Customer Emotions in Service Failure and Recovery Encounters

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Abstract

Emotions play a significant role in the workplace and considerable attention has been given to the study of employee emotions. Customers also play a central function in organizations, but much less is known about customer emotions. This chapter reviews the growing literature on customer emotions in employee-customer interfaces with a focus on service failure and recovery encounters, where emotions are heightened. It highlights emerging themes and key findings, addresses the measurement, modeling, and management of customer emotions, and identifies future research streams. Attention is given to emotional contagion, relationships between affective and cognitive processes, customer anger, customer rage, and individual differences.

Key words:

Customer emotions, service failure and recovery encounters, emotional contagion, customer satisfaction, customer anger, customer rage

We gratefully acknowledge the contribution of Dr Alastair Tombs in reviewing our paper and providing helpful input and Sue Hogan for her editorial assistance.
Introduction: Role and Importance of Customer Emotions

Emotions play a significant role in the workplace, and employee emotions in particular have attracted considerable attention in organizational research (Hartel, Zerbe & Ashkanasy, 2005). Customers too fulfil a central function in organizations, but much less is known about their emotions. This is surprising, as emotions are frequently experienced during interactions between customers and frontline employees. These emotions can be positive or negative. Indeed, substantial media attention has been given to the display of negative customer emotions especially anger and other strong negative emotions (Mattila & Enz, 2002). Customer emotions have important practical implications, because how customers feel about a product or service impacts on customer satisfaction, repeat purchase, switching, negative word of mouth, complaining to third parties and loyalty (De Witt & Brady, 2003; Keaveney, 1995; Stephens & Gwinner, 1998). Customer delight, defined as a “profoundly positive emotional experience” (Oliver, Rust & Varki, 1997) is considered critical to customer loyalty. Merely satisfying the customer is not enough as this may leave the door open for rethinking about possible alternative providers (McColl-Kennedy & Sparks, 2003).

The role of emotion is attracting greater acceptance and interest from both marketing academics and practitioners in their pursuit of a better understanding of customers and the consumption experience (Mattila & Enz, 2002; Oliver, 1997). To date, two review papers, Erevelles’ (1998) “The Role of Affect in Marketing”, and Bagozzi, Gopinath and Nyer’s (1999) paper entitled “The Role of Emotions in Marketing” have highlighted the importance of studying customer emotions. Erevelles (1998) summarizes research findings on affect and consumer decision making, affect and memory, postpurchase processes, product strategy, affect and
advertising, retailing, services, and measurement issues and identifies fifteen areas for future research. These areas are: affect and marketing strategy; role of affect in global and ethnic markets; affect and organizational buying behavior; affect, brand equity and extensions; affect and the marketing of services; affect and relationship marketing; more study across product categories; validation of product categories; altruistic, moral and gift-giving behavior; wider range of emotional appeals; effects of negative moods; multiple satisfaction processes; temporal and delayed effects of affect; measurement issues; and gender and affect.

Bagozzi et al. (1999, p. 202) argue that emotions are important in many areas of marketing, as “…they influence information processing, mediate responses to persuasive appeals, measure the effects of marketing stimuli, initiate goal setting, enact goal-directed behaviors, and serve as ends and measures of consumer welfare. Yet, we are only beginning to understand the role of emotions in marketing”. The Bagozzi et al. paper highlights the importance of emotions especially for consumer behavior and focuses attention on the measurement of emotions, social bases of emotions, emotions–satisfaction relationship, and impact of emotions on behavior. The paper identifies twelve fruitful areas for future research. The areas which are particularly relevant to the study of customer emotions in service failure and recovery encounters are the following: how appraisals are conducted, identification of the key components of cognitive appraisals and how they are influenced by marketing stimuli; the impact of emotions on post-purchase reactions and behaviors, interpersonal and group based responses to emotions; how emotions affect information processing in consumer decision making; how emotions vary across cultures; how emotions are triggered, how distinct emotions are related to each other, and under what conditions certain emotions lead to other emotions, for example, whether frustration leads to dissatisfaction.
Liljander and Strandvik’s (1997) article demonstrates the importance of negative emotions as negative emotions have a stronger impact than positive emotions on customer satisfaction. Furthermore, they showed that strong positive emotions do not influence a customer’s level of satisfaction with a service. Furthermore, Liljander and Strandvik (1997) argue that emotions are multidimensional. They call for a greater understanding of customer emotions through in-depth analyzes, identification of incidents that trigger negative customer emotions and investigation into how effective service recovery can mediate the otherwise negative effect of negative emotions on customer satisfaction and loyalty.

Mattila and Enz (2002) show that even in relatively brief and mundane service transactions, customer displayed emotions play an important role in influencing the customer’s assessment of the service encounter and their overall experience with the service. Results suggest that consumers’ evaluations of the service encounter correlate highly with their displayed emotions during the interaction and post-encounter mood. This finding is consistent with earlier work of Gardner (1985) that posited that mood effects are likely to be experienced in service encounters. Further, Mattila and Enz (2002) found that observations of the customer’s expressed emotions as demonstrated in their eye contact, smiling, and thanking behavior can be used to predict the customer’s assessment of the service provider’s performance during the interaction. This finding is important as nonverbal communication is thought to comprise more than 60 percent of the interaction in service encounters.

Importance of Customer Emotions in Employee-Customer Interactions

Customers engage in interactions with service providers on a daily basis. Most of these encounters (direct interactions between the customer and the frontline employee) are mundane and largely inconsequential but those that are remembered, and where customer emotions are
heightened, are those that “go wrong”. When things go wrong with a service (defined as service failure), and during attempts by employees to fix the problem (service recovery), customers tend to experience negative emotions such as frustration, annoyance, anger, and sometimes rage (Andreassen, 2001). Indeed, studies by Berry and Parasuraman (1991) and Zeithaml, Berry and Parasuraman (1993) suggest that customers are more involved in and more conscious of recovery attempts by employees than when the service is “normal”, that is, as expected, or when it is experienced for the first time (Smith & Bolton, 2002).

Considerable attention has been given to the study of anger, demonstrating that when individuals experience anger they exhibit a tendency to want to attack the target verbally and/or non-verbally (Fitness, 2000; Deffenbacher, Lynch, Oetting & Swaim, 2002). Sometimes this results in non-confrontational behaviors, such as exiting, boycotting, negative word of mouth, complaints to third parties, all of which have a negative impact on the organization (De Witt & Brady, 2003; Keaveney, 1995; Stephens & Gwinner, 1998). But more overt behaviors can result in damage to the organization’s property and/or persons, including front line employee(s), other customers, and the customers themselves (Fullerton & Punj, 1993; Harris & Reynolds, 2003). Anger is one of the most commonly experienced negative emotions in service encounters. Extreme customer anger and dissatisfaction has particularly negative implications for firms including decreased brand loyalty, more customer attrition, lower return on investment (ROI), and increased negative word-of-mouth.

Significant resources are being spent by organizations on trying to fix problems when they arise as happy customers are likely to stay with the firm and tell others about their positive experience, and even recommend the organization to their friends and acquaintances (Reichheld, 2003). In their 2003 article entitled “Customer Care: The Multibillion Dollar Sinkhole – A Case
of Customer Rage Unassuaged”, the Customer Care Alliance (CCA) compared their most recent study results with a White House-sponsored study conducted in 1976 that found effective complaint handling practices produced high ROI’s. The CCA made the following observations:

This research led corporate America to invest billions of dollars in upgraded consumer affairs departments (call centers, increased remedies, CRM, satisfaction measurement, etc.). The good news is that effective customer complaint handling is associated with high levels of brand loyalty and profitability. This supports the conclusion of the White House study. However, ineffective policies lead to decreased levels of brand loyalty and negative ROI’s. Unfortunately, the 2003 study found that most complaint handling practices are ineffective and contribute to negative customer emotions such as anger and even customer rage.

In a similar vein, SOCAP (The Society of Consumer Affairs Professionals in Business Australia Inc), the initiator of the landmark 1995 American Express Study of Consumer Complaint Behavior (TARP), carried out the first comprehensive Consumer Emotions Study in Australia (SOCAP, 2003) involving nine major Australian organizations and 4,000 consumers from around the nation. A key finding of the study was that very dissatisfied customers expressed negative emotions such as disappointment, anger, frustration, feeling neglected and disgusted. Only 14 per cent of the consumers who contacted the respective organization were completely satisfied with the organization’s response (SOCAP, 2003). The majority of consumers were not satisfied and expressed potentially destructive emotions such as anger, annoyance, frustration, feeling cheated, disgusted and exasperated.

Definitions of Customer Emotions
Just as the organizational behavior researchers cannot agree on a single definition of emotion (Ashkanasy, Hartel & Zerbe, 2000) given the different theoretical perspectives, various definitions of customer emotions exist. Bagozzi et al. (1999, p.184) provide a broad definition of emotion as “… a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically (e.g., in gestures, posture, facial features); and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it.” Bagozzi et al. (1999) define “affect” as an umbrella term encompassing emotions and moods (and possibly attitudes). Erevelles (1998) defines affect as a “valenced feeling state”, which encompasses mood and emotions, “mood” as “relatively low in intensity and usually unassociated with a stimulus object. Emotion, on the other hand, is defined by Erevelles as being “higher in intensity, and is usually associated with a stimulus object.”

Negative Customer Emotions Following Unsatisfactory Service Encounters: Key Findings

Service encounters are first and foremost social exchanges where customers’ (and employees’) egos, sense of self-concept, self-esteem, and sense of fairness (justice) (Schneider & Bowen, 1995) are on the line. As a result, any unsatisfactory service encounter has the potential to quickly generate negative emotions and consequent behaviors. The importance of understanding and appropriately dealing with negative emotions particularly those in the rage spectrum has been long recognized by doctors, psychologists, and other health professionals because of the potential harmful consequences to the individual as well as others.
Drawing on the work of cognitive theorists, namely Izard (1991), Lazarus (1991) and Weiner (1985), Stephens and Gwinner (1998) argue that different types of emotions are produced from the consumer’s assessments of whether the source of the negative encounter is external, situational or internal. As such, emotion can be regarded as an outcome of a stressful cognitive appraisal (Lazarus, 1991). If blame is viewed as external, for example, the organization was to blame because they did not make a reservation even though the customer had telephoned to make the booking and the organization said they had a vacancy when the customer talked to them on the phone, anger, disgust and contempt are likely emotions (Stephens & Gwinner, 1998; Nguyen & McColl-Kennedy, 2003). If the blame is viewed as situational, outside the organization’s control, such as an electrical storm cutting off power, or failure to supply a service such as a scuba diving expedition because of bad weather, then sadness and or fear is likely to be felt by the customer. However, if the blame is attributed to the customer (internal), then shame and or guilt can be expected to be felt by the customer. For example, perhaps the customer did call the organization to make a reservation but made a mistake and told the person taking their phone call the wrong date. Folkes, Koletsky and Graham’s (1987) study found support for this in that airline passengers who believed that the airline was responsible for the delay in the flight felt anger at the organization and this resulted in a desire to complain to the organization responsible.

Customer Anger

Physiological changes take place when emotions are experienced. For example, anger, anxiety, and stress produce tenseness, perspiration, sweaty palms, red face, increased heartbeat and heavier breathing (Renshaw, 2002; Scherer, 1993). Although anger is a frequently experienced emotion, anger in itself may not be that harmful. Rather, it is the way individuals express that anger initially in the anger-producing episode and subsequently in behaviors that is
important (Deffenbacher et al., 2002). Intensity of the emotion is also critical because if anger is excessive, it can be harmful to the individual and may even become lethal if anger turns to rage. Intense anger and rage can result in harmful, destructive behaviors such as violence, vandalism, physical injury to one’s self and/or to others and even planned retaliation (e.g., destruction, disruption, theft, psychological harassment) (Deffenbacher et al., 2002; Grove, Fisk & Joby, 2004; Harris & Reynolds, 2003; Huefner & Hunt, 1995). Evidence of the impact of extreme anger is demonstrated by a recent rage incident in which a dissatisfied customer in Thailand (a country where open displays of emotion are shunned) destroyed his defective Toyota truck with an axe after the company continued to ignore his claims (Viriyapanpongsa & Varghese, 2005). Yet, there is also evidence that if anger is suppressed, it may produce increased tenseness, increased heart rate, and increased blood pressure (Holt, 1970).

**Customer Rage**

Anger and happiness are considered to be the two major basic emotions (Scherer, 2004). Anger has received particular attention as it is frequently experienced in a business setting (Scherer, 2004; Fitness, 2000) and can escalate into outrage and rage with dire consequences. However, marketing researchers and practitioners are just beginning to see the need to understand the rage spectrum, particularly due to increasing incidences of customer rage (Grove et al., 2004) and the associated negative short and long term consequences (Huefner & Hunt, 1995) for the individual concerned, the employees, and other customers who may be present.

The rise of this new and disturbing phenomenon known as “customer rage” has received much attention in the popular and business press. It was spawned by an article in *The Wall Street Journal* (Spencer, 2003) which chronicled some results from a study showing that 36% of customers admitted to raising their voice, yelling, and/or cursing at a service employee, and 45%
of surveyed households reported at least one “serious problem” in the past year, with more than two-thirds experiencing “rage” over the way their incident was handled. Incidences of customer rage (some culminating in physical assault and even murder of employees) are becoming commonplace in service encounters. However, most organizations are ill-equipped to deal with these potentially dangerous situations because little is known about the causes, contexts, and consequences of customer rage, not to mention the most appropriate organizational responses (Grove et al., 2004).

Customer rage may be defined as an intense or extreme emotional reaction to dissatisfying elements of a service experience. Customer rage spectrum emotions may include feelings of exasperation, anger, fury, wrath, rage, outrage, hostility, ferocity, hate, spite, vengefulness, etc. but should not include lower-level forms of anger or other negative emotions such as frustration, irritation, agitation, and annoyance. This conceptualization incorporates concepts drawn from a broad range of literature spanning from the clinical management of interpersonal rage in domestic relationships (e.g., Renshaw, 2002) to behavioral psychology research related to anger expression in driving (e.g., Deffenbacher et al., 2002; Lawton & Nutter, 2002) and road rage (Novaco, 1991).

Customer rage is a serious threat to companies and to society and clearly has both economic and social consequences. In July 2003, Jan Quintrall, president of the Better Business Bureau, wrote an article in The Spokesman Review entitled “Consumer Rage Should Not Be Rewarded!” outlining the consequences of these incidents for both service employees and businesses (Quintrall, 2003). Service employees are increasingly the victims of customer rage. For example, Barnett (2003) reports that each month bus drivers file hundreds of complaints with Seattle’s Metro authorities about verbal harassments, property damage, and other threatening and
dangerous behaviors by customers. Some examples included one passenger who yelled and kept banging his body against the coach, another who belligerently refused to pay a fare and blocked the front door of the bus after being told by the driver that he was not allowed to bring a large stackable lawn chair onto the bus, and another who slept past his stop and then when the driver would not return to the stop he harassed and loudly threatened the operator’s job by calling the operator’s supervisor on a mobile phone.

The increasing recognition of the importance of early detection of customer rage is demonstrated in new software being adopted by Fortune 500 companies that uses algorithms to detect rising levels of anger in callers that triggers a recording device and sends an alert to managers so that they can attempt to intervene and prevent escalation to customer rage (Chabrow, 2005). The program was developed by an Israeli company at a cost of over US$30 million.

Organization-Directed Outcomes

Previous work (Smith & Bolton, 2002; McColl-Kennedy & Sparks, 2003) has shown that customers who experience intense negative emotions may go to considerable lengths to “pay back” or “get even” with organizations who have wronged them (Bechwati & Morrin, 2003), even when the dollar amount of the original problem is very small (Bennett, Hartel & McColl-Kennedy, 2005). These aggrieved customers may undertake a range of behaviors: (1) complain to an employee or manager of the organization in a calm manner; (2) scream abuse at the service provider (employee); (3) complain to a third party (e.g., Consumer Affairs); (4) spread negative word-of-mouth to family and friends; (5) seek revenge through non-violent means (e.g., exit, switch, boycott); (6) damage organizational property; (7) physically attack employees/other customers of the organization; (8) displace the anger; (9) internalize the anger (e.g., fume). Road
rage research suggests violence was seen as necessary and justified because the perpetrator had been “wronged” and had suffered an injustice, and that this injustice had to be made “right”. Since individuals experiencing rage emotions often feel that the offender needs to be “taught a lesson,” retaliatory behavior towards organizations is often a consequence. Furthermore, it is clear from literature in psychology and sociology that anger results from a sense of injustice about what “should” and “should not” be done and that the provocateur is to blame and therefore should be punished (Indermaur, 1998). Indeed, the highest levels of anger were found when an event was viewed as intentional and personal (Lawton & Nutter, 2002). Consistent with these findings, work by McColl-Kennedy, Smith and Patterson (2005) and McColl-Kennedy and Sparks (2003) found that cognitive assessments of a service failure triggered negative emotions such as anger, annoyance, and frustration and that customers appeared to engage in counterfactual thinking, i.e., thinking about what might have been. Results suggest that when customers felt that the service provider did not follow acceptable standards of what “should” have been done, the customer’s negative emotions increased noticeably and if the customer perceived that they had been treated unfairly, their negative emotion escalated.

Measurement, Modeling, and Management of Customer Emotions

Measurement of Customer Emotions in Service Failure and Recovery Encounters

Due to the lack of agreement and consistency in the definitions of emotion and the general tendency of consumer behavior and marketing researchers to rely on precedence (primarily based in psychology) when choosing measures for customer emotions, there is little consensus regarding how best to approach the measurement of customer emotions. For instance, many empirical studies of customer emotions have employed Izard’s (1977) Differential
Emotions Scale (DES II), which consists of 30 items representing ten fundamental emotions: interest, joy, anger, disgust, contempt, shame, guilt, sadness, fear, and surprise. Customers are usually asked to what extent they have experienced these emotions on a scale ranging from “almost never” to “very often.” This scale typically results in a two-dimensional (positive and negative affect) representation of customer emotions.

Plutchik (1980) took a similar approach to emotion measurement by identifying eight “primary” emotions (consisting of fear, anger, joy, sadness, acceptance, disgust, expectancy, and surprise) and then developed an Emotions Profile Index (Plutchik & Kellerman, 1974) containing 62 forced-choice emotion descriptor pairs. Shorter versions of this scale were subsequently developed, adapted, and tested in a consumption context by Havlena and Holbrook (1986) and by Holbrook and Westwood (1989).

The emotions included in these scales also correspond to Ekman’s (1994) characterization of a set of specific, discrete emotions that includes fear, anger, sadness, joy, love, and affection, and Shaver, Schwartz, Kirson & O’Connor’s (1987) list which includes love, joy, surprise, anger, sadness, and fear.

Another approach has been to measure emotional responses based on three (nearly) independent dimensions of pleasure, arousal, and dominance using the Pleasure, Arousal, Dominance (PAD) scale developed by Mehrabian and Russell (1974). Pleasure/displeasure distinguishes the positive-negative affective quality of emotional states, arousal/non-arousal refers to a combination of physical activity and mental alertness, and dominance-submissiveness is defined in terms of control versus lack of control. Specific emotions are inferred based on a customer’s score as represented in a three-dimensional PAD emotion space. For example, “happy” is high on pleasure, moderate on arousal, while “angry” is high on displeasure, high on
arousal, and moderate on dominance. Therefore, the 18-item semantic differential PAD scale does not measure emotions per se but rather the perceived pleasure, arousal and dominance elicited by the stimuli. The PAD approach has been used to measure emotional responses to marketing stimuli such as atmospherics. Although some recent studies have used this three dimensional approach to measure customer affect (Foxall & Greenley, 1999; 2000; Foxall & Yani-de-Soriano, 2005), it has generally been replaced by Russell’s (1980) derivative: the circumplex model. This model assesses customer affect along just two of the original dimensions, namely pleasure and arousal, as dominance is believed to be an underlying dimension of cognition and perception (Donovan, Rossiter, Marccolyn & Nesdale, 1994; Russell, 1980; Russell & Pratt, 1980).

Others have used the positive affect negative affect scale (PANAS) (Mano & Oliver 1993; Watson, Clark & Tellegen, 1988) which consists of twenty items representing specific positive and negative emotions scored on a 5-point scale that asks customers to indicate the degree to which they feel each emotion on a 5-point scale anchored by “very slightly, not at all” to “extremely” for a given time period (ranging from at the moment to past few days to past week to year to general). Therefore, this scale seems to be more suited for trait measures of affect than emotions related to a specific situation. It has been shown that state measures of affect vary over time and have a more dynamic influence on individual behavior (Schmukle, Egloff & Burns, 2002).

Finally, Richins (1997) demonstrated that many commonly–used direct measures of emotion (e.g., scales developed by Batra & Holbrook, 1990; Edell & Burke, 1987; Izard, 1977; Mehrabian & Russell, 1974; and Plutchik, 1980) are unsuited for the purpose of measuring consumption-related emotions. She specifically pointed out the limitations of these measurement
scales and also argued that some emotions used in the psychology and organizational behavior literature are irrelevant in marketing (consumer) contexts and that scales used to measure emotional responses to advertising are not designed to capture specific emotion states experienced during consumption. Therefore, Richins (1997) developed a consumption emotions set (the CES) representing the range of emotions consumers most frequently experience in consumption situations: anger (frustrated, angry, irritated); discontent (unfulfilled, discontented); worry (nervous, worried, tense); sadness (depressed, sad, miserable); fear (scared, afraid, panicky); shame (embarrassed, ashamed, humiliated); envy (envious, jealous); loneliness (lonely, homesick); romantic love (sexy, romantic, passionate); love (loving, sentimental, warm hearted); peacefulness (calm, peaceful); contentment (contented, fulfilled); optimism (optimistic, encouraged, hopeful); joy (happy, pleased, joyful), excitement (excited, thrilled, enthusiastic); surprise (surprised, amazed, astonished) and “other items” (guilty, proud, eager, relieved).

For the CES items, customers indicate how much a specified consumption situation made them feel each emotion on a 4-point response scale (“not at all,” “a little,” “moderately,” “strongly”). Richins (1997) acknowledged that the CES represents a relatively broad but not exhaustive set of consumption emotion states and that some of the emotions included in the CES may be irrelevant to some phenomena studied in consumer research. The CES scale has subsequently been adapted and used in many empirical studies related to emotions in consumption situations (e.g., Ruth, Brunel & Otnes, 2002). In studies of emotional contagion between customers in café/restaurant consumption settings, Tombs (2005) and Tombs and McColl-Kennedy (2005) measured customer emotions using Richins’ CES scale. These studies found that Richins’ consumption emotions outperformed PAD in terms of the variance explained by environmentally induced emotions influencing repurchase intentions.
As service encounters are a type of consumption-related situation, it seems that the CES scale may represent the most appropriate starting point for the measurement of customer emotions using a verbal scale. However, while consumer behavior and marketing researchers have traditionally relied on structured adjective-type scales to measure customer emotions, other techniques have also been employed. For example, measuring emotion via content analysis of verbal protocols (thought listings) is a technique that has been successfully used by other researchers (e.g., Fiebig & Kramer, 1998) and has been specifically applied in a study of the effects of customers’ emotional responses to service failure and recovery encounters (Smith & Bolton, 2002). Because the use of words as descriptors to represent the underlying emotions felt by customers may be dependent upon their level of competence in articulating feelings or understanding the distinctions between similar emotional labels and descriptors, some researchers employ non-verbal cues in the measurement of emotions by using the coding of facial expressions (e.g., Derbaix, 1995; Ekman & Friesen, 1975; Kunin, 1955; 1998). Another approach to using non-verbal cues was applied in a study of service encounters by Mattila and Enz (2002) who captured displayed emotions via an index that measures the mechanics of expressed emotions and is composed of eye contact, smiling, and thanking behaviors (see Rafaeli & Sutton, 1989; Sutton & Rafaeli, 1988). The limitations of scales that use non-verbal cues are that they cannot adequately capture specific emotions and they may require respondents to have a high level of emotional intelligence.

The use of verbal, self-report measurement approaches have several advantages including ease of administration and analysis and the ability to distinguish between different types of emotions. However, they also have certain drawbacks such as customers’ inability to identify their emotions, tendency to rationalize their emotions, and reluctance to share their emotions. In
addition, these types of measures require both memory and cognitive effort. Consequently, some researchers employ non-verbal approaches that involve physiological, autonomic methods such as galvanic skin response, pupil dilation, and continuous process tracing methods. Although these methods have been helpful in measuring emotional responses to advertising they would be very difficult to use and administer in a service encounter situation and they cannot be used to distinguish among specific emotions.

In studies of customer emotions involving service failure and recovery encounters, it is also important to clarify that the focus is primarily on stimulus-induced emotion (i.e., emotions that arise from a stimulus, which in this case would be the service failure) (Shiv & Fedorikhin, 1999) rather than task-induced emotion (i.e., emotions that arise directly from the structure or difficulty of the decision task itself) or ambient emotion (i.e., emotions that arise from background conditions such as fatigue or mood) (Isen, 1997; Yates, 1990). Another key aspect of service failure and recovery encounters, is that while customers’ responses may be affected by their general emotional state (i.e., positive, neutral, or negative), it is also likely that their responses would be influenced by the type and intensity of discrete emotions (such as anger, disappointment, anxiety, etc.) that underlie their overall affective condition. A final consideration in the measurement of customer emotions in service failure and recovery encounters is that there is a temporal aspect to account for in that customers’ emotions may change dramatically over the course of the encounter (i.e., after the failure versus after the recovery, depending on the effectiveness of the recovery, and depending on the duration of the encounter and the amount of time that lapses between the failure and the recovery or lack thereof). Therefore, in sum, all of these unique aspects of service recovery encounters suggest that multiple methods and a longitudinal, dynamic approach may be required to fully capture the
nature and level of customer emotions.

**Modeling of Customer Emotions in Service Failure and Recovery Encounters**

In prior research models of customer satisfaction and other post-purchase processes, researchers have treated emotion as a mediator, a moderator, and as an independent variable. Because service failure and recovery encounters involve many different aspects and attributes, and occur over a period of time, there are various potential sources of positive and negative emotions. During a service encounter, emotions can also be related to past experiences with the type of service, past experience with the particular service provider, or to employee behaviors, the behavior of other customers, or to the customer’s own behaviors. Emotion has been posited as a mediator between cognitive evaluations (such as expectations, performance, or disconfirmation) and customer satisfaction (Oliver, 1993b; Oliver & Westbrook, 1993). In a study of service failure and recovery encounters in the hospitality industry, Smith and Bolton (2002) found that emotion moderates the effects of recovery performance and other cognitive antecedents on service encounter satisfaction and that customers who respond with more emotion to service failures seem to process information more systematically and thoroughly. Andreassen (1999; 2000) found that initial negative emotion triggered by a service failure had a negative impact on customers’ satisfaction with the organization’s complaint resolution efforts and stimulated exit behavior. Other researchers have also demonstrated that emotion can contribute independently to satisfaction after accounting for the effects of cognitive antecedents (Oliver 1993b; Smith & Bolton, 2002). Therefore, in models of service failure and recovery encounters, emotions can directly and/or indirectly influence customers’ perceptions, evaluations, satisfaction judgments, and behaviors.
Management of Customer Emotions in Service Failure and Recovery Encounters

Front-line service employees are critical to the management of customer emotions, not only because they are the ones who can observe and respond to customers during service encounters, but also because employee behaviors are often the trigger or cause of customer emotions stemming from service encounters, especially those involving service failure and recovery. Therefore, the services management literature tends to focus on human resource issues in terms of managing customer service and service quality (e.g., Bateson, 1995; Bowen, Schneider & Kim, 2000). Prior research has also shown that displayed emotions serve as cues (Rafaeli & Sutton, 1990) which can enable employees to respond more appropriately and effectively to customers during service encounters.

Dubé and Menon (1998) argue that, if customers express negative emotions and the service provider successfully decodes them, then the service provider can change his/her performance and create higher levels of service encounter satisfaction. They cite evidence from several studies that suggests that service providers have been able to successfully employ these strategies in specific consumption situations such as hospitalization and delayed airline flights. This notion is consistent with prior research that has stressed how the social aspects of service encounters (personalization, friendliness, self-disclosure) are critical to customer satisfaction and loyalty (e.g., Goodwin & Gremler, 1996). Thus, knowledge of the impact of emotions experienced by customers during service failure and recovery encounters can help managers to engineer the service delivery process to maximize satisfaction.

They can do this by hiring employees with the ability to decode emotional cues and also by providing training to enhance this ability in current employees. In other words, employees should be able to recognize when customers are angry, disappointed, anxious, etc. Dubé and

Menon (1998) argue that customers express negative emotions using distinct patterns of facial, postural, vocal and verbal cues corresponding to discrete negative emotions. If such cues are not evident, service providers should encourage customers to verbalize their emotions so they can be recognized. Dubé and Menon (1998) and Tombs (2005) also suggest that empathic reactions such as “mimicking” customers’ displays of negative emotions may give the service provider an opportunity to guide the customer towards a satisfactory service outcome. Finally, because customers exhibit varying types and levels of negative emotions during service failure and recovery encounters, providers should be trained to offer customized recovery efforts directed at improving the more emotional customer’s situation on multiple dimensions by making an array of tools and resources available to front-line service employees (e.g., offers of compensation, goodwill gestures, apologies, timely response, empowerment, empathizing with the customer, taking the perspective of the customer and thinking counterfactually) (McColl-Kennedy & Sparks, 2003).

Relationship Between Customer Emotions and Cognitions

While there are varying theories and views about the distinction between and the nature of the relationship between cognition and affect, it is generally accepted that the two are somehow interdependent. Emotions have been shown to influence various aspects of cognitive processes including perceptions, evaluations, judgments, and behavioral intentions. Linkages have also been established between emotions and repurchase intentions (Oliver, 1997). Bagozzi et al. (1999) and Erevelles (1998) detail some of the effects that an individual’s emotional state can have on memory, categorization, evaluations, attitudes, decision-making, and information
processing as well as on post-purchase processes, volitions, and behaviors (see also Dubé, Ferland & Moskowitz, 2003).

Therefore, while marketing and consumer researchers had typically taken the view that customers’ evaluations are primarily based on cognitive-based assessments, subsequent research has established that independent positive and negative affective dimensions directly influence satisfaction and other post-purchase processes and that these affective responses account for a significant amount of variance in customer responses, over and above traditional cognitive explanations (Westbrook, 1987). Emotions have also been shown to sometimes provide judgmental responses that are potentially faster, more predictive, and more consistent across individuals (Pham, Cohen, Pracejus & Hughes, 2001). In addition, Bagozzi et al. (1999) argue that when processing of information is low (e.g., due to low motivation or involvement), affect has a direct and larger influence on attitude than cognition and even when information processing is high, affective state influences cognitive thoughts and, ultimately, evaluations. Finally, prior research also suggests that, for services high in experience or credence properties, customers may rely heavily on their affective reactions to derive satisfaction judgments (Alford & Sherrell, 1996). Therefore, in service failure and recovery encounters, we would expect emotions to have both direct and indirect influences on customer responses and behaviors.

**Emotions and Customer Satisfaction**

Customer satisfaction is considered to be a key outcome of service encounters whereby a comparison is made between expectations and actual performance (Oliver, 1980; Yi, 1990). In addition to expectations, performance, and attribute satisfaction, positive and negative affect have also been shown to be important determinants of customer satisfaction (Mano & Oliver, 1993; Oliver, 1993a; Westbrook, 1987; Westbrook & Oliver, 1991). Therefore, although early
models of customer satisfaction focused mainly on cognitive processes to understand and explain customer satisfaction, it is now clear that emotions play a major role in customers’ satisfaction judgments (Erevelles & Leavitt, 1992; Mano & Oliver, 1993; Yi, 1990), and particularly in customer satisfaction with service encounters (Liljander & Strandvik, 1997; Matilla & Enz, 2002; Smith & Bolton, 2002).

Research has shown that satisfaction judgments contain both cognitive and affective components and that affective responses can have a larger influence on customer satisfaction than cognitive evaluations (Dubé-Rioux, 1990; Mano & Oliver, 1993). For example, recent research has demonstrated that negative emotions displayed over service encounters involving customer penalties explains more variance in dissatisfaction judgments than disconfirmation does (Kim & Smith, 2005). Oliver (1993a) has not only shown that positive and negative affect are associated with satisfaction judgments, but also that attribute satisfaction influences affective responses such that these emotional responses act as a mediator in the relationship between attribute satisfaction and overall satisfaction. Therefore, we would expect that in service failure and recovery encounters, customers’ responses will be largely driven directly and indirectly by emotions and that individual attributes of the service encounter may evoke different emotions that will ultimately affect satisfaction judgments and other post-purchase behaviors.

*Emotions and Service Encounter Evaluations*

Services researchers generally consider satisfaction and service quality from a cognitive perspective, viewing both concepts as post-consumption cognitive processes. Satisfaction and service quality levels traditionally have been assumed to be directly and positively related to the level of disconfirmation (Liljander & Strandvik, 1997; Zeithaml et al., 1993). Yet Strandvik (1994) found an asymmetrical relationship suggesting that customers have a zone of tolerance.
Falling below this level has a greater impact on customers than when this level is exceeded. Price, Arnould and Deibler (1995) found that negative emotions were generated when there was a failure by the service provider to provide the customer with a minimum standard considered by the customer to be appropriate for that service. While a strong positive emotion does not explain satisfaction, strong negative emotions can be associated with dissatisfaction (Liljander & Strandvik, 1997).

But it is important to recognize that a single encounter, particularly an extended service encounter, such as a shopping trip or a stay at a hotel or resort may elicit a number of different emotions and that negative emotions do not always result in dissatisfaction (Dubé & Menon, 2000; Liljander & Strandvik, 1997). For example, a consumer may experience excitement about going shopping only to find that the sales person is rude to the consumer which makes them feel angry, and because the store has sold out of the size of shirt the customer needs, the customer feels sad and disappointed. Further, consider a customer who goes to see a film or the opera. The film/opera may make the customer feel sad and/or angry, but the customer may be simultaneously satisfied, possibly even very satisfied, with the film/opera itself (Liljander & Strandvik, 1997). Furthermore, Arnould and Price (1993) found that customers who experienced extreme negative emotions and customers who experienced extreme positive emotions both reported having high levels of satisfaction with a river rafting experience.

In a study of credence-based services (which are the most difficult for customers to evaluate), Alford and Sherrell (1996) propose that there may be two sources that may elicit customer emotions – the service itself and the focal service provider. Specifically, they found that both types of affect had an influence on customers’ perceptions of performance, which, in turn, affected satisfaction judgments. In addition, Price et al. (1995) found that in a study of
service encounters extra attention by a service provider tends to induce positive emotions in customers while failing to meet minimum standards lead to negative emotions. Similarly, Mattila and Enz (2002) found that even in mundane, low-involvement service encounters, employee actions can affect customer emotions and that customers’ displayed emotions are associated with both their service encounter evaluations and overall assessments of the firm.

Moreover, Muller, Tse and Venkatasubramaniam (1991) propose that customer emotions are present in all aspects of a service encounter, including pre-purchase, interaction, and post-purchase phases. Liljander and Strandvik (1997) argue that this conceptualization can be extended to encompass a relationship perspective consisting of several encounters, where evaluations and emotions associated with each episode serve as inputs for the next encounter. Thus, based on prior research, it seems that customer emotions in service failure and recovery encounters should be studied in terms of: the different emotions that can be elicited by the service itself as well as the various employee actions over the course of the service encounter; the effects of customer emotions on different types of evaluations such as performance, service quality, and satisfaction judgments; and the influence of these emotions on both encounter-level and relationship-level assessments of the service provider.

Emotions and Attributions

Attribution theory accounts for how people make causal inferences, and previous studies show that inferred reasons for events influence customer responses and satisfaction judgments (Blodgett, Granbois & Walters, 1993; Dubé & Menon, 2000; Folkes, 1984; Heider, 1958; Jones & Davis, 1965; Kelley & Michela, 1980). Researchers have suggested that attributions of locus (i.e., party or event responsible for causing the situation), control (i.e., degree of control over the situation), and stability (i.e., likelihood of the situation occurring again) will affect customer
emotions and that attribution-driven emotions will vary depending on whether outcomes (e.g., as in service encounters) are positive or negative (Folkes, 1988; Oliver, 1989). Specifically, Oliver (1993b) posits that locus of control will affect customer emotions (and ultimately satisfaction). Also, recent research has demonstrated that attributions of controllability and stability have a significant direct influence on the cognitive and affective antecedents of dissatisfaction (Kim & Smith, 2005) in service encounters involving customer penalty incidents.

Therefore, attribution theory may be helpful in explaining customers' responses to service failure and recovery encounters, since research shows that negative events (e.g., service failures) elicit more attributional search and longer survey of causal information than positive or neutral events (Peeters & Czapinski, 1990; Wong & Weiner, 1981). As attributions are important in service failure and recovery encounters (see Sparks & Callan, 1996), it is important to include the influence of attributions and explore the specific role of these effects in models involving customer emotions and satisfaction with such incidents.

Emotional Contagion

Emotional contagion may be defined as the tendency to converge emotionally with others due to exposure to their displayed emotions, that is, if one can observe the emotions of others it is possible that these displayed emotions will influence that individual’s affective state and subsequent behaviors (Hatfield, Cacciopo & Rapson, 1994; Levy & Nail, 1993). Organizational behavior studies have demonstrated that emotional contagion occurs in work environments between employers and employees, between employees and employees (Ashforth & Humphrey, 1995; Barsade, 2002; McColl-Kennedy & Anderson, 2005), and in service environments between employees and customers (Hochschild, 1983; Howard & Gengler, 2001; Pugh, 2001;
Tsai, 2001). Hochschild (1983) suggests that for positive customer emotions to be produced, employees must create and display positive emotions themselves (Tombs & McColl-Kennedy, 2003). Such a positive affective climate created by employees “infecting” customers with positive emotions will help to achieve important organizational objectives (Hochschild, 1983; Sutton, 1991; Sutton & Rafaeli, 1988). For example, Pugh (2001) showed that in a study of the interaction between bank tellers and their customers, positive emotions displayed by employees correlated with both the customer’s positive affective state and their subsequent positive evaluation of the interaction. Furthermore, other studies have demonstrated that emotional contagion between employees and customers influences the customer’s attitude toward products (Howard & Gengler, 2001), customer satisfaction (Brown & Sulzer-Azaroff, 1994; Homburg & Stock, 2004) and repurchase intentions (Tsai, 2001). Furthermore, a recent study by Tsai and Huang (2002) showed that employee affective delivery (EAD), which refers to an employee’s “act of expressing socially-desired emotions during service transactions” (Ashforth & Humphrey, 1993, pp. 88-89), had an influence on customer in-store emotional responses and behavioral intentions in retail environments.

Customers should not be regarded as “receptive objects” but rather as individuals who experience and display a range of emotions which can impact on others in the environment (Hatfield et al., 1994; Tombs & McColl-Kennedy, 2003). Holt (1995) showed that, in socially oriented settings, the displayed emotions of the individuals (baseball spectators) tended to become communal emotions and play a major part in the consumption experience. Furthermore, emotional contagion between customers is thought to be a significant factor in influencing both specific customer behaviors and the overall atmosphere of an environment (Tombs & McColl-Kennedy, 2003). This is demonstrated in a recent qualitative study by Tombs (2005), in which
customers described how they were influenced by the emotions of others around them. As one customer explained, “…what I can say about the moods is that we generally consider the whole experience of going to a restaurant is a function of the food we eat plus the sort of atmosphere is created. So we are conscious of other people’s mood and the service quality and how that influences people’s moods and how moods relate to the general atmosphere. In that sense the mood acts as a ….something that makes the experience more enjoyable or not.” Another customer stated that, “I witnessed an argument with a customer and a waitress in a Chinese restaurant. I don’t know what the cause was, but it was disruptive, it was unpleasant. You could sense that the mood in the restaurant dampened and it lingered even after the person left. I felt uncomfortable. And then I think we left earlier otherwise we may have lingered and ordered dessert. It took us actually quite a while before we went back.” In this case the customer was recounting a service failure where she had no direct involvement but was infected by the emotions of others present. Further, Tombs (2005) has demonstrated that emotional contagion occurs between customers within the same environment, resulting in significant outcomes for the firm. For example, if the displayed emotions of some of the other customers are negative (such as anger and/or frustration), these emotions are likely to infect nearby customers and result in negative outcomes for the organization including negative word of mouth and customers being less likely to return and less likely to recommend the organization to others.

Tombs and McColl-Kennedy (2005) showed that when customers were exposed to overtly positive emotions the customers experienced congruent positive feelings (contagion) or incongruent negative feelings (counter-contagion). When the customer’s purchase occasion was a social or group occasion (such as a group birthday in a restaurant setting), they were more likely to enjoy the displays of positive emotions as this was seen as adding to the social
atmosphere. On the other hand, if the occasion for which the customer purchased the service was private (such as a business meeting in a restaurant), then these customers appeared to resent the intrusion of emotions displayed by others, even when they were positive, thus resulting in negative feelings toward the other customers present and the firm.

Individual Differences in Customer Emotions

*Gender*

It is widely acknowledged that leaders/supervisors often express positive emotions such as enthusiasm and optimism to motivate their colleagues as well as negative emotions such as anger and frustration in interactions. McColl-Kennedy and Anderson (2005), in a study of interactions between sales managers and sales representatives, found that gender combinations (male supervisor with male sales representative, male supervisor with female sales representative, female supervisor with male sales representative; and female supervisor with female sales representative) with leadership style produced different levels of frustration and optimism. They found that female manager-female sales representative with transformational leadership style was the best combination for producing positive emotions, self-esteem and commitment to the organization. Conversely, female manager-female subordinate gender combination had the least favorable set of probabilities for positive emotions, self-esteem and organizational commitment. Larsen and Diener (1987) found that some individuals experience greater intensity of emotions when exposed to emotionally provocative stimuli. In a study of gender differences in six emotions across 37 countries, Fischer, Mosquera, van Vianen and Manstead (2004) found that Western men reported more powerful negative emotions (e.g.,
anger), whereas women reported more powerless negative emotions (e.g., sadness and fear). Although men and women reported the same intensity of powerful negative emotions (e.g., anger and disgust) and this finding did not differ across countries, significant differences were found for the negative emotions of fear, sadness, shame and guilt, with women reporting a greater intensity of these negative emotions than men.

Although we are not aware of any published studies on gender differences in customer emotions during failures and recovery encounters, McColl-Kennedy, Daus and Sparks (2003) clearly demonstrated significant differences between men and women regarding how service recovery should be handled. Specifically, the results revealed that female customers wanted to voice their concerns during service failure and recovery attempts, and that this resulted in greater levels of satisfaction and intention to return for women, but not men.

Culture

There is contradictory evidence regarding whether there are cultural differences in the way anger is expressed and demonstrated in behaviors. Lawton and Nutter (2002) found no significant differences in reported levels and expression of anger in everyday and automobile driving situations in terms of nationality of respondents (nationalities included American, European, Canadian, Brazilian, Malaysian, Japanese, and Chinese). In contrast, in a study of interpersonal aggression in Japanese, American and Spanish students, Fujihara, Kohyama, Andreu and Ramirez (1999) found that, although the basic factor structure of the Japanese, Spanish and USA samples was similar, Japanese students showed a lower justification of indirect verbal aggression but a higher justification of direct verbal aggression than the American and Spanish students. Further, physical aggression in defence situations was more common in
Americans. These authors assert that oriental cultures with an interdependent construal of self, seem more permissive of direct verbal aggression compared to Western cultures, but they have less tolerance for indirect verbal aggression. However, among highly collectivist Southeast Asian countries (China, Thailand, Indonesia, Malaysia), public displays of emotion (especially anger) are a clear sign of weakness (Holmes & Tangtongtavy, 1995; Triandis, 1995). Hence there exists a cultural norm of suppressing one’s emotions in all but the direst circumstances. In Thailand, for example, *Jai Yen* (cool heart) is a core value. People learn from a young age to suppress any open displays of emotions such as anger, disappointment, and even frustration. Further, *Kreng* *Jai* (be considerate of others in most circumstances), and the desire for harmony are also core values that reinforce the cultural norm of not openly displaying emotions, especially extreme negative ones (Patterson & Smith, 2001; 2003; Triandis, 1995). However, to our knowledge, no significant cross-cultural empirical research has been conducted on customer rage, or even in terms of negative customer emotions in service failure and recovery encounters.

**Future Research Directions**

While service failure and recovery encounters have received much more attention from researchers over the past several years, there are still many areas that need to be explored in terms of customer emotions associated with such episodes. Therefore, a few avenues for future research in this important area are included here.

First, given the apparent rise in the levels of customer anger, especially in service failure situations and the negative (and sometimes potentially dangerous) consequences that result from such incidents for customers, organizations, and society, it is important to learn more about the triggers of these extreme emotions as well as the handling of such episodes. While anger is one
of the most commonly experienced negative emotions in service encounters, it is surprising that extreme negative emotions such as rage, fury, ferocity, hostility, wrath, vengefulness, outrage (Shaver et al., 1987) have been neglected by consumer behavior and services marketing researchers. Current conceptualizations of consumption-related emotions which limit anger descriptors to “frustrated,” “angry” and “irritated” (Richins, 1997) are inadequate for capturing more intense feelings. Therefore, research is needed to identify, define, and measure customer rage spectrum emotions (as triggered by service failure encounters) to determine how customers express these emotions, to examine how these experiences and expressions ultimately map onto specific behaviors directed toward the organization, and to provide organizations with guidelines for effectively responding to customer rage episodes.

Second, in addition to the overall refinement of scales and use of new techniques that may be needed to more specifically and effectively capture and measure customer emotions, several issues arise in terms of the modeling of customer emotions in service failure and recovery encounters that require further investigation. For instance, the importance of including both satisfaction and emotions in models pertaining to service failure and recovery encounters seems clear. However, the issue of whether satisfaction/dissatisfaction is phenomenologically distinct from certain positive/negative emotions continues to persist. In light of this, Bagozzi et al. (1999) argue that more rigorous empirical investigation is needed that specifies how satisfaction exists uniquely from many other positive emotions and how dissatisfaction can be clearly distinguished from certain negative emotions. In fact, Bagozzi et al. (1999) also suggest that, under certain situations, it is likely that certain positive and negative emotions are more important outcomes of purchase than satisfaction/dissatisfaction, and that the implications of emotional reactions in consumption situations on complaint behaviors, word-of-mouth
communications, repurchase, and other behaviors may differ for various positive and negative emotions and be more relevant than satisfaction judgments per se.

Therefore, an avenue for future research would involve examining the roles of specific emotions and satisfaction in assessing customers’ responses during and after service failure and recovery encounters. In general, it may be also be useful to separate the different specific emotions and study their individual effects on customer responses to service encounters (i.e., satisfaction, complaining behavior, repurchase intentions, word-of-mouth communications, and other behaviors) or to look at patterns of emotions in order to find more varied relationships. Previous studies show that customers can be divided into clusters with different emotional profiles (Westbrook & Oliver, 1991; Oliver & Westbrook, 1993). Liljander and Strandvik (1997) conclude that these different emotional patterns may be related to a satisfaction continuum. Therefore, it would also be useful to identify customer groups with different emotional patterns and determine how these profiles are related to customer responses such as satisfaction. Both of these avenues of research should provide insights that would help managers to strategically leverage specific customer emotions to influence certain responses and behaviors.

Third, because service failure and recovery encounters typically involve mixed emotions, multiple interactions, and have a temporal aspect in terms of the timing and duration of events that occur during the encounter, it is important to examine how emotions change for better or worse over the course of the service encounter, depending on the actions taken by the service employees and how different types of cognitive appraisals correspond to specific emotions experienced by customers. It would also be useful to study how emotions felt during past service failure and recovery encounters influence subsequent evaluations of service encounters as well as more global evaluations of the service relationship and overall assessments of the organization.
In addition, more research is needed to understand the complex nature of customers’ emotional experiences during service failure and recovery encounters and to assess the nature and extent of coping mechanisms that customers can use to deal with negative emotions stemming from such episodes.

Finally, further research is needed to provide insights into the effective identification and management of customer emotions. Some of the keys to advancing knowledge in this area may involve studies that examine the effects of displayed emotions on both customers and employees or the influence of displayed emotions on both customers and employees via emotional contagion. Given that co-production of the service experience involves both the employee and the customer (Vargo & Lusch, 2004), it would be useful to investigate how these emotions are co-produced, specifically the role of emotional contagion for both positive and negative emotions and how emotions change over the course of the interactions between the customer and employee. Further, given that service failures often result in negative customer emotions such as anger, and because anger is one of the most contagious emotions, it is critical to provide guidelines to organizations on how customer-contact employees can respond most effectively in such situations. It is expected that some customers will express emotions differently to others, with some displaying more emotions than others. Research into gender and cultural differences is warranted. Moreover, additional research is also needed to examine the role of emotional expressiveness and emotional intelligence in helping to understand and manage customer emotions in service failure and recovery encounters.
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