Consumer Mood: A Preemptive Approach of Service Recovery
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ABSTRACT

For decades, researchers have attempted to discover methods that deliver successful service recovery results. Most of the methods studied may be seen as defensive approaches – waiting for the service failure to occur first and then reacting. Consumer mood is an interesting factor to research because it has the potential to have an impact on service recovery evaluation. Trying to understand and manipulate consumer mood can be seen as a preemptive approach of service recovery. However, mood receives less attention in research than it should. This paper aims to investigate the causal role of consumer mood in service recovery and proposes a preemptive model of recovery practices. Scenario-based experiment with structural equation modelling is used. A sample of 1,511 university students participated in the scenario-based experiment to manipulate positive and negative moods. The results reveal that there are different influencing factors for consumers with different kinds of mood. The findings may make firms realize that they should be concerned with consumer mental stages not only during and after service failure but also before failures occur. Doing so can help firms create preemptive service recovery practices and increase chances for delivering successful service recovery. This paper extends the frontier of knowledge in consumer service literature by offering a preemptive approach of service recovery.

Keywords: Service Recovery, Mood, Emotion, Service Satisfaction, Scenario-Based Experiment, Structural Equation Modeling, Preemptive

บทคัดย่อ

เป็นเวลานับศตวรรษที่นักวิชาการพยายามค้นหาวิธีพัฒนา การแก้ไขการบริการ (Service Recovery) ให้ประสบผลสำเร็จ ซึ่งวิธีต่าง ๆ ที่พบจากการศึกษาก่อนหน้านี้ มักเป็นวิธีการในเชิงรับ ซึ่งรอให้มีการให้บริการที่ล้มเหลวเกิดขึ้นก่อน แล้วจึงหาทางแก้ไข ปัจจัยหนึ่งที่มีความน่าสนใจในบริบทของการแก้ไขการบริการ แต่กลับถูกละเลยจากการศึกษาก่อนหน้านี้ คือ ปัจจัยทางด้านอารมณ์ของผู้บริโภค (Consumer Mood) ก่อนเข้ารับบริการ เพราะมีความเป็นไปได้ว่าปัจจัยนี้ ส่งผลต่อการประเมินผลของผู้บริโภคที่มีต่อการแก้ไขการบริการ การพยายามทำความเข้าใจและควบคุมอารมณ์ของผู้บริโภคก่อนรับการบริการ จึงไม่ใช่เป็นการแก้ไขการบริการในเชิงรับ แต่สามารถมองว่าเป็นการเตรียมความพร้อมสำหรับการแก้ไขการบริการ ก่อนที่จะมีการให้บริการที่ล้มเหลวเกิดขึ้น งานวิจัยนี้มีวัตถุประสงค์ในการศึกษาความสัมพันธ์เชิงเหตุผลของปัจจัยทางด้านอารมณ์ของผู้บริโภค ที่มีต่อการแก้ไขการบริการ และเสนอตัวแบบเตรียมความพร้อม ที่ใช้ในการแก้ไขการบริการ งานวิจัยนี้มีนักศึกษาจำนวน 1,511 คน เข้าร่วมการทดลองแบบปฏิบัติการสมมุติ (Scenario-Based Experiment) โดยถูกควบคุมอารมณ์ทางบวกและทางลบให้เกิดขึ้น เพื่อศึกษาผลของอารมณ์ต่อผลลัพธ์ของการแก้ไขการบริการ ผลงานวิจัยพบว่า เมื่อผู้บริโภคมีความรู้สึกก่อนเข้ารับบริการที่แตกต่างกัน จะมีปัจจัยที่สามารถส่งผลกระทบต่อการประเมินความพึงพอใจหลังการแก้ไขการบริการที่ไม่เหมือนกัน ผลของงานวิจัยนี้ อาจช่วยทำให้บริษัทต่าง ๆ ตระหนักว่า หากต้องการได้ผลลัพธ์ของการแก้ไขการบริการที่ดี ก็ควรเอาใจใส่ต่อปัจจัยทางด้านความรู้สึกของลูกค้า ไม่เพียงแต่เฉพาะเมื่อมีการให้บริการที่ล้มเหลวเกิดขึ้นแล้วเท่านั้น แต่ควรเอาใจใส่ต่อปัจจัยดังกล่าวตั้งแต่ก่อนมีการให้บริการที่ผิดพลาดเกิดขึ้น งานวิจัยนี้ขยายขอบเขตความรู้ในศาสตร์ของการให้บริการสู่ผู้บริโภค โดยเสนอวิธีการเตรียมความพร้อมให้กับการแก้ไขการบริการ ซึ่งนอกจากจะเพิ่มโอกาสในการแก้ไขการบริการให้ประสบผลสำเร็จมากขึ้นแล้ว ยังทำให้การแก้ไขการบริการ ไม่ได้เป็นเพียงการแก้ไขการบริการในเชิงรับอีกต่อไป

คำสำคัญ : ความรู้สึกของผู้บริโภค การแก้ไขปรับปรุงการบริการ การตลาดบริการ ความพึงพอใจของผู้บริโภค

1.INTRODUCTION

It is broadly accepted that service failures are an inevitable occurrence in all firms, especially for service businesses. Failure to keep customers satisfied may bring huge losses to a firm because of the loss of customers to competitors. In the worst case, negative word of mouth about service failures may spread (James G. Maxham Iii, 2001), potentially a huge future cost to a firm. This is why the concept of "service recovery" – regaining consumer satisfaction in failure situations – has received increasing attention by many firms and researchers. Firms should realize that poor recovery efforts will not only fail to retain customer satisfaction, but also intensify the negative impacts of the service failure (Bitner, Booms, & Mohr, 1994). As a result, service recovery is not an insignificant issue, and firms should ensure the delivery of effective service recovery to their customers. Therefore, understanding all factors affecting consumer satisfaction evaluation regarding a firm's recovery practices is critical.

Seeking to understand these factors, many scholars rely on well-known theoretical bases of service recovery, such as the equity or perceived justice theory (Clark, Adjei, & Yancey, 2009; Yim, Gu, Chan, & Tse, 2003) and the expectancy-disconfirmation paradigm (Andreassen, 2000; McCollough, Berry, & Yadav, 2000). Both concepts mainly focus on consumer cognitive aspects. However, in situations relying on evaluative judgments, the consumer responding process not only relies on cognition, but also depends on affection (Schiffman & Kanuk, 2007). The reason is that the concept of consumer satisfaction evaluation in a service recovery context is closely related to consumer behavioral response (Cronin & Taylor, 1992; Oliver, 1993b). As a result, consumer behavioural response has both cognitive and affective aspects, and therefore satisfaction is believed to have an affective dimension as well. Without affection, the consumer response to service recovery satisfaction evaluations cannot be fully understood (Liljander & Strandvik, 1997). Hence, consumer affection should be considered as one of the important aspects in the service recovery context, where the consumer evaluation plays a crucial role on judgment of satisfaction outcome. Figure 1 shows the factors influencing consumer satisfaction evaluation in the service recovery context.
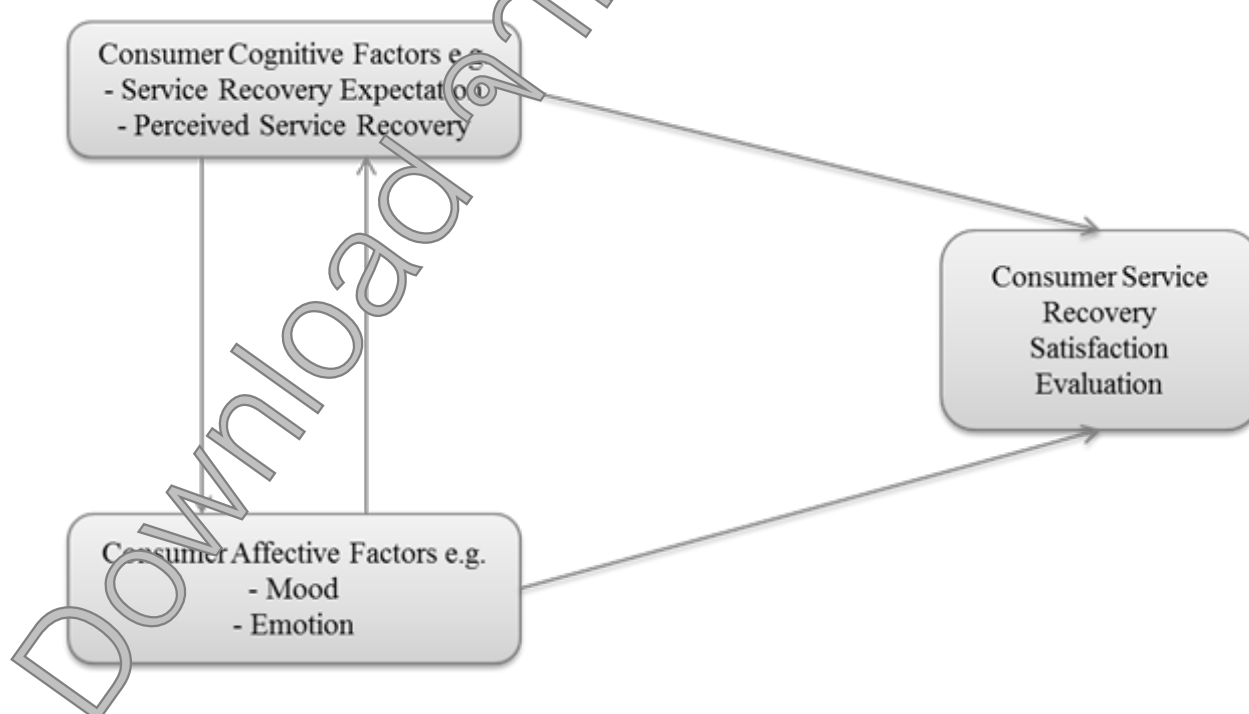
Figure 1: Concept of Consumer Satisfaction Evaluation in Service Recovery

An important limitation of past service recovery research, which mainly focuses on the cognitive aspect, is that the affective aspect of a consumer received less attention than it should. Bagozzi, Gopinath and Nyer (1999) mentioned that factors from the affective aspect (e.g., mood and emotion) do influence consumer evaluation. Furthermore, a prior researcher pointed out the lack of integration of the affective role into the cognitive aspect in service recovery research (Schoefer, 2008). The empirical results from prior research (DeWitt, Nguyen, & Marshall, 2008; Schoefer, 2008) confirm that the relationship between the affective aspect (emotion after recovery performance) and the cognitive aspect (justice perceptions) really does exist. Although their work encourages researchers to incorporate the affective aspect to the cognitive framework of service recovery, important gaps in the framework remain to be studied.

We found that although there are scholars who contributed to affective-related research in the service recovery context – which may lead to the conclusion that the affect role in service recovery is fully understood – there are still gaps that require study. Some researchers use the words "affective" and "emotion" interchangeably. For example, the work of (N'Goala, 2007) uses a variable named "affective commitment" in the proposed model and discusses its influence on consumer switching. The affect mentioned in this study does not represent a complete view of consumer affection, but only consumer emotion, which is a type of consumer affection. We also determined that many researchers, when discussing consumer affection in their works, studied only consumer emotions, not other types of consumer affection (del Ro-Lanza, Vzquez-Casielles, & Daz-Martn, 2009; Namkung & Jang, 2010; Schoefer, 2008).

If emotion plays an important role in service recovery satisfaction, other affective variables – such as mood – possibly play a crucial role in this context as well. The reason is that moods are likely to influence the evaluative process, especially when consumers are prompted to evaluate the stimulus in real time (Anastasiya & Nathan, 2010), as in a service recovery situation. This means that in similar situations of service failure, when consumers are prompted to evaluate the stimulus, different consumers with different moods probably have different levels of satisfaction regarding the firm's service recovery practices. Knowing customer moods before service failures occur may help firms understand how to deal with their customers during service recovery encounters, thereby helping to ensure favourable results of service recovery.

We believe that the role of consumer affection has received less attention in prior service recovery research, as affection other than emotion has not been properly researched. Results from studying these gaps may encourage firms to pay attention to customer affection, not only during and after service failures, but also before failures occur. This may be seen as a preemptive strategy of service recovery, a new approach for firms to look at service recovery practices in a different way. Prior researchers have tried to determine the methods receiving favourable results of service recovery; however, all of these methods may be seen as defensive approaches of service recovery – waiting for service failures to occur first and then reacting.

This is why consumer mood is an interesting topic for service recovery research and for firms wanting to deliver successful service recovery to their customers. This paper aims to investigate the causal role of consumer mood in a preemptive approach to service recovery. The preemptive model of service recovery, which integrates affective factors together with cognitive factors, is proposed to close the research gaps and to extend the frontier of knowledge in service recovery. Furthermore, we aim to provide

the results from the proposed model as a service recovery guideline for firms. Managerial implications and theoretical contributions also are discussed.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

The model in this research integrates two concepts: theoretical basis from service recovery as the cognitive aspect, and consumer affective aspect (mood and emotion).

2.1 Theoretical Bases in Service Recovery as the Cognitive Aspect

There are two widely accepted concepts in service recovery literature – the equity theory and the expectancy-disconfirmation paradigm.

2.1.1 The Equity (or Perceived Justice) Theory

This theory has been widely applied in many customer satisfaction and service recovery studies (Clark et al., 2009; Meyer & Baker, 2010; Namkung & Jang, 2010; Yim et al., 2003). James G. Maxham Iii (2001) mentioned that the equity theory concentrates on the motivational and cognitive processes of weighing investments or sacrifices (justice inputs) against rewards (justice outputs). The core of the theory suggests that if consumers feel equitably treated and their input to the exchange is in balance with the output of the exchange – the perceived fairness of outcome (distributive justice) and that of process (procedural justice) in delivering the outcome – then customers will be satisfied. From previous service recovery studies, there are three kinds of justice, as follows:

The distributive justice concept demonstrates that people respond to unfair relationships by showing negative emotions or dissatisfaction, and then are motivated to redress the inequity experience (Greenberg, 1996). In a service failure situation, distributive justice concentrates on the perceived fairness of the outcome (redress) of the firm's recovery efforts. Hence, consumers expect firms to compensate them for any tangible loss suffered as a result of the failure. The compensated expectation level for each consumer will differ – an annoyed customer may expect a fair fix, but for those who feel that they are victims from the failure may expect a value-added apology (Bell & Ridge, 1992). After a firm gives compensation to make up for the service failure, customers may feel obliged to change their satisfaction level (Hocutt, Bowers, & Donavan, 2006). In general, a tangible atonement will lead to higher perceptions of distributive justice, which in turn leads to higher consumer satisfaction and lowers other kinds of negative outcomes, such as negative word of mouth.

Procedural justice was originally used in a legal context, examining the ability to control the selection and development of evidence (process control) and the ability to determine the outcome of the dispute itself (decision control). Goodwin and Ross (1992) adapted this concept of procedural justice in their study. However, the research results have been confused by another dimension of justice concerning the fairness of the interaction between the seller and the customer. To be more applicable in studying service recovery, later research specifically identified procedural justice as the terms of timely feedback allowing consumers to feel that their interests are protected (Lind & Tyler, 1988). Frontline staffs empowered to appropriately handle service recovery are able to enhance consumer perceptions of procedural justice through a prompt response to failures (Hocutt et al., 2006). Practical examples of procedural justice are

speedy implementation of recovery procedures (Namkung & Jang, 2010; Wilson, Zeithaml, Bitner, & Gremler, 2012) and opportunity to explain the problem (Schoefer, 2008).

Interactional justice is a social determinant of perceived fairness (Greenberg, 1996). Prior researchers recognized that the original focus of both distributive and procedural justice is too narrow because of its emphasis on structural matters (Tyler & Bies, 1990). The term "interactional justice" was then introduced to refer to consumer sensitivity to the quality of interpersonal action received during the performance of organizational procedures (Bies & Moag, 1986). In the service recovery context, interactional justice focuses on the fairness perceived by the customer during a service recovery effort (Hocutt et al., 2006). There are two main aspects of interactional justice discussed in previous research – a polite apology and show of concern from firms employees (Bies & Moag, 1986; Goodwin & Ross, 1992; McColl-Kennedy & Sparks, 2003).

Prior researchers (Smith, Bolton, & Wagner, 1999; Tax, Brown, & Chandrashekaran, 1998) determined that the equity theory is especially valuable in explaining recovery satisfaction. Since consumers usually perceive an inequity after a service failure, needs for the three kinds of justice discussed above are often induced, and they are likely to engage in equity evaluation in the recovery stage (Hoffman & Kelley, 2000).

2.1.2 Expectancy-Disconfirmation Paradigm

This theory states that customer satisfaction is the consequence of an evaluation process in which the customers judge their expectations of how the service should be performed against the actual service experience (Oliver, 1993a). According to Oliver and DeSarbo (1988), the main concept of this paradigm is that consumers compare the perceived performance of service (in this case the perceived service recovery performance) against their prior expectations (the service recovery expectation). The outcome of the comparison – as expected, worse than expected, or better than expected – will then directly drive the satisfaction evaluation (satisfaction after the service recovery) (Oliver, 1980). If the outcome of the perceived service recovery performance is better than expected, customers will be satisfied with the service recovery practices. Or it can be inferred that the more favourable a consumer perceives the service recovery performance, the higher the consumer satisfaction is after service recovery. Whereas, when a customer has a higher service recovery expectation, a lower satisfaction may result after the service recovery. Thus, it can be hypothesized that:

H1: Service recovery expectation has a negative influence on consumer satisfaction after service recovery.

H2: Perceived service recovery performance has a positive influence on consumer satisfaction after service recovery.

2.2 The Affective Aspect: Consumer Mood and Emotion

Consumer evaluation of service (recovery) satisfaction has been recognized by many scholars as a distinctive concept closely related to consumer behavioural response. However, as consumer behavioural response contains both cognitive and affective aspects, without looking at affect, consumer response to service satisfaction cannot be fully understood (Liljander & Strandvik, 1997). Therefore, cognitive and affective responses can be seen as the distinctive influential factors on satisfaction formation (Oliver, 1993a). Even though affect is recognized as an important research theme in satisfaction research, the causal role of each affective variable has not previously been fully studied in the service recovery context. Both moods and emotions are clustered under the affective aspect, which is a general type of mental feeling processes (Cohen & Areni, 1991).

2.2.1 Mood and Emotion in Service Recovery

Although the line between emotion and mood is difficult to draw, normally mood is a non-intentional mental state, not directly coupled with action tendencies and explicit actions (Bagozzi et al., 1999). In addition, mood usually lasts longer (from a few hours up to days) and is lower in intensity than emotion (Frijda, 1993). Bagozzi et al. (1999) also mentioned that one of the most robust effects of mood is its influence on evaluation. Hence, because evaluation plays such an important role in service recoveries, mood definitely can have an effect on consumer evaluations. There is ample evidence confirming that different consumer mood states can have direct and indirect impacts on behaviour, recall, cognitive elaboration, and evaluation (Bakamitsos & Siomkos, 2004; Batra & Stayman, 1990; Fedorikhin & Cole, 2004; Meryl Paula Gardner, 1985).

In brief, in terms of direct effect, mood can be a factor used by individuals in forming their evaluations. As for the indirect effect, mood probably acts as a tool which influences the information process before evaluation (Bakamitsos & Siomkos, 2004). During a service recovery encounter, the process of evaluating the firm's service recovery performance compared with the expectation can be seen as information processing by individuals. Therefore, mood can influence both the perceived service recovery performance and the expectation as they are both part of the information process of forming a satisfaction evaluation after service recovery. In addition, individuals in positive-mood stages have been proved to have more positively evaluated stimuli than individuals in negative or neutral-mood stages (Bagozzi et al., 1999). Consumers with positive-mood stages before the service recovery encounter may bias the perception of the firm's service recovery performance and their expectation in a positive way. As a result, the firm may attain service recovery satisfaction easier compared with consumers who have other kinds of mood stages. Thus, the third and the fourth hypotheses are:

H3: Consumer moods before the service failure have a negative influence on service recovery expectation.

H4: Consumer moods before the service failure have a positive influence on perceived service recovery performance.

Emotion has been explained as a mental state of readiness resulting from cognitive appraisals of events or thoughts, which may result in a specific action to affirm or cope with a specific emotion, depending on its nature and meaning for the person having it (Bagozzi et al., 1999). The emotion in service recovery arises from a cognitive appraisal (Schoefer & Ennew, 2005), which can be derived from both the perceived service recovery performance and the service recovery expectation. For example, when a failure occurs, if a customer has a high expectation for good service recovery but the actual result is not favorable, that customer probably has stronger negative emotions (and positive emotions from the recovery may be decreased) compared with other customers with lower expectations for service recovery. Therefore, the fifth hypothesis is:

H5: Service recovery expectation has a negative influence on consumer emotions after the service recovery.

Regarding perceived service recovery performance, if a customer perceives that a firm provided superb service recovery to compensate for a failure, certain positive emotions such as happiness and pleasure may be increased (at the same time negative emotions from the failure may be decreased). Hence, the sixth hypothesis is:

H6: Perceived service recovery performance has a positive influence on consumer emotions after the service recovery.

In addition, according to empirical evidence (del Ro-Lanza et al., 2009; Schoefer, 2008), emotions after a service recovery can have a positive impact on recovery satisfaction. Explaining it briefly, Schoefer (2008) discussed the emotional complex in the service recovery context that the drawing out of positive emotions within the context can lead to higher customer satisfaction after service recovery. For instance, when customers perceive that a service firm provided a good service recovery, certain positive emotions such as happiness and pleasure may be increased which subsequently improves the overall level of service satisfaction. However, the impact of negative emotions is also found to have a strong effect on satisfaction evaluation in the service recovery context (Schoefer, 2008). This means that a poor service recovery possibly leads to negative emotions and also can decrease the overall level of service satisfaction. Therefore, the seventh hypothesis is:

H7: Consumer emotions after the service recovery have positive influence on the consumer satisfaction after the service recovery.

According to all hypotheses, the preemptive model of service recovery integrating affective factors together with cognitive factors is proposed in Figure 2.
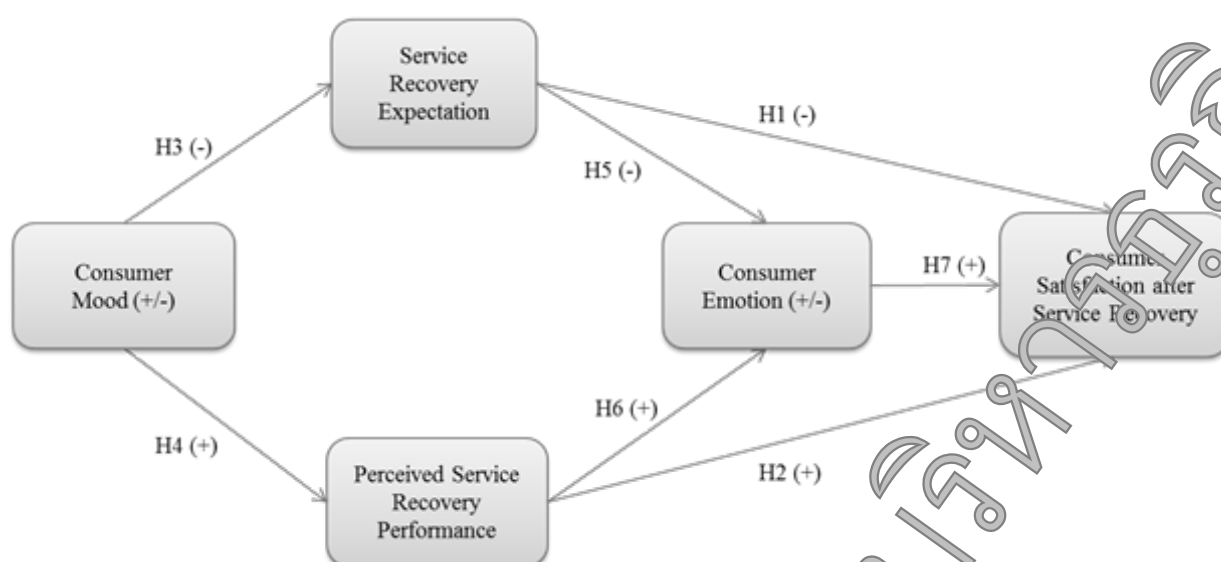
Figure 2: Preemptive Model of Service Recovery with Hypotheses

3. RESEARCH METHOD

To investigate the causal role of consumer mood in service recovery, a scenario-based experiment with structural equation modeling (SEM) was chosen. This overcomes limitations with traditional survey/ regression methods and ensures the causal relationship between variables. A 2×1 between-subject design was used to manipulate consumer (positive/negative) moods and to collect data.

3.1 Stimuli and Scenario Development

Mood stimuli are important research tools in the experiment. In previous research mood stimuli were used to manipulate mood stages. Federikhin and Cole (2004) and Lee and Sternthal (1999) used video clips to manipulate positive and negative moods. Meloy (2000) gave a token of appreciation (a small bag of candy) to manipulate positive mood before the experiment. We used both methods (with minor adjustments). For the positive mood, before starting the experiment, the subjects were given a bag of chocolate and then watched five-minute funny video clips to manipulate a positive mood stage. Subjects in the condition of the negative mood stage were asked to watch five-minute sad video clips to manipulate a negative mood stage without a bag of chocolate. We conducted a pretest using a focus-group interview with seven university students to select an appropriate token of appreciation and suitable video clips.

To obtain data from the experiment, one industry must be selected to create service failure and recovery scenarios. One criterion of industry selection used in many service recovery studies is familiarity of the industry with experiment subjects (Hocutt et al., 2006), because it helps them to simulate the research scenario. If the selected industry did not have a high degree of familiarity, the subjects might not be able to simulate their scenario role, leading to inaccurate results. As the subjects in this study are university students, the restaurant industry, which has a high degree of familiarity among students, was selected. We created scenarios for restaurants (Appendix 1) and conducted in-depth interviews with two university students to obtain their opinions about how realistic and believable the scenarios are and to measure how easy the role-playing is simulated when they read the scenarios. The interview results were satisfactory.

3.2 Measurement of the Constructs and Questionnaire Development

Measurement items in the questionnaire were adapted from previous literature and adjusted after interviews with university students. All measurement items were back translated into Thai. Then the questionnaire was pre-tested for practicability by focus-group interviews with seven students. The measurements for each construct (Appendix 2) are explained as follows:

Consumer Mood (+/-) (MOOD) is the construct representing consumer mood before service failure. The measurement items (MOODPO and MOODNERE) for this construct are adapted from Adaval (2001), with the scale assessing what subjects feel during a mood-inducing activity. The Likert-type scale used with these items ranges from 1 (not at all) to 10 (extremely).

Service Recovery Expectation (EXPECT) is the expectation of consumers toward the firm's service recovery effort after the service failure occurred, but before the recovery effort. Perceived Service Recovery Performance (PERCEIVE) is the consumer perception toward the firm's recovery effort. Both of the items are measured according to the three dimensions of justice from equity theory: procedural (EXPPRO and PERPRO), interactional (EXPINT and PERINT), and distributive (EXPDIS and PERDIS). The items are adapted from Yim et al. (2003) and Schoefer (2008), as well as from the interviewed students. The subjects were asked by using 7-point (1 = strongly disagree to 7 = strongly agree) Likert-type scale.

Consumer Emotion (+/-) (EMOTION) is the level of positive and negative emotional (EMOPO and EMONEGRE) experienced during the service recovery encounter – after the failure occurred and the consumer received a service recovery effort from the firm (Schoefer, 2008). The measurement items are adapted from a scale specifically designed to measure experienced emotions after service recovery encounters (ESRE), developed by Schoefer and Diamantopoulos (2008).

Consumer Satisfaction After Recovery (SATAF) is the overall satisfaction of the customers after experiencing both service failure and service recovery efforts (Hocutt et al., 2006; Ok, Back, & Shanklin, 2007). The measurement items are adapted from previous research (James G Maxham III & Netemeyer, 2002; Ok et al., 2007; Schoefer, 2008). For these last two constructs, the subjects were asked to answer the questions by rating on 7-point Likert-type scale (1 = ''not at all'', 7 = ''extremely'').

3.3 Subjects and Experimental Procedure

A group of 1,511 university students participated in the experiment. To ensure the internal validity of the experiment (Cook, Campbell, & Day, 1979), each subject was randomly assigned to an affective condition in the study – 724 respondents were manipulated with positive mood stimuli, while the remaining 787 respondents were manipulated with negative mood stimuli. Disqualified participants were removed from the experiment: 55 late arrivals, 77 failed to finish the questionnaire, 281 failed to answer screening questions properly, leaving 1,098 remaining – 533 and 565 respondents in positive and negative mood conditions, respectively. The usable samples size is sufficient (twenty times the number of parameters in the model), according to criteria of Jreskog and Srbom (2001).

3.3.1 Experiment 1: Positive Mood

The experiment procedure was adapted from previous mood research (Batra & Stayman, 1990; Forgas & Bower, 1987; Meryl P Gardner, 1994). In order to mask the connection between the mood and service recovery scenario phases, we used two experiment assistants and two sets of questionnaire booklets. The first phase was an introduction phase. The 724 subjects in this group were informed that they are participating in two experiments. The first experiment was explained to be an advertising research. the subjects would see a five-minute video clip and, then asked to answer questions in the booklet about their opinions toward the advertising. After the overview of the study was explained, a token of appreciation (bag of chocolates) was given to the subjects.

In the second phase, all subjects received the first booklet containing questions about demographic background and mood measurement. After finishing the demographic questions, they viewed the five-minute funny video clips. Afterwards, they were asked to answer questions about their feelings. All questions were aimed at measuring moods of the subjects. Then the first booklet was collected and the second phase ended.

The third phase then started, seemingly to the subjects unrelated to the first two phases, under the direction of the second experiment assistant. The assistant explained that they are participating in a study about restaurant service. All subjects received another booklet containing the restaurant service scenarios and were asked to respond to the scenario scripts by imagining themselves in the role of a customer, as afterwards they were to be asked to give their opinions about the service. To ensure that they had prior experience with the restaurant (Smith & Bolton, 1998), when receiving the booklet, the subjects were asked to think about a restaurant that they had recently visited (not a fast food or sidewalk restaurant, and also not their most favourite one), and to write down the restaurant name in the booklet. Next, the failure scenario was presented and the subjects were asked for their opinions about service recovery expectations after the failure occurrence. Then, the subjects were told to read the recovery scenario on the next page and were asked to answer the questions about their emotions and satisfaction after the described recovery efforts.

Then the last phase began. Before finishing the experiment, all subjects were asked to answer screening questions to measure the realism of the scenarios and to ensure that they understood and were able to simulate the scenarios.

3.3.2 Experiment 2: Negative Mood

Negative moods were manipulated on 787 subjects in the second experiment, which consisted of four phases similar to the first experiment. All procedures were similar to the procedures in the first experiment, except for two points. First, there was no token of appreciation. Another was the stimuli – a five-minute sad video clip was used to manipulate negative mood stages instead of a funny video clip.

4. DATA ANALYSIS AND RESULTS

4.1 Realism of Scenarios and Manipulation Checks

Realism and ability to simulate scenarios are measured on a 7-point scale (1 = not at all to 7 = extremely) with the following items: "The service scenarios in this research are believable" and "I found difficulty with the scenario simulation, so I didn't imagine myself as the restaurant customer". The results show that participants felt that the scenarios are realistic and they were able to simulate the story following the scenarios (*M*=5.58, SD=1.37 for the first question and *M*=2.10, SD=1.50 for the second question). In addition, the subjects' attention and understanding toward the research process of the respondents were also investigated. The outcomes satisfactorily illustrate that all respondents had attention and understanding about the research procedure (*M* = 6.19, SD = 1.10 and *M* = 5.7, SD = 1.2, respectively).

The positive/negative mood manipulation check is important for this study. The results confirm that Consumer Mood for both positive mood and negative mood groups of subjects were successfully manipulated. For measurements of positive mood, the results from a t-test reveal that $M_{positive\ mood}/M_{negative\ mood}$ = 7.7861/1.1004, *F*=667.53, *p* < 0.001 (from 10-point scale). Regarding negative mood (inverse scale), the results from the independent t-test show that $M_{positive\ mood}/M_{negative\ mood}$ = 9.6900/2.9142, *F*=307.69, *p* < 0.001. As a result from the manipulation check, subjects in the positive mood condition displayed significantly higher ratings on the mood scale than those in the negative mood condition.

The results above illustrate that the scenarios have good results of realism, and also show that mood has been successfully manipulated.

4.2 Data Preparation and Quality of the Research Instruments

Missing values for each observed variable are less than 10%. As recommended by Churchill (2001), the missing values were replaced by the variable's mean instead of discarded from the analysis.

The assessment for quality of research instruments aims to ensure that the data obtained from the instruments are reliable and indicate construct validity. The reliability was assessed using Cronbach's alpha (α) to verify the internal consistency of the constructs (Hair, Black, Babin, & Anderson, 2010), and the construct validity was examined by confirmatory factor analysis (CFA) of each construct (Jreskog & Srbom, 2001). We used SPSS 16.0 for the reliability test and LISREL 8.52 for the construct validity test.

4.2.1 Reliability Test

Cronbach's alpha should be greater than 0.70 for sufficient internal consistency (Nunnally, 2010). All constructs have reliabilities ranging from 0.75 to 0.98 (see Table 1), showing good reliability. Thus, all constructs in the proposed model illustrate high reliability results.

Table 1: Results from CFA and Reliability Test

Constructs	Indicators	Factor Loading				R^2	Fit Statistic (not sig.)	Cronbach's alpha
		λ	Std. Loading	SE	t-value			
MOOD	MOODPO	1	0.993	-	-	0.99	P=0.264	0.98
	MOODNERE	1.01	0.98	0.01	84.034**	0.96		
EXPECT	EXPPRO	1	0.794	-	-	0.63	P=0.056	0.75
	EXPINT	0.8	0.654	0.04	21.089**	0.43		
	EXPOUT	0.87	0.35	-	-	0.12		
PERCEIVE	PERPRO	1.07	0.866	-	-	0.75	P=0.065	0.85
	PERINT	1	0.937	-	-	0.88		
	PEROUT	1.04	0.8	0.04	29.943**	0.64		
EMOTION	EMOPOSI	1	0.916	-	-	0.84	P=0.176	0.85
	EMONEGRE	0.94	0.969	0.03	30.229**	0.94		
SATAF	SATAF	0.96	0.926	N/A	N/A	0.86	P=0.237	0.92

Note: ** p < .01

4.2.2 Construct Validity

CFA is used to investigate how well the indicators are grouped into each construct hypothesized or specified (Jreskog & Srbom, 2001). Several indices to evaluate construct fit were employed. The findings of CFA are in Table 1, indicating good fit of the constructs with all fit index criteria. The CFA results show good construct validity, so we could proceed to test the research hypotheses.

4.3 Structural Model and Hypothesis Testing

The proposed model of preemptive service recovery can be used to explain satisfaction after service recovery in positive/negative mood conditions. Exploring both conditions provides information on how each independent variable in the model can differently influence satisfaction after service recovery when consumers have different kinds of mood.

Statistical assumptions of SEM are tested. Hair et al. (2010) explained that if the sample size is over 200, the effects of normal distribution tend to be reduced because $Z_{skewness}$ and $Z_{kurtosis}$ are sensitive to sample size. This research has more than 200 respondents, so the results should not be affected by a non-normal distribution. For multicollinearity, if the correlation coefficient between constructs is not higher than 0.8, the problem might not occur (Hair et al., 2010), thus from the correlation matrix in Table 2, multicollinearity might not exist (we also check for VIF and Tolerance which also confirm no multicollinearity).

Table 2: Correlation Matrix with Mean and SD (Positive – Lower; Negative – Upper)

	MOODPO	MOODNERE	EXPPRO	EXPINT	EXPDIS	PERPRO	PERINT	PERDIS	EMOPOSI	EMONEGRE	SATAF	Mean	SD
MOODPO		0.213**		0.065	0.021	0.037	0.055	0.014	0.052	-0.11**	0.008	1.100	0.333
MOODNERE	0.219**		.064	-0.014	-0.032	-0.051	0.044	-0.042	-0.161**	0.024	-0.111**	2.914	1.474
EXPPRO	0.019	-0.023		0.4??*	0.207**	0.247**	0.180**	0.157**	-0.062	-0.033	-0.103*	6.365	0.849
EXPINT	-0.023	0.012	0.442**		0.335**	0.144**	0.183**	0.101**	-0.013	-0.035	-0.072	6.312	0.769
EXPDIS	0.011	0.015	0.142**	0.28?**		0.059	-0.013	0.054	0.004	0.013	-0.075	4.006	1.596
PERPRO	0.002	0.058	0.227**	0.205**	0.?4?		0.489**	0.495**	-0.035	-0.025	-0.030	5.782	0.986
PERINT	0.002	0.046	0.192**	0.222**	0.002	0.589**		0.568**	-0.015	-0.033	-0.005	5.?34	0.861
PERDIS	-0.003	0.088*	0.187**	0.19**	0.09?*	0.518**	0.553**		0.024	0.034	0.044	5.696	1.069
EMOPOSI	0.265**	-0.037	0.068	-0.018	0.02?	0.?0?	0.030	0.113**		0.24**	0.475**	4.799	1.049
EMONEGRE	-0.018	0.111*	-0.007	0.048	-0.040	0.118*	0.146**	0.133**	0.164**		0.367**	5.542	0.905
SATAF	0.209**	0.021	0.085	0.038	0.001	0.??	0.089*	0.189**	0.514**	0.278**		4.676	1.226
Mean	7.786	9.690	6.417	6.295	3.972	5.924	5.?34	5.730	4.877	5.503	4.877		
SD	1.395	0.612	0.798	0.803	1.584	0.990	0.?09	1.071	1.035	0.939	1.231		

Note: ** p < .01, * p < .05 (2-tailed)

The fit assessment results from SEM are in Table 3. The results reveal that the structural model is a satisfactory fit to the empirical data and statistically valid for both data sets of positive mood and negative mood.

Table 3: Goodness of Fits Indices for the Structural Models

Fits Statistics	Value Obtained (Positive/Negative)	Level of Acceptable Fit (Hair et al., 2010)
$\chi 2$/d.f.	1.39 / 1.36	Between 1 and 2
p-value	0.053 / 0.059	Not significant
CFI	0.986 / 0.983	0.90 or more
IFI	0.986 / 0.984	0.90 or more
NFI	0.954 / 0.946	0.90 or more
RFI	0.935 / 0.928	0.90 or more
GFI	0.982 / 0.982	0.90 or more
RMSEA	0.027 / 0.025	0.08 or less

4.3.1 Hypotheses Testing

Table 4 presents the hypotheses test results with direct effect, indirect effect, and total effect. For positive mood, H2, H6, and H7 fail to reject. This means that consumer perception towards the firm's service recovery effort, measured according to the three kinds of justice – procedural, interactional, and distributive – has a direct positive effect on emotion after service recovery (H6) and also has direct and indirect positive effects on satisfaction after service recovery (H2). Consumer emotion after service recovery has the strongest positive direct influence on satisfaction after service recovery (H7).

As for negative mood, H1 and H7 fail to reject. Service recovery expectation has direct negative effect on emotion after service recovery (H1). Consumer emotion after service recovery has a positive direct influence on satisfaction after service recovery (H7).

The hypotheses test results from both mood conditions reveal that there are different influencing factors for each consumer with different kinds of mood. The details will be discussed next.

Table 4: Statistical Results of Hypotheses Testing

Hypotheses & Relationships between constructs		Positive Mood				Negative Mood			
		TE	DE	IE	Corr.	TE	DE	IE	Corr.
H1: EXPECT - SATAF	b	-0.058	-0.058	-0.001	-0.036	-0.310	-0.269	-0.041	-0.170
	SE	-0.096	-0.083	-0.049		-0.097	-0.083	-0.061	
	t	-0.608	-0.694	-0.014		-3.192**	-3.235**	-0.685**	
	Std. Coef.	-0.036	-0.036	-0.001		-0.170	-0.147	-0.023	
H2: PERCEIVE - SATAF	b	0.576	0.357	0.218	0.339	0.052	0.052	0.000	0.033
	SE	-0.111	-0.097	-0.059		-0.092	-0.078	-0.058	
	t	5.203**	3.667**	3.676**		0.568	0.663	0.005	
	Std. Coef.	0.339	0.211	0.129		0.033	0.032	0.001	
H3: MOOD - EXPECT	b	-0.001	-0.001		-0.002	0.061	0.061		0.037
	SE	-0.025	-0.025			-0.062	-0.062		
	t	-0.046	-0.046			0.980	0.980		
	Std. Coef.	-0.002	-0.002			0.037	0.037		
H4: MOOD - PERCEIVE	b	0.034	0.034		0.059	0.031	0.031		0.017
	SE	-0.025	-0.025			-0.077	-0.077		
	t	1.328	1.328			0.405	0.405		
	Std. Coef.	0.059	0.059			0.017	0.017		
H5: EXPECT - EMOTION	b	-0.001	-0.001		-0.001	-0.034	-0.034		-0.033
	SE	-0.049	-0.049			-0.050	-0.050		
	t	-0.014	-0.014			-0.684	-0.684		
	Std. Coef.	-0.001	-0.001			-0.033	-0.033		
H6: PERCEIVE - EMOTION	b	0.216	0.216		0.192	0.000	0.000		0.001
	SE	-0.056	-0.056			-0.048	-0.048		
	t	3.883**	3.883**			0.005	0.005		
	Std. Coef.	0.192	0.192			0.000	0.000		
H7: EMOTION - SATAF	b	1.012	1.012		0.711	.205	.205		0.704
	SE	-0.110	-0.110			-0.196	0.196		
	t	9.184**	9.184**			6.136**	6.136**		
	Std. Coef.	0.670	0.670			0.700	0.700		

Note: ** p<.01 (2-tailed)

5. CONCLUSIONS

5.1 Theoretical Contributions

Suggestions from prior studies usually focus on service recovery practices as a defensive approach – handling service failure problems after their occurrence. This paper extends the frontier of knowledge by suggesting that there may be a preemptive approach of service recovery by understanding and manipulating consumer moods before service failures occur. By using this preemptive model, firms may be better able to cope with consumers with differing moods when service failures occur (more detail in Managerial Implications).

Prior service recovery researchers for decades have tried to understand the factors that influence consumer satisfaction after service recovery. However, important gaps regarding consumer affective factors remain to be studied. This paper investigates the impacts of consumer mood in service recoveries. The results of this paper close theoretical gaps regarding consumer affective factors in service recovery by investigating causal roles of consumer mood.

Regarding research methodology, we created a new mood manipulation method for the experiments, adapted from Fedorikhin and Cole (2004), Lee and Sternthal (1999) and Meloy (2000). This method can be usefully applied to future consumer mood research.

The conclusions of this study challenge prior research that not all cognitive factors influence consumer satisfaction after service recovery in every situation. The significant influencing factors depend on the type of consumer mood before the service failure occurred. Understanding how consumer mood has potential to influence these significant factors can help firms to create preemptive service recovery practices, thereby increasing the chance for delivering successful service recovery.

5.2 Managerial Implications

Firms in service and other industries can use the proposed preemptive model as a guideline of how to maximize the chance for delivering successful service recovery. Using this model, a firm can deliver service recovery to its consumers more efficiently than ever before, because the firm has insight on how to deal with consumers with different kinds of moods. In order to clarify what factors the firm should pay attention to in each different situation, explanations (from the results of hypotheses testing) are briefly discussed below.

If a firm knows that its consumers have a positive mood before a service failure occurs, the firm should try to focus on two factors – consumer emotion after service recovery and perceived service recovery performance. For consumer emotion, the firm should try to minimize negative emotions while at the same time maximizing positive emotions. In order to accomplish this, the firm has to make sure that service recovery practices are adequately robust. If this type of consumer perceives that the firm provided a good service recovery, the positive emotion of the consumer after service recovery will be increased. As a result, this leads to an increase in the satisfaction level of the consumer after service recovery.

However, if a consumer has a negative mood before a service failure, there are two factors that can influence satisfaction after recovery – emotion after recovery and recovery expectation. However, in this situation, a firm may face difficulty in receiving good results from service recovery. The reason is that both the recovery expectation and the perceived recovery performance did not have a significant impact on emotion after service recovery for this type of consumer. As a result, a firm must try to find other ways to maximize consumer positive emotion after service recovery. Although service recovery expectation is another significant factor for recovery satisfaction, and as service recovery expectation negatively affects satisfaction after service recovery for this kind of consumer, when a service failure occurs, there is almost nothing a firm can do regarding the expectation level of the consumer.

This study confirms that consumer mood is a very important factor in receiving good results of service recovery satisfaction. If consumers are in a positive mood before a service failure, there is a higher chance for the firm to regain consumer satisfaction, compared with consumers who have a negative mood before the service failure. Service firms should be concerned with customer mental states not only during and after a service failure, but also before the failure occurs. If firms are concerned with consumer mental states enough to put them in a good mood before receiving the service, there is also a higher chance for them to receive a favorable result of service recovery from those consumers after a service failure.

5.3 Limitations and Suggestions for Future Research

This research has limitations which may be seen as suggestions for future research. First, this model considers consumers as individuals, but in some situations, the failure may occur within a group. It has been empirically determined that the effect of a group recovery on satisfaction evaluation really does exist (Zhou, Huang, Tsang, & Zhou, 2013). Hence, applying the proposed model to study the results from a group of consumers rather than an individual is also interesting for future research.

Another suggestion regards type of mood and mood manipulation. There are many types of moods in both positive and negative categories, such as happy, glad, sad, and angry. This study did not intend to manipulate any particular type of mood. It would be interesting to know which kinds of mood have a strong impact on other factors in the model. Firms will receive much benefit from knowing exactly what moods they should try to induce and which they should try to avoid. This would make the preemptive approach of service recovery even more helpful for firms.

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Appendix 1: Service Failure and Service Recovery Scenarios;

adapted from previous research (Ok et al., 2007; Smith & Bolton, 1998; Yim et al., 2003)

<u>Service Failure Scenario</u>

One Friday evening, you and your family went out for dinner at *the restaurant you named* to celebrate one of your family member's birthday (or a special occasion). You waited <u>about 10 minutes before</u> a hostess seated your group, even though you had made a reservation. Then, shortly after, a waiter took your order. When you ordered your favorite dish, the waiter informed you that the restaurant was <u>out of it</u>. You had to order something else. During the waiting period for the food to be served, the waiter <u>ignored your requests</u> (e.g. refilling water/ice) and <u>did not respond to your questions</u> about why the food was taking so much time to be served. After <u>waiting for more than 30 minutes</u> when the waiter brought the entres of your group to the table, you found that the food was <u>cold, not fresh, and poorly cooked</u>. You stopped eating and informed all of the problems to a waiter (but not the same waiter who gave service at your table).

<u>Service Recovery Scenario</u>

The waiter <u>gave you a chance to explain your problem</u> without interruption, and he seemed to be <u>concerned about your complaints</u>. After you explained the problem to the waiter, he <u>sincerely apologized</u> for the problem. He said that he would take care of the problem and removed the entre. After <u>2 - 3 minutes</u>, the manager approached you and <u>apologized</u> for the problem. She said that she was informed about the problem by the waiter and you did not have to re-explain the problem. She also explained the reasons why the problems happened. Furthermore, she <u>promised that these problems will not happen again</u> as she will <u>warn her staff to be more careful</u> about these kinds of problems. She informed you that <u>another entre would be served and you would not be charged for it</u>. Before leaving, she gave you a <u>20% discount card</u> which can be used for one year, including this meal. She also asked if there was anything else that she could do to serve you and your family better.

Appendix 2: Measurement items

Consumer Mood

The subjects were asked to report the mental stages after seeing the video clips.

- Positive moods: Happy, Pleasant, Delighted, and Glad
- Negative moods: Sad, Unpleasant, Angry, and Distress

Service Recovery Expectation

After reading the failure scenario, subjects were asked to answer: To what extent do you agree with the following statements?

- The restaurant should give me an opportunity to explain the problems thoroughly.
- The restaurant should take care of my complaints immediately.
- The restaurant should correct the mistakes quickly.
- The employee should politely apologize about the problems.
- The restaurant should promise to put the proper effort into investigating the problems.
- The restaurant should be courteous and sincere when responding to my complaints.
- The restaurant should provide a monetary compensation.
- The restaurant should compensate me with a special discount.
- The restaurant should provide a written letter of apology.

Perceived Service Recovery Performance

After reading the recovery scenario, subjects were asked to answer: To what extent do you agree with the following statements?

- The restaurant gave the opportunity to explain my viewpoint of the problem.
- The restaurant quickly reacted to my complaints.
- Overall, the restaurant's complaint handling procedure was fair.
- The restaurant handled my complaints in a thoughtful manner.
- The employees' communications with me were appropriate.
- The employees didn't put the proper effort into handling my complaints.
- The restaurant seemed very concerned about my problems.
- The compensation I received was appropriate.
- In resolving the problem, the restaurant gave me what I needed.
- Although this event caused me problems, the restaurant's efforts to resolve it resulted in a positive outcome.

Consumer Emotion

Please indicate to what extent you felt this way after the resolution of the complaint

- *Positive emotions scale items*: Happy, Being valued, Joyful, Proud, Warm feeling, Attentive, Active, and Interested
- *Negative emotions scale items*: Upset, Annoyed, Angry, Sad, In a bad mood, Nervous, and Afraid

Consumer Satisfaction after Recovery

To what extent do you agree with the following statements?

- I am satisfied with my overall experience with the restaurant.
- As a whole, I am happy with the restaurant.
- Overall, I am pleased with the service experiences with this restaurant.