta</b>	<b>p</b>
Service Recovery Satisfaction	0.723	<b>0.000</b>
Individualism	-0.110	<b>0.034</b>
Uncertainty Avoidance	0.129	<b>0.010</b>
<b>R<sup>2</sup>=0.477</b>		

#### **4.9. Precedence of Service Recovery Satisfaction Determinants**

It is stated that an important contribution of this study would be suggesting the right combination of factors for a satisfactory recovery. In order to find an answer to the research question inquiring the possible components of successful service recovery, respondents are asked to rank the following organizational dimensions according to their perception.

Timeliness, facilitation, redress, apology, credibility and attentiveness are suggested as important determinants affecting consumer's satisfaction with recovery process.

Sample size for this analysis is 194 since 86 of the respondents failed to rank the dimensions appropriately. Some of them gave the same order to more than one determinant.

Since the scale of this item is ordinal Friedman test is conducted.

**Table 4.10- Determinants of service recovery satisfaction**

<b>Determinant</b>	<b>Mean Rank</b>	<b>Importance Order</b>	<b>N=194, p=0.00</b>
Timeliness	3, 11	1	
Redress	3, 14	2	
Attentiveness	3, 24	3	
Credibility	3, 38	4	
Facilitation	3, 75	5	
Apology	4, 37	6	

As seen in Table 4.10, timeliness is stated as the most important dimension for a satisfactory service recovery. This supports the previous findings of the study (hypothesis 20) that disconfirmation about the speed of service recovery process is an important variable for secondary satisfaction. Thus, it can be concluded that complainants value response speed to a great extent. Secondly, redress or actual outcome is rated as important. Thirdly, attentiveness which refers to the interaction between the company representative and complainant is stated as important. Attentiveness has common dimension with personal relations quality such as courtesy and respect. In the fourth place, respondents suggest that credibility is an important indicator for secondary satisfaction. Credibility refers to the firm's willingness to account for the problem. Respondents want to hear sincere explanations from the service provider that this service failure will not happen again in the future. Findings of this study support the commonly belief that especially in bank services tangible compensation is overvalued than apology. Apology is rated as the least important determinant for an effective recovery process.

#### **4.10. Precedence of the Part the Complainer Complains To**

One of the research questions is to analyze to whom people complain to when they are dissatisfied with the service they receive. Respondents are asked to rank following parties. Similar to the recovery satisfaction determinants question, 60 respondents gave the same order to more than one item. Friedman test is conducted to analyze question.

**Table 4.11- The order of parties respondents complain to**

<b>Party</b>	<b>Mean Rank</b>	<b>Importance Order</b>	<b>N=220, p=0.00</b>
Friend	2.10	1	
BankCRM	2.26	2	
Internet site	3.26	3	
Personnel	3.33	4	
Third party	4.70	5	
Paper	5.34	6	

It can be concluded that despite bank's effort in CRM applications, people still prefer to talk about their dissatisfaction to friends. This is a supportive finding for firms growing interest in controlling WOM communication about their products and services. Sikayetvar.com internet site is found to be a very powerful media since respondents prefer to contact at the third stage.

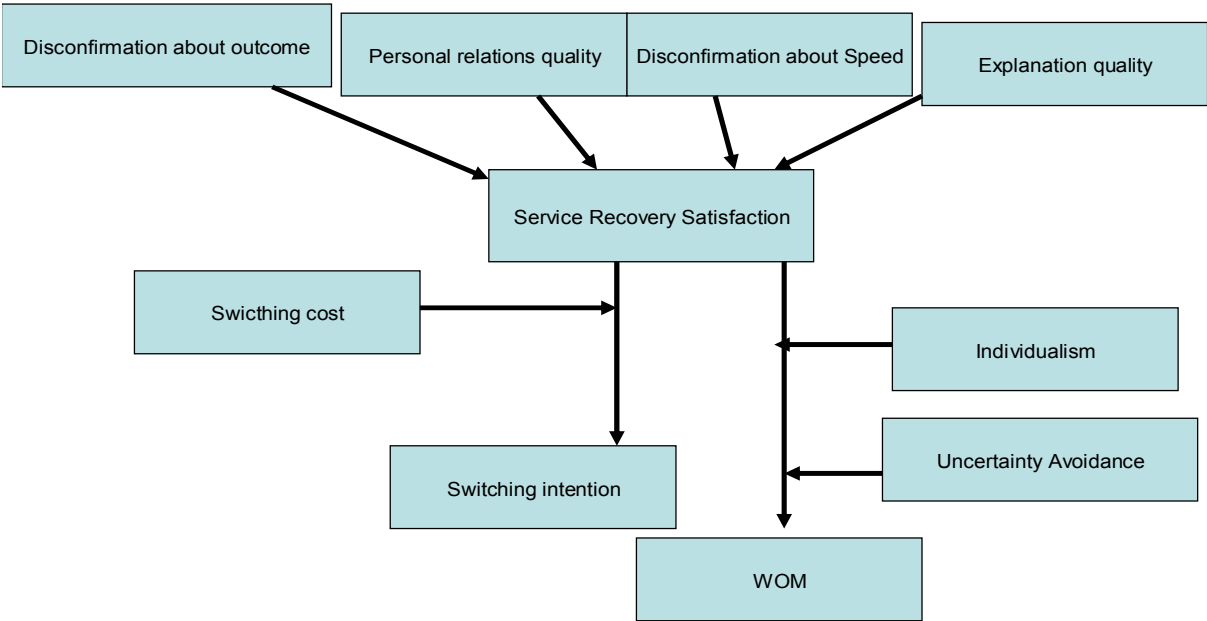
#### **4.11. Finalized Model**

The results of multiple regression analysis help us to revise the model again. The first significant change is that convenience is not part of the study's model. In other words, respondents do not perceive convenience as a significant determinant for secondary satisfaction. As explained previously, this may be due to the fact that all respondents complained through internet site easily, which made them perceive convenience as a relatively unrelated dimension.

As seen in Figure 4.3, finalized model includes disconfirmation about outcome, personal relations quality, disconfirmation about speed and explanation quality as variables affecting service recovery satisfaction. Switching cost, individualism, attitude toward complaining, sense of justice and uncertainty avoidance are presented in the proposed model as variables affecting the relation between service recovery satisfaction and post complaint behavior. However, only switching cost is found to have an impact on the relation between service recovery satisfaction and switching intention. Similarly, individualism and uncertainty avoidance are found to have impact on the relation between satisfaction and WOM. These modifications are discussed in detail in the next chapter.



**Figure 4.3 Final Model**



As a conclusion, important modifications are done to the proposed model in the light of the statistical analysis. In CCB literature perceived justice and disconfirmation of expectations are widely utilized theoretical paradigms. In the proposed model, these paradigms are hypothesized to effect service recovery satisfaction. As a result of statistical analysis, it is observed that the dimensions of these paradigms need revision. As mentioned earlier, perceived justice dimensions are not recognized as separately from disconfirmation of expectations. Instead, it is observed that respondents evaluate service recovery process according to their expectations related to the outcome of the process, personal relations, speed of the recovery and the quality of the explanation. Thus, these new dimensions are introduced in the final model as variables effecting recovery satisfaction.

## 5. DISCUSSION

*In this chapter, research questions of the study are discussed depending on data analysis of the study presented in the previous chapter and related literature. This discussion draws attention to this study's contribution to the existing literature. Moreover, implications for management, limitations of the study and ideas for future research are presented in this Chapter.*

### 5.1. Introduction

The purposes of this research are, 1) to look at the current understanding of customer complaint behavior from a different perspective, a non –western, Turkish view, 2) to investigate the effect of theoretical paradigms on service recovery satisfaction, 3) to understand the relation between service recovery satisfaction and post recovery behavior of complainants, 4) to analyze the dimensions of satisfactory service recovery management in order to provide a better understanding of how customers evaluate recovery process and to guide the formation of improved service recovery strategies.

Parallel to these purposes the study addresses following research questions:

1. What is the effect of perceived justice on complainers' service recovery satisfaction?
2. What is the effect of disconfirmation theory on complainers' service recovery satisfaction?
3. What is the effect of service recovery satisfaction on intention to brand switch and WOM?
4. What are the possible determinants for satisfactory service recovery management?
5. Do length of time with the service provider, switching costs, psychographics (individualism, risk aversion, sense of justice) and attitude toward complaining moderate the relation between service recovery satisfaction and intention to switch brand?

In order to answer these questions, an empirical study is conducted as explained in Chapter 3. Data analysis is done with the help of SPSS 11.5 and explained in Chapter 4. In this chapter, findings of the study are discussed by comparing the outcomes of data analysis of this study and the studies in the related literature. This comparison aims to emphasize this study's contribution to the existing literature.

## **5.2. Impact of Justice Dimensions on Service Recovery Satisfaction**

Previous research on service failure and recovery suggest that customer's satisfaction with organizational recovery effort depends heavily on their perceptions of justice. This theoretical perspective indicates that the fairness of the resolution procedures, the interpersonal communications and behavior, and the outcome; as the principal evaluative criteria of the customer (Tax et al., 1998). Thus, overall justice perceptions depend on three factors: the perception of a fair outcome; distributive justice, the perception of fair procedures; procedural justice and the perception of fair treatment by the service provider; interactional justice.

### ***5.2.1. The Effect of Distributive Justice on Complainers' Service Recovery Satisfaction***

According to this study, distributive justice shows the largest total effect and highest predictive power of customer satisfaction ( $r=0.648$ ,  $p=0, 00$ ). In other words, results indicate that distributive justice is more strongly related to the recovery satisfaction than that of procedural and interactional justice. These results have been confirmed by previous theoretical and empirical research (Smith 1998; Smith and Bolton, 2002; Yim et al., 2003; Goodwin and Ross, 1989) that customers are focusing on distributive gains after a service failure.

As a result of factor analysis, items about distributive justice form a uni-dimensional construct along with disconfirmation of expectations variable. In other words, all measurement items of distributive justice are perceived as a unique construct by respondents with a measurement item of disconfirmation of expectations. Thus, customers' evaluation of distributive fairness in recovery management significantly influences service recovery satisfaction. Hence, this evaluation is a result of comparison of prior expectations and actual outcome of the recovery process. This finding is parallel to the suggestion that customers form justice-based normative recovery expectations and use them as reference standards in evaluating recovery performance of the service provider (Yim et al., 2003).

In addition; regression analysis shows that this new construct, disconfirmation about outcome, explains the variance in service recovery satisfaction significantly ( $\beta=0.657$ ) and better than other justice variables in the model. Thus, the suggestion that distributive justice is more important in forming satisfaction with recovery among durable good complainants than service complainants, and interactional justice is more influential in forming satisfaction with recovery among service complainants than durable good complaints is not supported in this

study (Maxham and Netemeyer 2002). Unlike to our findings, a similar suggestion is done in a highly referred paper by Blodgett, Hill and Tax (1997) that interactional justice explains a greater percentage of the variance of subject's post complaint intentions than did distributive justice. However, it may be due to the fact that the study is done on university students with the scenario technique like in most of the other studies. The sector of the service provider is also influential on the results since that study was about retail sector. Similarly, McCole (2004) states that in hospitality industry, consumers evaluate the "fairness" of service recovery efforts based on more interactional aspects than distributive due to the characteristics of the industry.

This may be related to the fact that although complaints investigated for this study are about banking sector, majority of them are about credit card fees which are monetary complaints, not service specific complaints.

Consequently, according to the literature distributive justice is achieved in a service recovery context when the customer receives at least what they would have received before the service failure occurred. Besides indicating a significant relation between distributive justice and service recovery satisfaction, findings confirm that distributive justice can be achieved if the tangible outcome offered by the service provider is perceived as fairer than expected by the customer.

### ***5.2.2. The Effect of Interactional Justice on Complainers' Service Recovery Satisfaction***

Interactional justice arises from the interpersonal part of a transaction. It is an intangible part of the service encounter experience composed of justice judgments related to the attributes of honesty, politeness, effort, empathy, and explanation (Bies and Shapiro, 1987; Goodwin and Ross, 1989). The perceived fairness in interactions between people is also been defined as the quality of interaction between two parties involved in a conflict (Bies and Shapiro, 1987).

Marketing studies that have employed the notion of interactional justice in customer satisfaction research (Blodgett, Wakefield and Barnes, 1995; Blodgett and Tax, 1993; Goodwin and Ross, 1992; Oliver and Swan, 1989; Smith and Bolton, 1998; Tax et al., 1998) support interactional justice as a significant predictor of customer satisfaction with service recovery efforts. DeWitt and Brady (2003) also investigate the effect of rapport on customer

responses to service failure and conclude that rapport improve the likelihood of a satisfactory recovery. Moreover, Valenzuela et al. (2006) suggest that employee behavior is directly related to trust and indirectly related to commitment and loyalty which in return have impact on long term post complaint behavior.

Similarly, findings of this study ( $r=0,563, p=0,00$ ) also imply that dissatisfied customers expect not only to receive a fair settlement but, they also expect to be treated with courtesy and respect. Thus, results suggest that there is a relation between interactional justice and customer satisfaction.

As a result of factor analysis, it is observed that interactional justice is perceived as two separate constructs named as personal relations quality and explanation quality. This finding confirms past researches demonstrating that there are two dimensions of interactional justice; interpersonal sensitivity and explanations (Bies and Shapiro 1987; Greenberg 1993). Moreover, Greenberg (1993) states that these two dimensions of interactional justice are better conceptualized as two distinct forms of justice; interpersonal justice and informational justice.

Results of this study highlight this discrimination and it is observed that items concerning the quality of interpersonal relations during service recovery process such as the level of courtesy, respect, bank personnel's listening ability and customer orientation level have significant explanatory power on customer satisfaction ( $\beta=0,269$ ). This relatively low relation may be due to the fact that most of the respondents contact the bank by internet about their complaints which reduces the impact of personal communication. Similarly, since the majority of the complaints are about fees and allowances, tangible outcome is expected for a satisfactory recovery more than a fair communication.

Consequently, results which are supported by earlier studies indicating that higher quality levels of personal relations leading to higher levels of customer satisfaction, confirm the importance of just interpersonal treatment in achieving customer satisfaction during the service recovery.

As a result of factor analysis, the rest of the dimensions of interactional justice such as, apology, and convincing explanation are grouped as 'explanation quality' in this study.

Findings indicate that explanation quality has significant effect on service recovery satisfaction. In terms of how explanation and apology affect satisfaction, the findings in literature are contradictory. There are studies suggesting that providing explanation and apology to customers will improve customer satisfaction (Bies and Shapiro, 1987). On the contrary, according to Duffy et al. (2006), satisfaction does not increase due to apology received.

In this study although significant relation is found, the variance of satisfaction explained by the explanation quality is found low ( $\beta = 0.116$ ). This may be due to the fact that the banks give standard explanations for complaints about fee refund requests. So, respondents did not appreciate the persuasiveness of explanations of banks. Additionally, it is known that banks are very unwilling to make apologies for any kind of service failure.

Consequently, according to findings, interactional justice with its two dimensions personal relations quality and explanation quality has effect on service recovery satisfaction.

### ***5.2.3. The Effect of procedural justice on Complainers' Service Recovery Satisfaction***

According to findings, procedural justice that is reflective of the timeliness, responsiveness and convenience of the complaint handling process affects service recovery satisfaction.

As a result of factor analysis measurement items concerning speed of the response are grouped as a separate construct along with the disconfirmation of expectations questions. It indicates that customers evaluate the fairness of the timeliness of the response depending on their prior expectations. The findings support Gilly (1987) stating the importance of complainant's perceptions of the organizations' responses. In other words, the actual time required to resolve the complaint is not important, but the complainants' evaluation based on their expectations of how quickly the complaint was handled is important. As a result, this evaluation affects satisfaction ( $p = 0.480$ ). In other words, the speed of complaint handling results in more positive consumer assessments of complaint resolutions (Estelami, 2000).

Although supported as the last hypothesis in this section ( $r = 0.147$ ), the results indicate that convenience as a part of the procedural justice is not perceived as one of the explanatory factors on service recovery satisfaction. This can also be explained with the help of the nature of the study. Since all the banks have customer relations departments and call centers trying to

make complaining easy for the customers, convenience is not seen as a relevant item. In addition, the members of Sikayetvar.com can already easily complain about their problems and reach right person. Thus, convenience of the complaining process is not perceived as an effective determinant for recovery satisfaction. Although weakly supported as a hypothesis, convenience of the recovery process is not included in the final model as a result of multiple regression analysis.

### **5.3. The Effect of Disconfirmation Theory on Complainers' Service Recovery**

#### **Satisfaction**

In literature there is strong support for the disconfirmation paradigm as a measurement of satisfaction (Armstrong and Seng, 2000). Failure to include disconfirmation as predictor of customer satisfaction with service recovery encounters is hypothesized to result in misleading conclusions about the influence of various service recovery efforts (Smith, Bolton and Wagner, 1999).

Parallel to existing literature, disconfirmation of expectation is found to have significant impact on recovery satisfaction ( $r=0.694$ ). However, factor analysis confirms that respondents did not perceive disconfirmation of expectations as a uni-dimensional component affecting satisfaction. Findings indicate that customers evaluate distributive justice and timeliness dimension of procedural justice depending on their prior expectations. In terms of understanding post recovery satisfaction, prior recovery expectations about fairness of response speed and tangible outcome of the recovery process are held to be standards against which recovery performance is judged.

### **5.4. The Effect of Service Recovery Satisfaction on Intention to Brand Switching and WOM**

In addition to the impact that a good service recovery performance might have on customer satisfaction, it is found that service recovery satisfaction have impact on customer behavior, like intention to repurchase, intention to switch brand, WOM( Andreassen , 1999; Estelami, 2000).

Nyer (2000) indicates that consumers who were encouraged to complain were more likely to purchase the service complained about, whereas Hogart et al. (2001) finds that even after satisfactory recoveries, consumers have lower probabilities of repurchasing.

Our findings indicate that satisfaction with recovery explains the variance in switching intention with a relatively low power ( $\beta=0,498$ ). However, satisfaction with recovery has a more powerful explanatory impact on WOM ( $\beta=0,723$ ). This finding supports Maxham and Netemeyer (2002) who suggest that customers who are satisfied with service recovery are willing to recommend the service provider to friends but for repurchase intention overall satisfaction is needed.

Despite the impact of moderator effects, it is known that most of brand switching in services is attributable to service failures and poor management of recovery. Findings of this study show that 40% variance in brand switching intention can be explained by service recovery satisfaction and switching costs. This comparably low percentage can be due to the nature of banking sector and complaint subjects. Respondents' perception of indifference between alternative banks may decrease their intention for brand switching even if they are dissatisfied with recovery management of banks.

## **5.5. The Effect of Situational Contingencies between Recovery Satisfaction and Post Complaint Behavior**

The relation between service recovery satisfaction and possible post complaint behaviors such as brand switching and WOM is not direct. In this study several factors are presented as moderators of the relation between satisfaction and post complaint behavior.

### ***5.5.1. The Effect of Switching Costs***

A substantial proportion of financial service customers prefer to stay loyal even if they are dissatisfied with the recovery performance of their service providers (Panther and Farquhar, 2004). This tendency to stay loyal is mostly attributed to personal or situational factors such as, switching costs. Studies in the banking industry suggest that the number of consumers who seriously consider switching but choose to stay is more than 20% (White and Yanamandram, 2004; Colgate and Lang, 2001).

Findings of this study confirm that switching costs have significant impact on recovery satisfaction, switching intention and WOM. Time, cost, risk and convenience are used as dimensions of switching costs in this study. Besides significant relations stated between



switching costs and post complaint behaviors, regression analysis indicate that 40% of variance in switching intention is explained by recovery satisfaction and switching cost.

This result is consistent with the suggestion switching costs play role in customers' loyalty response to dissatisfaction with recovery. This tendency to stay loyal is mostly attributed to switching costs, like the difficulty and costs in switching provider.

### ***5.5.2. The Effect of Individualism***

Some recent studies indicate that culture influences consumers' perception of service quality and behavioral intentions toward services (Liu and McClure, 2001; Yuksel et al., 2006; Hernandez et al., 1991; Crofts and Erdmann, 2000). Although national culture has been defined in many ways, the most widely used dimensions of culture are the five presented by Hofstede (1980). In literature individualism; the degree to which welfare of the individual is valued more than the group, is mostly utilized to indicate cultural differences affecting customer complaint behavior and post complaint behavior.

Although Turkey is considered as a collectivist culture, it is observed from data that the profile of the study carries more individualistic characteristics than the rest of the Turkish society. This may be attributed to the fact that the profile of the study is from a young generation, male internet users who complain about their financial service providers to the third party and have higher education than average education level of Turkish people.

Despite studies (Liu and McClure, 2001) suggesting that customers from cultures with lower individualism tend to have a higher switching intention, engage in negative WOM or complain more easily if they receive poor service quality, findings of this study indicate that there is no significant relation between individualism and service recovery satisfaction, switching intention or WOM.

However, as a result of regression analysis 47.7% variance in WOM is explained by changes in service recovery satisfaction, individualism and uncertainty avoidance. Although a very low beta (-0.110) is observed, it confirms studies suggesting that compared to individualists, collectivists' strong social ties cause them to engage in word of mouth more easily (Watkins and Liu, 1996; Liu and McClure, 2001).

### ***5.5.3. The Effect of Uncertainty Avoidance***

Another cultural dimension included in this study is uncertainty avoidance which refers to the degree to which members of a society feel comfortable with uncertainty or ambiguity in structured situations. Turkish customers, being a part of high uncertainty avoiding culture, try to minimize the possibility of unstructured situations by adopting strict codes of behavior.

Correlation analysis do not determine any significant relation between uncertainty avoidance and dependent variables of the study; satisfaction, switching intention and WOM.

However, regression analysis states that uncertainty avoidance is one of the variables explaining the variance in WOM. This finding confirms the suggestion that customers from a culture with higher uncertainty avoidance tend to be more likely to encourage friends and relatives to do business with their service provider (Liu and McClure, 2001).

### ***5.5.4. The Effect of Sense of Justice***

As expected, respondents appraised sense of justice very highly (Appendix B). However no significant relation is found between sense of justice and any of the dependent variables. Similarly, according to regression analysis variances in neither switching behavior nor WOM can be explained sense of justice.

Although respondents considered complaining as a kind of “duty” or “responsibility, no significant relation between sense of justice and post complaint behaviors is found. This finding supports the studies in literature indicating significant relation between sense of justice and complaining behavior. However, post recovery behavior is not related to sense of justice but probably more situational or contextual characteristics.

### ***5.5.5. The Effect of Attitude toward Complaining***

There are several studies in literature suggesting that consumers with positive attitudes toward complaining will more likely to seek redress from the firm, and express their dissatisfaction to the firm and generate WOM (Blodgett et al., 1997; Day and Landon 1976; Bearden and Teel 1983). However, the post recovery behavior of consumers who have positive attitude toward complaining is not analyzed. According to this study no significant relation between attitude toward complaining and any of the dependent variables is found.

Consequently, psychographic variables in the research model such as sense of justice and attitude toward complaining have no effect on switching intention, WOM or recovery satisfaction. This may be due to the fact that respondents of the study are third party complainers who have high sense of justice and positive attitudes toward complaining, thus they value other situational contingencies for their post recovery behavior, such as switching costs.

#### ***5.5.6. The Effect of Demographic Variables***

Demographic variables are found to influence the different types of complaint behavior (Keng et al., 1995; Phau and Sari, 2004). However, there is very limited research concerning the effect of demographic variables on post recovery behavior.

Findings indicate that, 80% of respondents of this study are male, 49.3% are aged between 20 and 30, 68% are university graduates and 67% are earning between 1.000 and 3.000 YTL. This profile is consistent with Hogart's et al. (2001) study defining a typical bank complainer as a young person who has high education.

In the study done in hospitality sector, McColl-Kennedy, Daus and Sparks (2003) suggest that the only difference in the perception of service recovery between male and female respondents is that women want their voices to be heard; hence men do not view voice as important. However in the current study similar to the findings of Duffy et al. (2006), there is no difference in customers' recovery satisfaction regarding gender and age differences. This may be due to the characteristics of banking sector, in which standards are more explicit and objective perception is more possible in financial products.

To sum up, hypothesis suggesting that demographic variables have moderating effect on the relation between recovery satisfaction and post recovery behavior is not supported. Also, none of the demographic variables have direct influence on brand switching, WOM or recovery satisfaction. In literature although fairly consistent, there are several studies examining if the likelihood of complaining is varied based on consumer demographic characteristics (Donoghue and Klerk, 2006).

This study is one of the first attempts to analyze the effect of demographic characteristics on post recovery behavior. But it is observed that demographic variables do not have any

explanatory power in explaining differences in post recovery behavior. Therefore, although demographic characteristics may play role in customers' response to dissatisfaction; for post recovery behavior, or recovery satisfaction product or situation related factors are more important. After consumers engage in complaining, the evaluation process of recovery and final decision of switching or WOM requires more contextual and situational examination than individual.

#### ***5.6.7. The Effect of Length of Time Spent with the Service Provider***

It is observed that 27% of the respondents declared that they are working with the same bank for 3 or 4 years, whereas 7% stated that they were working with their bank for less than three months.

The relation between length of customer relationship and satisfaction is investigated in literature. Some state that customers with long relationships are more demanding and it is more difficult to satisfy them (Lewis and Spyropoulos, 2001). Others (Hess, 2003; Ross 1999; Colgate and Norris 2000) suggest the opposite, stating that a customer's positive reaction to service failure and service recovery is affected by the longevity of the relationship between customer and the firm. Findings of the current study indicate that there is no significant relation between length of time with the bank and service recovery satisfaction, WOM and switching intention. Commonly believed statement that customers who are "loyal" are more forgiving is refuted with these findings to some extent.

Thus, no matter how many years they have been working with, respondents' evaluation of service recovery, switching intention or WOM behavior is not influenced.

#### ***5.6.8. The Effect of Number of Alternative Banks***

Fifty six percent of the respondents stated that they were working with 3 or 4 banks and 40% stated 5 or 6 banks. It hypothesized that the number of alternatives would encourage respondents' willingness to switch their brands, engage in WOM. Besides, customers with more alternatives are expected to be more demanding of the service recovery, influencing satisfaction.

On the contrary to these propositions, no significant relation is found between number of alternative and any of the dependent variables.

As stated above the indifference perception among alternatives may have caused this result.

## **5.6. Organizational Dimensions of Service Recovery**

Understanding the nature and influence of organizational response dimensions is a necessary and critical point in developing and implementing service recovery programs. In addition to providing a more comprehensive service recovery program, the results allow a determination of the relative importance of each response dimension on recovery satisfaction. The knowledge of which response dimension has the strongest effect on satisfaction provides valuable insight for service providers in doing resource allocation.

There are several possible recovery frameworks developed by Boshoff (1999), Smith, Bolton and Wagner (1999), Davidow (2003) and Tax, Brown and Chandrashekar (1998) in literature which focus on different organizational response alternatives. Fairness and justice constructs which are focused by many researchers as determinants for successful recovery deal with whether an action is fair or not; which is a subjective feeling. In order to have a formula for satisfactory recovery performance, actual actions of organizations need to be evaluated. In other words, for managerial purposes, the actual action or the effects of organizational complaint responses on post complaint behavior needs investigation.

Different recovery strategies are found effective for various types of service failure in banking sector. Boshoff and Leong (1998) focus on apologizing as a strategy whereas Johnston and Fern (1999) suggest that customers required that the problem be fixed at first stage. Johnston and Fern (1999) studies banking customers' expectations and finds that apology and problem fixation is sufficient for annoyed customers while compensation, greater responsiveness, an apology, intervention by higher level managers as well as explanations by higher level managers and assurance the problem will not occur again, is expected by victimized customers. In another study on banking sector, it is stated that communication, explanation, and atonement have positive impact on satisfaction (Boshoff and Staude, 2003).

Among studies in literature focusing on different organizational response dimensions, Davidow (2000) proposes the most comprehensive list of organizational dimensions for understanding why customers behave the way they do when presented with a specific organizational response to their complaint. Thus, in this study the six dimensions developed by Davidow; timeliness, facilitation, redress, apology, credibility and attentiveness are

utilized. Respondents are asked to rank these dimensions in the order of importance for their influence on recovery satisfaction.

Timeliness is recorded as the most important dimension for a satisfactory recovery in this study. Thus, despite studies suggesting that speed is not a dominant factor (Blodgett, Hill and Tax 1997; Boshoff 1997; Gilly 1987), findings of this study confirm that a prompt response by the bank is seen as a key ingredient in effective consumer complaint management. Especially the statement that response speed is significant only in non-monetary complaints (Gilly and Gelb, 1982) is not supported in this study. The intuitive answer that “the sooner the better” summarizes respondents’ perception as in other studies (Smith, Bolton and Wagner, 1999; Estelami, 2000; Duffy et al., 2006).

Redress is recorded as the second most important attribute for a satisfactory recovery in this study. The basic premise that complainers must at least be returned to their starting point before satisfaction is supported by this research. Davidow (2003) states that only 2 studies out of 23 fail to show a relationship between redress and satisfaction. Although supported in literature (McCollough 2000; Johnston and Fern 1999; Gilly 1987), the amount of compensation sufficient for satisfaction is still controversial. Compensation may include product replacement, money return, free goods coupon, refund check, or a combination of all. Since, this study operationalized redress as the “the outcome received from the bank returning the customer to a situation equal to or grater than before the complaint”, it seems that customers expect to be no worse than before dissatisfaction in monetary terms. More explicitly, 62 % of the respondents expect to receive their credit card membership fees to be returned, in order to be satisfied with the recovery management of the bank.

Followed by redress, respondents evaluate attentiveness at the third place for a satisfactory recovery. According to Davidow (2003), attentiveness which comprises four distinct areas; respect, effort, empathy, and willingness to listen to the customer, is the single most important dimension on satisfaction and repurchase. Despite Blodgett, Hill and Tax’s (1997) suggestion that high attentiveness and low redress is more satisfying then high redress and low attentiveness, respondents of the current study perceive redress as a more important determinant for recovery satisfaction. This is also supported by the analysis that the relation between distributive justice and satisfaction is stronger than the relation between interactional justice and satisfaction.

This may be due to the fact that this study is conducted on bank customers who prefer to complain on internet. Parallel to the research question raised by Davidow (2003) attentiveness needed could be different between high touch and low touch services. Thus, in the context of this study attentiveness is perceived as less salient than redress.

Some studies in literature note that the clarity of the response establishing the credibility of the organization in the customer's eyes increases his satisfaction from the response ( Johnston and Fern, 1999; Lewis 1983). In other words, customers want sincere explanations and assurance that the problem will not happen again. Respondents perceived credibility as the fourth important dimension for a satisfactory recovery. As Gilly and Gelb (1982) discuss the nature of complaints such as being monetary and non monetary plays role in the perceived importance of credibility. Since bank customers already know the possible explanations for the service failure, they have low expectations for a clear, honest and convincing explanation. Moreover, they do not perceive credibility as one of the very key ingredients for a satisfactory recovery. This is also supported by the finding indicating the relatively low explanatory power ( $\beta = 0.116$ ) of quality of explanations on satisfaction.

Facilitation is related to the policies and procedures that a company has in place to manage complaint handling. Different studies present different aspects of this dimension, most leading to the same conclusion that the policies and procedures have impact on post complaint behavior (Fornell and Wernerfelt 1987; Boshoff and Leong 1998). Hence, Davidow (2000) finds that facilitation is not a significant factor in post complaint customer behavior. Respondents of this study state that facilitation is not as important as redress, attentiveness, timeliness or even credibility. For high touch sectors where customers complain personally, it is true that great care should be taken to allow them hassle free complaint resolution. However, since respondents complain on online directly, they do not evaluate easy guidelines and clear procedures for determining redress as important for satisfaction. This is in line with the finding that convenience of the complaint process is excluded in the final model of the study since no significant relation is found with recovery satisfaction.

In literature studies investigating the relationship between apology and recovery satisfaction are controversial. Several studies (Boshoff and Leong 1998; Johnston and Fern 1999; Smith, Bolton and Wagner, 1999) report a positive relationship, whereas several others (Davidow

2000; Goodwin and Ross 1992) report no relationship. In this study, apology is perceived as the least important determinant for a satisfactory recovery. As stated for credibility, bank customers, especially complaining about fees, do not expect apology. As Goodwin and Ross (1992) report, an apology may enhance customer satisfaction if there was redress offered in monetary situations. In situations where customers complain about the money they lost, apology would not satisfy. Duffy et al.'s (2006) study on banking customers, indicate that it is not apology that adds to satisfaction with recovery, but empathetic listening. Parallel to this, apology is included as a dimension in explanation quality in the model of this research and it is observed that the explanatory power of this construct is relatively low.

To sum up, by focusing on the effect of each aspect of organizational dimension on recovery satisfaction, it is observed that the speed of response along with redress and attentiveness is perceived as the most important ingredients for customer recovery satisfaction.

### **5.7. To Whom People Complain?**

Mapping how consumers respond to perceived dissatisfaction is a critical step in understanding and management of dissatisfaction. Although the special interest of this study is in third party complaining, respondents could choose numerous combinations of multiple dissatisfaction responses. In order to analyze respondents' preferences for voicing their complaints they are asked to rank parties that they contacted for complaining. In the first place respondents stated that they preferred to complain to their friends. According to Hirschman's typology, private action is seen as the first step in dissatisfaction incidents. Secondly, respondents state that they apply to bank's CRM departments. Although enormous amounts of resources invested in bank's CRM departments, it is interesting to note that customers prefer to contact them in the second order.

Although Hogart et al., (2001) state that complaining to third party is a rare event for consumers, respondents reported that they preferred to contact internet site thirdly. Consumers' perception of the responsiveness and their trust in the third party; "sikayetvar.com" is a significant factor for their preference. This high preference for sikayetvar.com also indicates the increasing power of internet based communication. Bank personnel, consumer action groups, and newspapers are the last three stated parties for complaining.



Thus, it is once more confirmed that banks should be aware of the WOM ongoing as a result of complaining to friends and sikayetvar.com.

### **5.8. Managerial Implications**

Although the primary goal of firms should be the elimination of all dissatisfactory service elements, there will always be some occurrences of customer unhappiness. Consumers do not expect perfection every time, but they do expect corrective behavior. The research model developed in this thesis aims to investigate the relationships between variables explaining antecedents and consequences of a satisfactory service recovery.

Since recovery expectations of distributive justice are more strongly related to recovery satisfaction than that of procedural or interactional justice, recovery efforts must consider improving the outcome from the customer's perspective. Thus, it is important to check with the customer first about his redress or compensation expectations. An alternative strategy may be keeping the customers' expectations at an attainable level. Most of the banks still follow short term sales strategies in order to attract as many customers as possible. Since most of the time banks' sales people do not talk about credit card fees when they are selling cards, customers expect that these fees may be returned when they complain. The same wrong strategy is followed recently, when several banks announced that they would give installment credits in five minutes, instead of saying that they would answer applications of credits in five minutes. As a result of this misleading communication strategy the customers' expectations are increased and the number of complaints reached to an unmanageable number. Therefore, for a profitable long term customer relationship and a successful recovery management, firms should be good at customer expectations management.

According to the findings for an effective recovery firms need to act fast. However, findings suggest that rather than actual response time, consumers' perception of the speed of response is important for satisfaction. Thus, besides setting attainable customer expectations with the help of communication strategies, it may be possible for the company to influence complainant perceptions positively by emphasizing how quickly they are responding in all correspondence. Messages from the bank may mention the date when the complaint was received, so that consumers compare this date rather than the date when the problem occurred.

In the finalized model of the research, dimensions of interactional justice explain less variance in service recovery satisfaction. Thus, personal relations quality, explanation quality and apology are perceived as less important for a satisfactory recovery management. Although an unfriendly, distant response may annoy complainants and increase dissatisfaction, too much effort for building rapport is not essential for satisfactory recovery. However, this special suggestion is valid for banking complainants who preferred to complain on internet and do not possibly want to deal with interpersonal relations. When complaint subjects are mostly about monetary issues, redress and promptness are more important than being empathic, and apologizing.

The recovery of service failure can provide a major opportunity for organizations to create satisfied customers and in return guarantees repurchase behavior. Unsatisfactory recovery performance can lead to “double deviation” from customer expectations. The firm fails to deliver satisfactory service on the initial and recovery service, which enhances brand switching behavior. Although findings confirm that there is a significant relation between recovery satisfaction and brand switching intention; there are other factors; switching costs is included in this study, moderating this relation.

From this finding, it can be learned that, there is reason to believe that delight with recovery may move the customer up the loyalty pyramid. Besides, findings confirm the proposition that there is reason to believe that customer satisfaction with recovery will create positive WOM. To sum up, firms should relate to recovery from two perspectives; retain and increase future cash flow from current customers. Through positive word of mouth, the company can attract new customers besides retaining existing customers.

As a managerial implication, recovery efforts must consider improving the outcome from the customer’s perspective while still paying attention to the recovery process. Moreover, it is suggested that business strategies and training programs should stress the importance of managing fairness perceptions of customers and the importance of recovery processes.

### **5.9. Limitations of the Study**

As previously discussed, the results of this study are largely in accordance with the theoretical expectations. Hence, some limitations of the current research should be noted.

First of all, the study findings are from a single industry setting; banking. It is argued that service recovery evaluation is context specific; characteristics of services have significant influence on the evaluation of service recovery efforts (Mattila, 2001). Generalizability of findings to other segments of service industry is limited. Replication of studies in multi-industry settings is necessary to understand the effect of service recovery on behavioral consequences.

For the theory testing purposes, dissatisfied bank customers among members of an internet site is chosen. Respondents provide only one segment of bank customers who prefer to complain to a third part on internet about their dissatisfaction. Although a wide cross section of respondents from 14 different banks are reached, caution should be used in extrapolating results to all bank customers.

Although the profile of the study is similar to Turkish internet user profile, it is often discussed that internet users can not fully represent Turkish society (Esmer, 2007). Thus, in order to be representative of the Turkish bank customers, data collection methods allowing the study, can be conducted to customers who voice their complaints to service providers first hand in the future.

It is observed that 62% of respondents complained about credit card fees or annual account fees. This is due to the debate ongoing during the field study about the legality of these fees. This concentration about the subjects of service failure could be stated as a limitation. Other non-monetary or personnel related service failures are limitedly represented in this study.

In general, the relevance of the findings of this study may usefully be considered as an overview of the effect of theoretical paradigms and situational factors on service recovery satisfaction, brand switching intention and WOM. As mentioned before, it is important to note that the conclusions are drawn from bank customers who experienced service failure and voiced their complaints through an internet site.

#### **5.10. Suggestions for Future Research**

This research enhances the understanding of what constitutes an effective service recovery, and offers useful guidelines for establishing a proper fit between service failure and recovery effort in banking sector.

Further work with a more diverse and representative sample might provide interesting conclusions. Subsequent testing can be conducted in various industries, even country settings to allow cross-sectional comparison between different groups. Especially, the effect of psychographic and cultural dimensions could be observed.

This study investigates brand switching intention, hence, with a longitudinal study; instead of intention, actual brand switching behavior can be analyzed. Through the model developed in this study, it is aimed at understanding the consequences of customer complaint behavior. Although the antecedents are too much reviewed in literature, the consequences of CCB are not studied sufficiently. However, what happens after the complaint takes place is very important for companies to recover from dissatisfaction. As being such a study, the important factors in recovery satisfaction leading to brand switching and WOM are investigated in depth in this study.

Future research should address investigating the effect of justice dimensions on post recovery behavior. Also, dissatisfied customers who complain to the seller directly, or who complain privately can be analyzed and comparative results can generate useful information.

## 6. CONCLUSION

This study proposes and tests a theoretical model of service recovery consisting of antecedents and consequences of service recovery satisfaction. Service recovery is an important topic in today's competitive world because despite persistent efforts to deliver exceptional service, zero defection is an unrealistic goal in service delivery (Goodwin and Ross, 1992; Hart, Heskett and Sasser, 1990; McCollough, 2000). Intangibility, simultaneous production and consumption, and high human involvement are characteristics of services that make it difficult to achieve zero defection (Boshoff, 1997).

Although service failures are inevitable, most service defections, especially because of poor customer service, are largely controllable by service firms. Defensive marketing strategies that focus on the importance of building long-term relationships with existing customers have been emphasized in marketing literature. Appropriate service recovery efforts that can convert a service failure into a favorable service encounter can lead to secondary satisfaction and enhance repurchase intention and positive word-of-mouth communication.

Dissatisfied customers not only defect but also engage in negative word-of-mouth behavior. It is, therefore, imperative for service firms to develop effective service recovery strategies to rectify service delivery mistakes and increase retention rates or decrease defection rates.

Although service recovery is recognized as a critical element in building relationships with customers, limited research has examined the relationships between service recovery and post recovery behavior. Besides reviewing the customer complaint behavior literature, this study proposes a theoretical model, consisting of antecedents and consequences of service satisfaction and examines the roles of situational factors in the evaluation of service recovery efforts and their impact on behavioral intentions. Proposed model is tested through a questionnaire, on 280 third party bank customers who complained about their service providers by internet.

This study confirms a three dimensional view of justice theory. The three dimensions of justice have positive effects on recovery satisfaction and accounted for 60% of variance in recovery satisfaction. The findings indicate that customer's evaluations of service recovery are based on the perceived fairness of justice depending on their prior expectations.

Distributive justice is found to have the most significant effect on recovery satisfaction, followed by responsiveness speed; component of procedural justice. The results indicate that recovery satisfaction can be mainly achieved by delivering what customer expects in terms tangible outcomes and timely response.

This study finds that recovery satisfaction has significant effect on behavioral intentions. Customers' intention for brand switching can be explained by recovery satisfaction and the switching costs. Relatively low (40%) variance is explained with these two variables; hence the characteristics of bank services, especially the perception of indifference among alternatives could be an important explanation for this relatively low percentage. It may also be related to the fact that generally two or more incidents should have been realized for switching because bank relations grow over time.

Another behavioral intention is WOM; 48% of variance in WOM can be explained by service recovery satisfaction, individualism and uncertainty avoidance. Therefore, although having significant effect, recovery satisfaction should not be considered as a direct and unique estimator of post recovery behavioral outcome; brand switching intention and WOM.

This study indicates that none of the demographic (age, gender, income, education), psychographic (uncertainty avoidance, individualism, sense of justice, attitude toward complaining) or situational (time spent with the service provider, number of alternatives) factors play major role in customer's evaluation of service recovery and decision on their post recovery behavior.

Consequently, unlike some studies in literature, this study suggests that tangible outcome and timeliness of the response are more important than personal relations and apology for satisfactory recovery which could be due to the nature of banking sector and internet atmosphere. Moreover, findings underline the importance of understanding customer expectations to achieve customer satisfaction.

This study has several distinctiveness like being a study on CCB in a non-Western country; Turkey. In addition, by focusing only third party complainers, specifically e-complainers, and examining service recovery concept in relation to behavioral intentions; brand switching and WOM, this study contributed to the literature.

It should be reminded that working on complaining behaviors must not become a substitute for service quality. Recovery strategies to consumer complaints must remain as a last source, since firms must still aim primary satisfaction in the first place. But in competing economies, recovery programs can be a key asset in developing differentiation strategies.

To sum up, recovery programs must aim to respond more effectively toward customers' complaints and service providers should develop recovery practices, taking into consideration customer expectations and characteristics of the service industry.

## APPENDIX A – Questionnaire

<p><b>Bu anket Yeditepe Üniversitesi Öğretim Görevlisi Elif Okan ın doktora çalışmasında kullanılacak olup, bilgileriniz saklı kalacak ve anketler tekil değil birleştirilerek analiz edilecektir. Çalışma sonuçları Şikayetvar sitesinde duyurulacaktır. Araştırmaya gösterdiğiniz ilgi için teşekkür ederiz.</b></p> <p>Cevaplarınız için kullanacağınız scale:</p> <p>1- Kesinlikle Katılmıyorum 2- Katılmıyorum 3- Biraz Katılmıyorum 4- Ne Katılıyorum Ne Katılmıyorum 5- Biraz Katılıyorum 6- Katılıyorum 7- Kesinlikle Katılıyorum</p>							
<b>1. Bölüm</b>							
1. Şikayet ettiğiniz ürün ile ilgili başka kaç banka ile çalışıyorsunuz?	Hiç	1--2	3--4	5--6	7--8	8--10	10 dan fazla
2. Şikayetinize konu olan Bankayla ne kadar süredir çalışıyorsunuz?	3aydan	1 yıldan az	1-2 yıl	3-4 yıl	5-6 yıl	6-10 yıl	10 yıldan fazla
3. Memnuniyetsizliğinizi ilettiğiniz kişi/kurumları 1 sayısını ilk ilettiğiniz kişiye/kuruma vererek yukarıya doğru sıralayınız.	-----	-----	-----	-----	-----	-----	----
	Arkadaşlarıma/aileme	Banka şikayet hattına	Banka şube personeliir.ne	Tüketici birliklerine	Gazete tüketici köşelerine	ŞikayetVar sitesine	



<b>2. Bölüm</b>							
	Kesinlikle Katılmıyorum (1)	(2)	(3)	Ne Katılıyorum Ne Katılıyorum (4)	(5)	(6)	Kesinlikle Katılıyorum (7)
4. Banka temsilcisinin şikayetimi karşısındaki çözüm teklifi maddi olarak tatmin ediciydi							
5. Bankadan somut olarak istediğimi aldım							
6. Koşullar gözönüne alındığında banka uğradığım haksızlığı maddi olarak giderdi							
7. Beklentime göre verilen telafi (maddi) yeterliydi							
<b>3. Bölüm</b>							
8. Banka temsilcileri şikayetimi karşısında nezaketi ve saygıyı elden bırakmadı							
9. Banka temsilcisi müşterilerini önemsiyor							
10. Banka temsilcisi müşterileri dikkatle dinliyor							
11. Banka temsilcisi müşterilere kaba davranıyor							
12. Banka temsilcisi ile muhatap olmak keyifliydi							
13. Banka yetkilileri benden hiç özür dilemedi							
14. Banka yetkilileri bana hiçbir açıklama yapmadı							
15. Bankanın yaptığı açıklama hiçinandırıcı değildi							

	Kesinlikle Katılmıyorum (1)	(2)	(3)	Ne Katılıyorum Ne Katılıyorum (4)	(5)	(6)	Kesinlikle Katılıyorum (7)
<b>4. Bölüm</b>							
16. Şikayetimi ele alırken zamanlamaları iyiydi							
17. Banka şikayetime geç cevap verdi							
18. Banka içinde şikayetimi yapmak için çok dolaştım							
19. Bankaya şikayetimi doğrudan iletmek çok zor.							
20. Beklentilerime göre şikayetimin ele alınışı daha profesyonelceydi							
21. Şikayetimi çok daha iyi giderebileceklerini düşünüyordum							
22. Bankanın şikayetimi ele alışı beklentilerimin çok üzerindediydi.							
23. Şikayetimin sonucunda beklediğimden daha olumlu bir sonuca ulaştım							
<b>5. Bölüm</b>							
24. Bankanın şikayetimi ele alışından çok memnun oldum							
25. Bankanın şikayetimi ele alış çok tatmin ediciydi.							
26. Şikayetimle ilgili yaşadıklarımı baştan sona değerlendirdiğimde şu anda banka hakkındaki görüşlerim çok olumlu							
27. Bankanın şikayetimi yönetme şekli banka hakkındaki düşüncelerimi eskisinden daha olumluya çevirdi							

<b>6. Bölüm</b>							
28. Şikayetenizin başarıyla giderilmesinde rol oynayacak unsurları önem sırasına göre işaretleyiniz. (1:en önemli, 9 en önemsiz)							
• Bankanın şikayeti ele alma süresi .....							
• Bankaya şikayetimi iletmek için izlemem gereken yol .....							
• Bankanın özür dilemesi.....							
• Bankanın açıklamalarının inandırıcılığı .....							
• Banka yetkililerinin tutum ve davranışları .....							
• Şikayetime getirilen maddi çözüm önerisinin tatminkar olması.....							
	Kesinlikle Katılmıyorum (1)	(2)	(3)	Ne Katılıyorum Ne Katılıyorum (4)	(5)	(6)	Kesinlikle Katılıyorum (7)
<b>7. Bölüm</b>							
29. Her fırsatta şikayetimle ilgili yaşadıklarımı insanlarla paylaşmaya çalışıyorum.							
30. Bankamı insanlara tavsiye ediyorum							
31. Şikayet tecrübem hakkında konuşurken bankanın ne kadar olumlu davrandığından mutlaka bahsediyorum							
32. Bu bankayla çalışmaması için çevremdeki insanları uyarıyorum							

<b>8. Bölüm</b>	Kesinlikle Katılmıyorum (1)	(2)	(3)	Ne Katılıyorum Ne Katılıyorum (4)	(5)	(6)	Kesinlikle Katılıyorum (7)
33. Bankamı değiştirmeyi düşünmüyorum							
34. Bir daha bu bankayla çalışmayı düşünmüyorum							
35. Yaşadığım bu tecrübe beni diğer bankalarla çalışmaya yöneltti							
36. Tekrar bir banka seçecek olsam yine bu bankayı seçerdim							
<b>9. Bölüm</b>							
37. Çalıştığım bankayı değiştirmek çok zaman alır							
38. Çalıştığım bankayı değiştirmek çok masraflı							
39. Çalıştığım bankayı değiştirmek çok riskli							
41. Başkalarından farklı olmayı seviyorum							
<b>10. Bölüm</b>							
42. Farklı ve benzeri olmayan şeyleri seviyorum							
43. Başkalarının yaptığı şeyleri aynı şekilde yapmayı sevmiyorum							
44. Şansımı kullanmayı seviyorum							
45. Büyük şeyler kazanmak için risk almak gereklidir							
46. Korkusuzca risk alabilen insanları seviyorum							
47. Borsa bana göre çok riskli							

<b>11. Bölüm</b>	Kesinlikle Katılmıyorum (1)	(2)	(3)	Ne Katılıyorum Ne Katılıyorum (4)	(5)	(6)	Kesinlikle Katılıyorum (7)
48. Bir ürün/hizmetten memnun kalmadığım zaman hakkım olduğu için şikayet ederim							
49. Şikayet etmek bence hoş değil							
50. Şikayet etmekten utanırım							
51. Memnun olmadığım bir ürün/hizmetten hakkında şikayet etmeyi görev bilirim							
52. Memnun olmadığım bir ürün/hizmet hakkında şikayet etmezsem rahatsız olurum							
53. Hatalı bir ürün/hizmet hakkında şikayet etmek insanların sorumluluğudur							
<b>12.Bölüm</b>							
54. Yaşınız							
	20-30	31-40	41-50	51-60	61 ve üstü		
55. Cinsiyetiniz							
	Kadın	Erkek					
56. Eğitim durumu							
	İlkokul	Ortaokul	Lise	Üniversite	Lisansüstü		
57. Aylık net gelir (Hane Geliri)							
	<1.000 YTL	1.000-3.000 YTL	3.000-5.000 YTL	5.000-7.000 YTL	>7.000 YTL		

## APPENDIX B- Mean Values of Variables

*A seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree) was used.*

Construct	Variable Name	Mean	Standard Deviation	Construct	Variable Name	Mean	Standard Deviation
Number of alternative banks	Banknum	2,49	0,61	Brand switching	Switch1	4,93	2,09
Longevity of the relation with the bank	Hist	4,21	1,62	Brand switching	Switch2	5,18	1,75
Distributive justice	Dist 1	1,92	1,69	Brand switching	Switch3	5,46	1,75
Distributive justice	Dist 2	2,23	1,99	Brand switching	Switch4	2,13	1,63
Distributive Justice	Dist 3	2,08	1,89	Switching cost	Swcost1	3,07	2,11
Distributive Justice	Dist 4	2,09	1,18	Switching cost	Swcost2	2,48	1,74
Interactional Justice	Int 1	4,49	1,99	Switching cost	Swcost3	2,06	1,41
Interactional Justice	Int 2	3,26	2,010	Switching cost	Swcost4	5,58	1,72
Interactional Justice	Int 3	3,89	1,97	Individualism	Ind1	4,7	1,77
Interactional Justice	Int 4	4,87	1,82	Individualism	Ind2	5	1,63
Interactional Justice	Int 5	2,75	1,70	Individualism	Ind3	4,88	1,70
Interactional Justice	Int 6	3,03	2,16	Uncertainty avoidance	Uncert1	4,9	1,71
Interactional Justice	Int 7	4,42	1,95	Uncertainty avoidance	Uncert2	5,37	1,66
Interactional Justice	Int 8	2,31	1,88	Uncertainty avoidance	Uncert3	5	1,72
Procedural Justice	Proc 1	3,42	2,11	Uncertainty avoidance	Uncert4	3,39	1,80
Procedural Justice	Proc 2	3,70	2,20	Attitude toward complaining	Att1	6,51	0,97
Procedural Justice	Proc 3	3,86	2,10	Attitude toward complaining	Att2	5,66	1,91
Procedural Justice	Proc 4	3,28	2,06	Attitude toward complaining	Att3	6,02	1,60
Disconfirmation	Disc 1	2,98	1,96	Sense of Justice	Sense1	6,04	1,41
Disconfirmation	Disc 2	2,35	1,82	Sense of Justice	Sense2	5,39	1,94
Disconfirmation	Disc 3	2,08	1,53	Sense of Justice	Sense3	6,42	1,21
Disconfirmation	Disc 4	1,93	1,52				
Service recovery satisfaction	SS1	2,71	1,94				
Service recovery Satisfaction	SS2	2,31	1,68				

Construct	Variable Name	Mean	Standard Deviation			
Service recovery satisfaction	SS3	2,11	1,60			
Service recovery satisfaction	SS4	1,96	1,52			
Word of Mouth	WOM1	6,37	1,15			
Word of Mouth	WOM2	2,52	1,88			
Word of Mouth	WOM3	2,85	2,03			
Word of Mouth	WOM4	2,7	2,03			

## APPENDIX C- Crosstabulations

### Crosstabulation of number of bank used category with the age groups

		Age				Total
		20-30	31-40	41-50	51-60	
Banknum	3-4	81	56	14	5	156
	5-6	52	44	12	3	111
	7-8	5	4	2	0	11
	8-10	0	2	0	0	2
Total		138	106	28	8	280

### Crosstabulation of time spent with the bank category with the age groups

		Age				Total
		20-30	31-40	41-50	51-60	
Hist	less than 3 months	13	9	0	0	22
	less than 1 year	15	7	0	0	22
	1-2 year	26	10	3	0	39
	3-4 year	39	27	7	2	75
	5-6 years	18	27	7	1	53
	6-10 years	20	21	7	2	50
	more than 10 years	7	5	4	3	19
Total		138	106	28	8	280

### Crosstabulation of number of bank used category with the gender groups

		Gender		Total
		female	male	
Banknum	3-4	34	122	156
	5-6	20	91	111
	7-8	2	9	11
	8-10	1	1	2
Total		57	223	280

### Crosstabulation of number of bank used category with the education groups

		Education				Total
		secondary	college	university	postgraduate	
Banknum	3-4	2	30	102	22	156
	5-6	0	17	78	16	111
	7-8	0	1	9	1	11
	8-10	0	1	1	0	2
Total		2	49	190	39	280



**Crosstabulation of time spent with the bank category with gender groups**

		Gender		Total
		female	male	
Hist	less than 3 months	5	17	22
	less than 1year	2	20	22
	1-2 year	9	30	39
	3-4 year	13	62	75
	5-6 years	11	42	53
	6-10 years	14	36	50
	more than 10 years	3	16	19
Total		57	223	280

**Crosstabulation of number of bank used category with income groups**

		Income					Total
		less than 1.000YTL	1.000-3.000	3.000-5.000	4,00	5,00	
Banknum	3-4	34	102	16	3	1	156
	5-6	11	77	13	6	4	111
	7-8	0	7	3	0	1	11
	8-10	0	2	0	0	0	2
Total		45	188	32	9	6	280

**Crosstabulation of time spent with the bank category with income groups**

		Income					Total
		less than 1.000YTL	1.000-3.000	3.000-5.000	4,00	5,00	
Hist	less than 3 months	2	14	5	0	1	22
	less than 1year	6	10	6	0	0	22
	1-2 year	7	27	4	1	0	39
	3-4 year	18	45	8	2	2	75
	5-6 years	6	38	6	2	1	53
	6-10 years	3	42	2	2	1	50
	more than 10 years	3	12	1	2	1	19
Total		45	188	32	9	6	280

**Chi-Square Analysis for time spent with the bank category and age**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35,900(a)	18	,007
Likelihood Ratio	36,243	18	,007
Linear-by-Linear Association	20,338	1	,000
N of Valid Cases	280		

**Crosstabulation of time spent with the bank category with age groups**

		Age				Total
		20-30	31-40	41-50	51-60	
Hist	less than 3 months	13	9	0	0	22
	less than 1 year	15	7	0	0	22
	1-2 year	26	10	3	0	39
	3-4 year	39	27	7	2	75
	5-6 years	18	27	7	1	53
	6-10 years	20	21	7	2	50
	more than 10 years	7	5	4	3	19
	Total		138	106	28	8

**Chi-Square Analysis for education and age**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23,914(a)	9	,004
Likelihood Ratio	13,264	9	,151
Linear-by-Linear Association	2,837	1	,092
N of Valid Cases	280		

**Crosstabulation of time spent with the bank category with education groups**

		Education				Total
		secondary	college	university	postgraduate	
Hist	less than 3 months	0	3	15	4	22
	less than 1 year	0	7	14	1	22
	1-2 year	0	7	28	4	39
	3-4 year	0	10	54	11	75
	5-6 years	0	10	37	6	53
	6-10 years	1	9	31	9	50
	more than 10 years	1	3	11	4	19
	Total		2	49	190	39

**Crosstabulation of age groups with gender**

		Gender		Total
		female	Male	
Age	20-30	40	98	138
	31-40	12	94	106
	41-50	3	25	28
	51-60	2	6	8
Total		57	223	280

**Crosstabulation of education category with age groups**

		Education				Total
		secondary	College	university	postgraduate	
Age	20-30	0	24	94	20	138
	31-40	0	18	71	17	106
	41-50	1	5	21	1	28
	51-60	1	2	4	1	8
Total		2	49	190	39	280

**Crosstabulation of gender with income groups**

		Income					Total
		less than 1.000YTL	1.000-3.000	3.000-5.000	4,00	5,00	
Gender	female	11	35	8	2	1	57
	male	34	153	24	7	5	223
Total		45	188	32	9	6	280

**Crosstabulation of gender with education groups**

		Education				Total
		secondary	college	university	postgraduate	
Gender	female	0	8	34	15	57
	male	2	41	156	24	223
Total		2	49	190	39	280

## APPENDIX D – Identification of Variables

Construct	Variable Name	Item	Explanation Respondents' perception on the following statements is measured;
Number of alternative banks	Banknum	How many other banks you are working with?	Number of alternative banks available for the respondent
Longevity of the relation with the bank	Hist	How long have you been working with the bank in question?	Years spent with the same bank
Order of parties respondent complaint to	Friend	The order of parties you prefer to voice your complaint	Friends
Order of parties respondent complaint to	bankCRM	The order of parties you prefer to voice your complaint	BankCRM department
Order of parties respondent complaint to	Person	The order of parties you prefer to voice your complaint	Bank personnel
Order of parties respondent complaint to	Third	The order of parties you prefer to voice your complaint	Third parties, consumer action groups
Order of parties respondent complaint to	Paper	The order of parties you prefer to voice your complaint	Newspapers, media
Order of parties respondent complaint to	Site	The order of parties you prefer to voice your complaint	Sikayetvar.com
Distributive justice	Dist 1	Bank personnel's offer for my complaint was fair	The effect of tangible outcome
Distributive justice	Dist 2	I received what I deserved from the bank	Bank's offer and expectations comparison
Distributive Justice	Dist 3	Taking everything into consideration bank did their best to correct the injustice (materially) I faced	Bank's recovery effort compared to expectations
Distributive Justice	Dist 4	Compared to what I expected, the compensation offer was satisfactory	Evaluation of the offer compared to expectation
Interactional Justice	Int 1	I was treated with courtesy and respect	The courtesy and respect shown during interpersonal relations
Interactional Justice	Int 2	The employees seemed to care about the customer	Bank's customer orientation level
Interactional Justice	Int 3	The employees listened carefully to what I said	Bank personnel's listening ability
Interactional Justice	Int 4	I feel that the employees treated rudely	Level of courtesy shown by the personnel

<b>Construct</b>	<b>Variable Name</b>	<b>Item</b>	<b>Explanation</b> Respondents' perception on the following statements is measured
Interactional Justice	Int 5	It was a pleasure to communicate with the bank employee	Satisfaction from the interpersonal relations
Interactional Justice	Int 6	Bank personnel did not apologize	If apology is received from the bank
Interactional Justice	Int 7	Bank personnel did not made any explanation	If explanation is made by the bank
Interactional Justice	Int 8	Bank personnel's explanation was not convincing	How much the explanation was persuasive
Procedural Justice	Proc 1	My complaint was handled in a very timely manner	The quickness of service recovery process
Procedural Justice	Proc 2	Bank was late to give feedback about my complaint	Bank's speed in answering complaints
Procedural Justice	Proc 3	I had to speak to too many people to complain	Struggle in voicing the complaint too many times
Procedural Justice	Proc 4	It was not easy to find an authority to complain	The convenience in finding the right person in charge of the complaints
Disconfirmation	Disc 1	Compared to what I expected bank handled complaint more professionally	Positive gap between expectation and actual recovery performance in terms of professional effort
Disconfirmation	Disc 2	I thought the bank could handle my complaint better	Negative gap between expectation and actual recovery performance
Disconfirmation	Disc 3	Compared to what I expected bank did a better job in recovery	Positive gap between expectation and actual recovery performance
Disconfirmation	Disc 4	Compared to my expectation I received a better solution	Positive gap between expectation and actual recovery performance in terms of offer
Service recovery satisfaction	SS1	I was pleased with the bank's complaint handling process	Satisfaction with the recovery process
Service recovery Satisfaction	SS2	Bank's complaint handling management is satisfactory	Satisfaction with the recovery process
Service recovery Satisfaction	SS3	After evaluating everything, I have positive feelings about the bank now	Positive overall evaluation
Service recovery Satisfaction	SS4	Bank's complaint handling management recovered my opinion about the bank.	Improvement in the image of the bank as a result of the recovery process

Service Recovery Satisfaction	Time	The banks was very fast in responding my complaint	Timeliness-speed of response
Service Recovery Satisfaction determinants	Facil	The banks procedures were clear and easy for complainants	Facilitation- convenience of the complaint process
Service Recovery Satisfaction determinants	Apology	The bank gave me a genuine apology	Persuasive apology
Service Recovery Satisfaction determinants	Cred	The banks explanation was very convincing	Credibility-convincing explanation
Service Recovery Satisfaction determinants	Attent	The bank representative treated me with respect and was quite pleasant to deal with	Attentiveness-personal relations quality
Service Recovery Satisfaction determinants	Redress	The outcome that I received from the bank returned me to a situation equal to or grater than before the complaint	Redress- satisfactory outcome from the recovery process
Word of Mouth	WOM1	I try to share my experience on every occasion	Willingness to share experience
Word of Mouth	WOM2	I recommend this bank to other people	Willingness to recommend the bank
Word of Mouth	WOM3	I talk about the bank's positive treatment	Tendency to talk positively about the bank
Word of Mouth	WOM4	I warn people not to work with this bank	Tendency to talk negatively and warn people
Brand switching	Switch1	I do not think of switching my bank	Intention to continue with the same service provider
Brand switching	Switch2	I do not think of working with this bank anymore	Intention to leave the service provider
Brand switching	Switch3	This experience has made me change my bank	Intention to switch the brand as a result of the recovery process
Brand switching	Switch4	If had to choose a bank again I would choose the same bank	Intention to repurchase
Switching cost (Situational contingency)	Swcost1	It will take time to switch my bank	Switching time perceived as an obstacle for brand switching
Switching cost (Situational contingency)	Swcost2	It is costly to switch my bank	Monetary requirement perceived as an obstacle for brand switching
Switching cost (Situational contingency)	Swcost3	It is risky to change my bank	Brand switching is perceived as risky
Switching cost (Situational contingency)	Swcost4	It is easy to change my bank	Brand switching is perceived as a easy process

Individualism (Situational contingency)	Ind1	I like to be different from others	Need to feel unique – self confidence (Individualism as psychographic factor)
Individualism	Ind2	I like product that are different and unique	Preference for original products(Individualism as psychographic factor)
Individualism (Situational contingency)	Ind3	I prefer to be different rather than to do things the way other people do	Tendency to be perceived as an individual rather than part of a group (Individualism as psychographic factor)
Uncertainty avoidance (Situational contingency)	Uncert1	I like taking chances	Risk taking attitude
Uncertainty avoidance (Situational contingency)	Uncert2	I you want big gains, you have to take risks	Risk taking attitude
Uncertainty avoidance (Situational contingency)	Uncert3	I like people who take risks in life without fear of what happens	Risk taking attitude
Uncertainty avoidance (Situational contingency)	Uncert4	Investing in the stock market is too risky for me	Risk taking attitude
Attitude toward complaining (Situational contingency)	Att1	Always complain when I am dissatisfied because it is my right	Complaining is perceived as a right
Attitude toward complaining (Situational contingency)	Att2	Complaining about anything is distasteful for me	Complaining is perceived as a negative behavior
Attitude toward complaining (Situational contingency)	Att3	I find embarrassing to complain	Complaining is a source of shame
Sense of Justice (Situational contingency)	Sense1	Complaining about an unsatisfactory product is my duty	Complaining is a natural duty
Sense of Justice (Situational contingency)	Sense2	It bothers me if I do not complain about an unsatisfactory product	Complaining is a natural response
Sense of Justice (Situational contingency)	Sense3	People have a responsibility to inform the seller about a defective product	Complaining is a responsibility
Age	Age	Demographic variables	
Gender	Gender	Demographic variable	
Education	Educ	Demographic variable	
Income	Inc	Demographic variable	

**APPENDIX E- Factor Analysis and Reliability Analysis of Items Excluded from the Study**

**Total Variance Explained**

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7,078	19,131	19,131	4,213	11,387	11,387
2	3,175	8,581	27,712	3,029	8,186	19,573
3	2,615	7,068	34,780	2,921	7,895	27,468
4	2,302	6,220	41,000	2,423	6,549	34,017
5	2,210	5,974	46,974	2,385	6,445	40,462
6	1,811	4,894	51,868	2,281	6,166	46,628
7	1,511	4,085	55,953	2,149	5,808	52,436
8	1,408	3,805	59,758	1,804	4,877	57,312
9	1,293	3,494	63,252	1,557	4,208	61,521
10	1,112	3,004	66,256	1,518	4,102	65,623
11	1,018	2,750	69,006	1,252	3,383	69,006
12	,985	2,662	71,668			
13	,844	2,280	73,948			
14	,790	2,134	76,082			
15	,718	1,942	78,024			
16	,666	1,799	79,822			
17	,606	1,638	81,461			
18	,589	1,591	83,051			
19	,533	1,442	84,493			
20	,517	1,397	85,890			
21	,494	1,335	87,225			
22	,478	1,293	88,518			
23	,456	1,232	89,750			
24	,415	1,122	90,872			
25	,380	1,027	91,899			
26	,365	,986	92,885			
27	,353	,955	93,840			
28	,318	,859	94,699			
29	,300	,811	95,510			
30	,274	,739	96,249			
31	,260	,703	96,953			
32	,252	,682	97,635			
33	,230	,623	98,258			
34	,212	,573	98,831			
35	,200	,540	99,371			
36	,152	,411	99,782			
37	,081	,218	100,000			



Rotated Component Matrix

	Component										
	1	2	3	4	5	6	7	8	9	10	11
dist3	<b>,909</b>	,104	,113	-,016	,089	,010	-,036	-,023	,068	,002	-,061
dist4	<b>,899</b>	,128	,117	,005	,093	,005	-,015	-,096	,047	-,019	-,064
dist2	<b>,822</b>	,114	,155	,054	,169	,035	,050	,025	,041	-,006	-,053
dist1	<b>,776</b>	,109	,223	-,001	,093	,045	-,014	-,040	,037	-,034	-,090
disc4	<b>,647</b>	,179	,169	,037	,300	-,019	,052	,181	-,114	-,083	-,116
swcost2	,209	<b>,872</b>	,016	,058	,099	,056	,027	-,019	,029	,009	,020
swcost1	,111	<b>,840</b>	,061	,041	,071	-,083	-,021	,005	,027	,032	,016
SWCOSRE4	,094	<b>,820</b>	,088	-,033	-,010	-,062	-,018	-,041	-,052	-,081	-,013
swcost3	,114	<b>,805</b>	,016	,032	,167	,076	,016	,015	,077	-,103	-,081
int1	,192	,037	<b>,814</b>	,037	,168	,092	,005	-,046	,035	-,018	-,003
INTREV4	,051	-,015	<b>-,756</b>	,106	-,029	,106	-,075	,035	,045	-,059	,272
int3	,278	,023	<b>,718</b>	-,074	,171	,060	,013	-,129	-,024	-,213	,056
int2	,423	,095	<b>,652</b>	,084	,211	,023	-,008	-,173	,043	-,156	,076
int5	,338	,106	<b>,607</b>	,036	,119	-,082	,094	-,004	,056	-,122	,125
ind2	,014	,037	-,005	<b>,908</b>	-,049	,046	,097	,014	,004	-,081	,023
ind1	,053	,026	-,025	<b>,891</b>	-,053	,062	,093	-,047	,027	-,012	,046
ind3	-,013	,023	-,016	<b>,742</b>	,128	,056	,265	,019	,005	,088	,004
PROCREV2	-,077	-,052	-,124	-,083	<b>-,775</b>	-,010	,080	,306	-,040	,015	,100
proc1	,187	,139	,190	,029	<b>,750</b>	-,039	-,024	-,211	,087	-,064	,011
disc1	,255	,057	,138	-,085	<b>,576</b>	,058	,021	,063	,169	-,119	,125
disc3	,307	,191	,245	-,049	<b>,565</b>	-,040	,027	,089	-,124	,005	-,197
sense3	,014	-,050	-,024	,031	,065	<b>,844</b>	-,006	,028	,079	-,015	,043
sense1	-,024	,011	,043	,078	,007	<b>,810</b>	-,046	-,041	-,186	-,046	,001
sense2	,022	,104	,096	,175	-,065	<b>,641</b>	,029	,032	-,052	,120	-,298
att1	,088	-,087	-,149	-,110	-,065	<b>,570</b>	,169	,063	-,183	,065	,234
uncert3	,026	,057	,040	,153	,042	,036	<b>,849</b>	,045	-,005	,028	,045
uncert2	-,085	-,029	,067	,053	,017	,096	<b>,844</b>	-,024	-,002	,009	,136
uncert1	,082	-,030	,024	,224	-,125	-,063	<b>,717</b>	,070	-,024	,019	-,066
PROCREV3	,006	-,016	-,074	-,026	-,133	,050	,041	<b>,849</b>	,055	-,019	,132
PROCREV4	-,033	-,017	-,133	,010	-,104	,005	,041	<b>,840</b>	,064	,063	-,052
ATTREV2	,008	-,020	-,023	,078	,052	-,100	-,131	,042	<b>,822</b>	,135	-,039
ATTREV3	,090	,092	,049	-,043	,083	-,153	,112	,081	<b>,808</b>	-,104	-,095
INTREV6	-,074	-,054	-,115	-,058	-,037	,061	,082	-,132	,024	<b>,758</b>	,124
INTREV7	,119	-,002	-,116	,149	-,230	-,013	-,023	,269	-,009	<b>,652</b>	-,176
INTREV8	-,290	-,168	-,086	-,123	,064	,035	-,020	,062	,037	<b>,538</b>	,411
UNCEREV4	,123	-,030	,035	-,141	-,024	,107	-,094	-,092	,202	-,017	<b>-,613</b>
DISCREV2	-,204	-,059	,039	-,048	-,341	,202	,052	-,049	,072	,155	<b>,504</b>

→ Reliability analysis of the construct “attitude toward complaining”

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item- Total Correlation</b>	<b>Alpha if Item Deleted</b>
ATT2	7,5143	2,9102	,3262	-,4231
ATT3	7,1464	3,8172	,3743	-,4314
<b>ATTREV1</b>	<b>11,6893</b>	<b>9,2042</b>	<b>-,2420</b>	<b>,6429</b>
<b>Alpha = ,2612</b>				

→ Reliability analysis of the construct “uncertainty avoidance”

	<b>Scale Mean if Item Deleted</b>	<b>Scale Variance if Item Deleted</b>	<b>Corrected Item- Total Correlation</b>	<b>Alpha if Item Deleted</b>
UNCERT1	14,9821	10,8420	,4496	,2575
UNCERT2	14,5071	10,8745	,4776	,2357
UNCERT3	14,8786	10,1357	,5258	,1740
<b>UNCER4RE</b>	<b>15,2786</b>	<b>17,8361</b>	<b>-,1447</b>	<b>,7694</b>
<b>Alpha = ,4907</b>				

## **APPENDIX F- Definition of Statistical Tests**

### **Descriptive Statistics**

Descriptive statistics simply refer to the statistics that describe the phenomena of interest.

How frequently certain phenomena occur, what is the average score when a set of figures are involved and also the extent of variability in the set including central tendencies and dispersions of the dependent and independent variables (Sekaran, 1992)

### **Frequencies**

Frequencies refer to the number of times various subcategories of a certain phenomenon occur (Sekaran, 1992).

Measures of central tendencies and dispersion enable researchers to characterize a series of observations in a meaningful way. Mean, median, and mode are three measures of central tendencies whereas range, standard deviation, variance and the interquartile range are measures of dispersion.

#### *Mean*

Mean helps the researcher to have a quick look at the data set in terms of averages. Mean is an appropriate statistics to analyze interval scaled items. Means of items will give the researcher an overall view of the data.

Mean, variance and standard deviation are indicated in literature as appropriate indicators of the dispersion when the interval scale is used as the basis of measurement.

#### *Median*

The median is the central item in a group of observations when they are arrayed in either ascending or descending order (Sekura, 1992).

#### *Mode*

Sometimes the most frequently occurring phenomenon within the set of observations provides the researcher a meaningful view.

## **Correlations**

Correlations give us idea about the nature, direction and significance of the relationships between any two variables but not the cause and effect relations. **The Pearson correlation** which indicates the strength of relationship ( $r$ ) between two variables can be meaningfully generated for variables measured on an interval or ratio scale. Variables should be normally distributed for Pearson correlation if not Spearman Brown test could be used. (To be normally distributed, the skewness and kurtosis should not be more than 2.5 times the standard error.)

## **Chi- square (X<sup>2</sup>) Test**

The relation between two nominal variables is also needed to be tested in order to state whether they are independent of each other or not. The statistical confirmation of a relation between two nominal variables can be provided by the chi-square test. When the expected frequencies are small Fisher exact probability test is used instead of chi –square test.

## **Significant mean difference between two groups: The t-Test**

A t-test is used to see if there are any significant differences in the means for two groups in the variable of interest. A nominal variable that is split to two groups (men or women) is tested to see if there is a significant mean difference between them on a dependent variable which is measured on an interval or ratio scale.

## **Significant mean differences among groups: ANOVA**

ANOVA helps to examine if there are significant mean differences among more than two groups. The significance level of the F statistics indicates that there are significant mean differences among groups. However, there is no way to understand where the differences lie. In order to understand where the difference lies Scheffe's test, Duncan multiple range test, tukey's test and student-newman-Keul's test can be used.

## **Multiple Regression**

Multiple  $r$ , R-square or  $R^2$  is used when more than one predictor are jointly regressed against the criterion variable. Multiple regression analysis helps researchers to understand how much of the variance in the dependent variable is explained by a set of predictors.

## REFERENCES

- Aldlaigan, A. and Buttle, F. (2005). Beyond satisfaction: customer attachment to retail banks. *International Journal of Bank Marketing*, 23(4), 349-359.
- Anderson, R. (1973). Consumer dissatisfaction: the effect of disconfirmed expectancy on perceived product performance. *Journal of Marketing Research*, 10 (1), 38-44.
- Andreassen, T.W.(1999). What drives customer loyalty with complaint resolution? *Journal of Service Research*, 1(4),324-332.
- Andreassen, T.W. (2000). Antecedents to satisfaction with service recovery. *European Journal of Marketing*. 1(2).
- Andreassen, T.W. (2001). From disgust to delight: Do customers hold a grudge? *Journal of Service Research*, 4(1),39-49.
- Andreasen, A. (1977). A taxonomy of consumer satisfaction/dissatisfaction measures. *The Journal of Consumer Affairs*, 11 (2), 11-44.
- Armstrong, R. and Seng, T. (2000). Corporate customer satisfaction in the banking industry of Singapore. *International Journal of Bank Marketing*, 18 (3), 97-111.
- Asher, A. (1998). Going global: A new paradigm for consumer protection. *The Journal of Consumer Affairs*, 32 (2), 183-203.
- Bariş, G. (2006). *Kusursuz müşteri memnuniyeti için şikayet yönetimi*. MediaCat.Kapital Medya Hizmetleri A.Ş. İstanbul.
- Bearden, W. and Teel, J. (1983). Selected determinants of consumer satisfaction and complaint reports. *Journal Marketing Research*, 20(1),21-28.
- Bearden, W. and Oliver, R.L. (1985). The role of public and private complaining in satisfaction with problem resolution. *Journal of Consumer Affairs*, 19(2),222-240.
- Berli A., (2004). A model of customer loyalty in the retail banking market. *European Journal of Marketing*, 38.(23),253-275.
- Bell, C. and Zemke, R. (1987). Service breakdown: the road to recovery. *Management Review*, (October), 32-35.
- Bies, R. J. and Shapiro, D. L. (1987). Interactional fairness judgements: The influence of causal accounts. *Social Justice Research*, 1, 199-218.
- Bilgin Z., Sriram V., and Wührer G. (2004). *Drivers of Global Business Success: Lessons from Emerging Markets*. Palgrave Macmillan, Hampshire, England.
- Blodgett, J., Wakefield. K. and Barnes, J. (1995). The effects of customer service on consumer complaining behavior. *The Journal of Services Marketing*, 9(4), 31-43.

- Blodgett, J. and Granbois, D. (1992). Toward an integrated conceptual model of consumer complaining behavior. *Journal of Consumer Satisfaction, Dissatisfaction and Complaint Behavior*, 5,93-103.
- Blodgett, J. G., Hill, D. J. and Tax, S. S. (1997). The effects of distributive, procedural, and interactional justice on post-complaint behaviors. *Journal of Retailing*, 73 (2), 185-210.
- Blodgett, J. G. and Tax, S. S. (1993). The effects of distributive and interactional justice on complainants' repatronage intentions and negative word-of-mouth intentions. *Journal of Satisfaction, Dissatisfaction and Complaining Behavior*, 6, 100-110.
- Bodur, M., Borak E., and Kurtuluş, K.(1980). A comparative study of satisfaction /dissatisfaction and complaining behavior with consumer services: Bloomington and Istanbul. *New Findings of Consumer Satisfaction and Complaining*, 73-79.
- Bolfing, C. (1989). How do customers express dissatisfaction and what can service marketers do about it? *The Journal of Services Marketing*, 3(2), 5-23 .
- Borak, E., Tan, C.T(Eds.) and Sheth, K.N.(Eds.) (1985) A Study on Consumer Problems/Protection Issues in Turkey, *Historical Perspective in Consumer Research: National and International Perspectives. Proceedings of the Association for Consumer Research International Meeting*, Singapore(pp. 19-23).
- Bosch, V.G. and Enriquez, F.T. (2005). TQM and QFD: exploiting a customer complaint management system. *International Journal of Quality and Reliability Management*, 22, 30-37.
- Boshoff, C. (1997). An experimental study of service recovery options. *International Journal of Service Industry Management*, 8(2),110-130.
- Boshoff, C. (1999). RECOVSAT: An instrument to measure satisfaction with transactionspecific service recovery. *Journal of Service Research*, 1(3), 236-249.
- Boshoff, C. (2005). A re\_assessment and refinement of RECOVSTAT An instrument to measure satisfaction with transaction specific service recovery. *Managing Service Quality*, 215(5), 410-425.
- Boshoff, C. and Leong, J. (1998). Empowerment, attribution and apologizing as dimensions of service recovery: an experimental study. *International Journal of Service Industry Management*, 9(1),24-47.
- Boshoff,C and Staude,GE. (2003). Satisfaction with service recovery: Its measurement and its outcomes. *South African Journal of Business Management*. 34(3), 9-16.
- Broadbridge, A. and Marshall, J. (1995). Consumer complaint behavior: the case of electrical goods. *International Journal of Retail & Distribution Management*, 23(9).8-18.

- Carson, D., Gilmore A., Perry, C., and Gronhaug, K. (2002). *Qualitative Marketing Research*. Sage Publications, London, England.
- Chelminski, P. (2001). The effects of individualism and collectivism on customer complaining behavior. 8. *Cross Cultural Research Conference, Hawaii*.
- Chelminski P. and Coulter R. (2003) The effects of individualism on consumer complaining behavior. 9. *Cross Cultural Research Conference, Jamaica*.
- Cho, B. & K. Joung (1999). An integrated model of consumer complaining behavior. 7. *Cross-Cultural Consumer and Business Studies Research Conference*.
- Crotts, J. and Erdmann, R. (2000). Does national culture influence consumers' evaluation of travel services? A test of Hofstede's model of cross cultural differences. *Managing Service Quality*, 10 (6), 410-419.
- Colgate, M. and Norris, A. (2000). Why customers leave or decide not to leave their bank. *Business Review*, 2(2), 40-51.
- Colgate, M. and Lang, B. (2001). Switching barriers in consumer markets: An investigation of the financial services industry. *Journal of Consumer Marketing*, 18(4), 332-347.
- Cooper, D. and Schindler, P. (2003). *Business Research Methods*. McGraw-Hill, Inc, Boston.
- Çavuşgil, T. and Kaynak, E. (1980). A framework for cross cultural measurement of consumer dissatisfaction. *New findings on consumer satisfaction and complaining*, 80-84.
- Çobanoğlu, C., Warde, B., and Moreo, P. J. (2001). A Comparison of mail, fax and web based survey methods. *International Journal of Market Research*, 43(4), 441-452.
- Davidow, M. (2000). The bottom line impact of organizational responses to customer complaints. *Journal of Tourism and Hospitality Research* 24 (4): 473-90.
- Davidow, M. (2003). Organizational responses to customer complaints: what works and what doesn't. *Journal of Service Research*, 5(3), 225-250.
- Davidow, M. and Dacin P. (1996), Understanding and encouraging consumer complaint behavior: improving organizational complaint management. *Advances in Consumer Research*, 24.
- Day, R. (1984). Modeling choices among alternative responses to dissatisfaction. *Advances in Consumer Research*, 11, 469-471.
- Day, R. and Bodur, M. (1978). Analysis of average satisfaction scores of individuals over product categories. *New findings on consumer satisfaction and complaining behavior*, 184-189.

- Day, R. and Landon, E.L. (1976). Collecting comprehensive consumer complaint data by survey research. *Advances in Consumer Research*, 3(1),263-268.
- Day, R., Grabicke, K, Schaetzle, T. and Staubach, F. (1981). The hidden agenda of consumer complaining. *Journal of Retailing*, 78(2),86-106.
- DeWitt, T. and Brady, M. (2003). Rethinking service recovery strategies: The effect of rapport on customer responses to service failure. *Journal of Service Research*, 6 (2).
- Donoghue, S. and Klerk, H.M. (2006). Dissatisfied consumers' complaint behavior concerning product failure of major electrical household appliances – a conceptual framework. *South African Association of Family Ecology and Consumer Sciences*, 34,41-55.
- Duffy, J. A., Miller, J.M. and Bexley J.B. (2006), Banking customers' varied reactions to service recovery strategies. *International Journal of Banking*, 24(2),112-132.
- Ennew, C. and Schoefer, K. (2003). Service failure and service recovery in tourism: A review (electronic version). Retrieved December, 2006, from [www.nottingham.ac.uk/ttri/pdf/2003\\_6.pdf](http://www.nottingham.ac.uk/ttri/pdf/2003_6.pdf)
- Estelami, H. (2000). Competitive and procedural determinants of delight and disappointment in consumer complaint outcomes. *Journal of Service Research*, 2(3),285-300
- Esmer, Y.(2007). Internet kullanıcılarının profili (electronic version). Retrieved June, 2007 from [www.radikal.com.tr](http://www.radikal.com.tr)
- Farquhar, J.D. (2004). Customer retention in retail financial services: an employee perspective. *The International Journal of Bank Marketing*, 22(2), 86-99.
- Fornell, C. and Wernerfelt, B. (1987). Defensive Marketing Strategy by Customer Complaint Management: A Theoretical Analysis. *Journal of Marketing Research*, 24 (November), 337-46.
- Fornell, C. and Westbrook, R. (1984). The vicious circle of consumer complaints. *Journal of Marketing*, 48(3), 68-78.
- Gerrard, P. and Cunningham, B. (2004). Consumer switching behavior in the Asian banking market. *Journal of Services Marketing*, 18 (3), 215-223.
- Gilly, M.C. (1987). Postcomplaint processes: from organizational response to repurchase behavior. *Journal of Consumer Affairs*, 21 (2), 292-312.
- Gilly, M. C., and B. D. Gelb. (1982). Post-purchase consumer processes and the complaining consumer. *Journal of Consumer Research* 9 (3): 323–8.
- Goodman, J. (2006). Manage complaints to enhance loyalty. *Quality Progress*, 39(2), 28-34.



Goodwin, C. and Ross, I. (1989). Salient dimensions of perceived fairness in resolution of service complaints, *Journal of Satisfaction, Dissatisfaction and Complaining Behavior*, 2, 87-92.

Goodwin, C. and Ross, I. (1992), Consumer responses to services failures: influence of procedural and interactional fairness perceptions, *Journal of Business Research*, 25 (2), 149-163.

Greenberg, J. (1993), Stealing in the name of justice: informational and interpersonal moderators of theft reactions to underpayment inequity. *Organizational Behavior and Human Decision Processes*, 54, 81–103.

Harrell, G. (2001). *Marketing: Connecting with Customers*. Prentice Hall. 2<sup>nd</sup> ed, New York.

Hart, C., Heskett, J. and Sasser, E. (1990). The profitable art of service recovery. *Harvard Business Review*, (July-Aug), 148-156.

Hellier, P.K., Geursen, G., Carr, R. and Rickard, J.A.(2003). Customer Repurchase intention:A general structural equation model. *European Journal of Marketing*, 37(11/12), 1762-1800.

Hennig-Thurau, T. and Klee, A. (1997). The impact of customer satisfaction and relationship quality and customer retention: a critical reassessment and model development. *Psychology and Marketing*. 14 (8), 737—764.

Hernandez, S., Strahle, W., Garcia, H., and Sorenson, R.(1991).A cross-cultural study of consumer complaining behavior: VCR owners in Russia and Puerto Rico. *Journal of Consumer Policy*, 14(1), 35-62.

Hess R., Ganesan, S. and Klein, N. (2003). Service failure and recovery: The impact of relationship factors on customer satisfaction. *Journal of the Academy of Marketing Science*, 31(2),127-145.

Hofstede, G. (1980), *Culture Consequences:International differences in Work-related Values*, Sage Publications, London.

Hogart, J., English, M. and Sharma, M. (2001). Consumer complaints and third parties: determinants consumer satisfaction with complaint resolution efforts. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 14, 74-87.

Hogart, J., Hilgert, M., Kolodinsky, J. and Lee, J.(2001). Problems with credit cards: an exploration of consumer complaining behaviors. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, (14), 88-107.

Hunt, S. (1978). A general paradigm of marketing: in support of the three dichotomies model. *Journal of Marketing*, 42(2).

Hunt, S. (2002). *Foundations of Marketing Theory: Towards a General Theory of Marketing*. M.E. Sharpe Inc, New York.

- Johnston, R. (1994). The determinants of service quality: satisfiers and dissatisfiers. *International Journal of service Industry Management*, 6(5), 55-71.
- Johnston, R. and Fern, A. (1999). Service recovery strategies for single and double deviation scenarios, *The Service Industries Journal*, 2,69-82.
- Kanoussi A. (2005). An empirical investigation of the role of culture on service recovery expectations. *Managing Service Quality*. 15(1), 57-69.
- Kaynak, E., Kucukemiroglu, O. and Odabaşı, Y.(1992). Consumer complaint handling in an advanced developing economy: an empirical investigation. *Journal of Business Ethics*, 11 (11), 813-829.
- Keaveney, S.M. (1995). Customer switching behavior in the service industries: an exploratory study. *Journal of Marketing*, 59(2), 3-11.
- Keng, K. and Liu, S. (1997). Personal values and complaint behavior: The case of Singapore consumers. *Journal of Retailing and Consumer Services*, 4(2), 89-97.
- Keng, K., Richmond, D., and Han, S. (1995). Determinants of consumer complaint behaviour: a study of Singapore consumers. *Journal of International Consumer Marketing*, 8(2), 59-76.
- Leal, P.R. and Pereiara, Z.L. (2003). Service recovery at a financial institution. The *International Journal of Quality & Reliability Management*, 20(6), 646-663.
- Levesque, T. and McDougall, G. (1996). Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing*, 14(7), 12-20.
- Lewis, B.R., and Spyrapoukos, S. (2001). Service failures and recovery in retail banking: the customers' perspective. *The International Journal of Services Marketing*, 14(2/3),160-176.
- Lewis, R. C. (1983). When guests complain. *Cornell Hotel and Restaurant Administration Quarterly*, August, 23-32.
- Liljander, V. (1999). Consumer satisfaction with complaint handling following a dissatisfactory experience with car repair. *European Advances in Consumer Research*, (4), 270-275.
- Liu, R. and McClure, P. (2001). Recognizing cross cultural differences in consumer complaint behavior and intentions: an empirical examination. *Journal of Consumer Marketing*, 18(1), 54-70 .
- Mattila, A. (2001). The effectiveness of service recovery in a multi-industry setting. *The Journal of Services Marketing*, 15(7),583-596.
- Mattila , A. and Patterson, P.G. (2004). Service recovery and fairness perceptions in collectivist and individualist contexts. *Journal of Service Research*, 6(4),336-346.

- Mattila, A., and Wirtz, J.(2004). Consumer complaining to firms: The determinants of channel choice. *Journal of Services Marketing*, 18(2/3), 147-155.
- Maxham, J. and Netemeyer, R. (2002). A longitudinal Study of Complaining customers' evaluations of multiple service failures and recovery efforts. *Journal of Marketing*, (66), 57-71.
- Michel, S., Bowen, D. and Johnston, R. (2006). Service recovery management: Closing the gap between best practices and actual practices(electronic version). Retrieved January, 2005 from, [www.dienstleistungsmarketing.ch](http://www.dienstleistungsmarketing.ch)
- Michel, S. (2002). Exploring the service recovery paradox. *American Marketing Association Conference Proceedings*, (13), 75-82.
- McAlister, D. and Erffmeyer, R. (2003). A content analysis of outcomes and responsibilities for consumer complaints to third party organizations. *Journal of Business Research*, (56), 341-351.
- McCole, P. (2004). Dealing with complaints in services. *International Journal of Contemporary Hospitality Management*, 16(6), 345-354.
- McDonald, F. (2000). Consumer protection policy in the EU. *European Business Journal*, 12 (1), 39-46.
- McCull\_Kennedy, J., Daus, C. and Sparks, B. (2003).The role of gender in reactions to service failure and recovery. *Journal of Service Research*, 6(1), 66-82.
- McCullough, M.A. (2000). The effect of perceived justice and attribution regarding service failure and recovery on post-recovery customer satisfaction and service quality attitudes. *Journal of Hospitality & Tourism Research*, 24(4), 423-447.
- McCullough, M., Berry, L. and Yadav, M. (2000). An empirical investigation of customer satisfaction after service failure and recovery. *Journal of Service Research*, 3(2),121-137.
- Mitchell, W.V (1993). Handling consumer complaint information: Why and How? *Management Decision*, 31(3), 21-28.
- Mooij, M. (2004). *Consumer Behavior and Culture: consequences for global marketing and advertising*. Sage Publications, London, England.
- Ndubisi, N. and Ling, T.Y. (2006). Complaint behavior of Malaysian consumers. *Management Research News*, 29(1-2), 65-76.
- Nyer, P. (2000). An investigation into whether complaining can cause increased consumer satisfaction. *Journal of Consumer Marketing*, 17(1), 9-19.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17 (November), 460-469.

- Oliver, R.L. and Swan, J. (1989). Consumer perceptions of interpersonal equity and satisfaction in transactions: A field survey approach. *Journal of Marketing*, 53(2), 21-35.
- Panther, T. and Farquhar, J.(2004).Consumer responses to dissatisfaction with financial service providers : An exploration of why some stay while others switch. *Journal of Financial Services Marketing*, 8(4), 343-353.
- Parasuraman, A. (2004). Assessing and improving service performance for maximum impact: insights from a two-decade-long research journey. *Performance Measurement and Metrics*, 5(2), 45-52.
- Peelen, E. , Boshoff, C. and Hoogendoorn, M. (2005). A differentiated approach to service recovery. *Nyenrode Research Paper Series*.
- Phau, I. and Sari, R. (2004). Engaging in complaint behavior: an Indonesian perspective. *Marketing Intelligence and Planning*, 22(4), 407-426.
- Plymire, J. (1991). Complaints as Opportunities. *Journal of Consumer Marketing*, 8(2), 39-43.
- Reichheld, F. F., and Sasser, W. E. J. (1990).Zero Defections: Quality Comes to Services. *Harvard Business Review*, 68(5), 2-9.
- Richins, M.L. (1982). An investigation of consumers' attitudes toward complaining. *Advances in Consumer Research*, 9(1),502-506.
- Richins, M.L. (1983).Negative word-of-mouth by dissatisfied customers: a pilot study. *Journal of Marketing*, 47(winter), 68-78.
- Richins, M.L. (1987). A multivariate analysis of responses to dissatisfaction. *Journal of the Academy of Marketing Science*, 15(3).24-31.
- Roos, I. (1999). Switching processes in customer relationships. *Journal of Service Research*, 2 (1), 68-85.
- Sekaran, U. (1992). *Research Methods for Business. A skill building approach*. 2. Ed. John Wiley & Sons Inc, New York.
- Singh, J. (1988). Consumer complaint intentions and behavior: definitional and taxonomical issues. *Journal of Marketing*, 52 (1), 93-107.
- Sing, J. (1989). Determinants of consumers' decisions to seek third party redress: An empirical study of dissatisfied patients. *Journal of Consumer Affairs*, 23 (2), 329–363.
- Singh, J. (1990). Identifying consumer dissatisfaction response styles: an agenda for future research. *European Journal of Marketing*. 24(6), 55-71.
- Singh, J., (1990). A typology of consumer dissatisfaction response styles. *Journal of Retailing*, 66(1), 57-98.

Singh, J. and Wilkes, R. (1996). When consumers complain: a path analysis of the key antecedents of consumer complaint response estimates. *Journal of Academy of Marketing Science*, 24(4), 350-365.

Singh, J. and Santos, C. (2000). Consumers complain can business satisfy them?" a review of theoretical and empirical research on complaint handling process. 11. *American Marketing Association Conference Proceedings*.

Smith, A.K.(1998). An experimental investigation of customer reactions to service failure and recovery encounters. *Journal of Service Research*, 1(1), 65-81.

Smith, A.K., Bolton, R. and Wagner, J. (1999), A model of customer satisfaction with service encounters involving failure and recovery," *Journal of Marketing Research*, September, 356-372.

Smith, A.K. and Bolton, R.N. (2002). The effects of customers' emotional responses to service failures on their recovery effort evaluations and satisfaction judgments. *Journal of the Academy of Marketing Science*, 30(1),5-23.

Stauss, B. (2002). The dimensions of complaint satisfaction: process and outcome complaint satisfaction versus cold fact and warm act complaint satisfaction. *Managing Service Quality*. 12(3),173-183.

Stephens, N., and Gwinner, K. P. (1998). Why don't some people complain? A cognitive-emotive process model of consumer complaint behavior. *Academy of Marketing Science Journal*, 26(3), 172-189.

Stauss, B. and Seidel, W. (2004). *Complaint Management: The Heart of CRM*. Thompson/South-Western, Mason.

Stauss, B. and Scholer, A. (2004). Complaint management profitability: What do complaint managers know? *Managing Service Quality*, 14 (2), 147-156.

Tax, S. and Brown, S. (1998) Recovering and learning from service failure. *Sloan Management Review*, 40(1), 75-86.

Tax, S., Brown, S. and Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: implications for relationship marketing. *Journal of Marketing*, 62, 60-76.

Trubik, E. and Smith, M. (2000). Developing a model of customer defection in the Australian banking industry. *Managerial Auditing Journal*,15(5) 199-208.

Tsuladze, L. (2007). Individualist trends in collectivist societies. *Woman of the Mountains Conference*. Utah.

*Tuketiciler Birliđi Hak İhlalleri Raporu* (2007). Retrieved July, 2007 from [www.tuketiciler.org](http://www.tuketiciler.org).

- Valenzuela, F., Parraga, V., Llanos, O. and Vilches, S. (2006). The influence of service recovery evaluation on customer post-complaint behavior. *International Journal of Business and Information*, 1(1), 53-73.
- Vardar, N. (2007). *Türk Markaları: Her Ülke Markaları Kadar Zengindir*. Reklamcılık Yayınları Vakfı, İstanbul.
- Vargo, S. and Lusch, R. (2004). Evolving to a New Dominant Logic for Marketing. *Journal of Marketing*. 68(1), 17-34.
- Wells, B. and Royne, M. (1995). Service quality in the insurance industry: consumer protection versus regulatory perceptions. *Journal of Insurance Regulation*, 13(4), 462-478.
- Watkins, H. and Liu, R. (1996). Collectivism, individualism and in group membership: implications for consumer complaining behaviors in multicultural contexts. *Journal of International Consumer Marketing*. 8(3), 69-94.
- Westbrook, Robert A. (1987). Product/consumption-based affective responses and postpurchase processes. *Journal of Marketing Research* 24 (August), 258-270.
- Westbrook, Robert A. and Richard L. Oliver (1981), Developing better measures of consumer satisfaction: some preliminary results. *Advances in Consumer Research*, 8, 94-99.
- White, L. and Yanamandram, V. (2004). Why customers stay: reasons and consequences of inertia in financial services. *Managing Service Quality*, 14(2), 183-194.
- Yim, C., Gu, F., Chan, K. and Tse, D. (2003). Justice-based service recovery expectations: measurement and antecedents. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 16, 36-53.
- Yin, R.K. (1994). *Case Study Research: design and methods*. Sage Publication Inc., Thousand Oaks, London.
- Yuksel, A., Kılınc, U., and Yuksel, F. (2006). Cross national analysis of hotel customers' attitudes toward complaining and their complaining behaviors. *Tourism Management*, 27(1), 11-24.
- Zairi, M. (2000). Managing customer dissatisfaction through effective complaint management systems. *The TQM Magazine*, 12(5), 331-335.
- Zhu, Z., Sivakumar, K. and Parasuraman, A. (2004). A mathematical model of service failure and recovery strategies. *Decision Sciences*, 35(3), 493-525.

