

CONSUMER'S EVALUATION ABOUT SERVICE RECOVERY: THE ROLE OF SOCIAL COMPARISON



LUIZA VENZKE BORTOLI

Instituto Federal de Educação, Ciência e Tecnologia do Rio Grande do Sul, Viamão – RS, Brazil.

CRISTIANE PIZZUTTI

Universidade Federal do Rio Grande do Sul (UFRGS), Porto Alegre – RS, Brazil.

To cite this paper: Bortoli, L. V., & Pizzutti, C. (2017). Consumer's evaluation about service recovery: the role of social comparison. *Revista de Administração Mackenzie*, 18(4), 65-86. doi 10.1590/1678-69712017/administracao.v18n4p65-86

ABSTRACT

Purpose: This theoretical essay aims to contribute to a deeper understanding of distributive justice in situations of service recovery. More specifically, we seek to investigate distributive justice evaluations based on social comparisons.

Originality/value: This article seeks to fill a gap in the existing knowledge to discuss the social comparison theory applied to the service recovery context.

Design/methodology/approach: After a literature review, we present three research propositions about comparisons between consumers in terms of compensation received after complaining about a service and their effects on the evaluation of distributive justice, taking into account the perceived similarity between consumers and the time elapsed between the complaint handling and the comparison.

Findings: Even though social comparisons are increasingly frequent, they have been neglected in the service marketing literature. It is possible for consumers to compare the compensation received after a complaint with the compensation given to another consumer and, perceiving upward differences, have negative reactions to the company.

KEYWORDS

Service Recovery. Service. Social Comparison. Compensation. Complaining.

1. INTRODUCTION

Imagine yourself in the following situation: you have hired an internet service for your home. For 10 days within a month, the service ran very slowly, leading you to complain to the hired company. The company responds to your complaint by offering you two months of free internet and the immediate reestablishment of the contracted service speed. Would you

consider the company fair in your response? Probably yes. Now imagine that you read on a friend's Facebook that a similar situation has happened with him, and the company offered him the same thing except that instead of two months, he won four months of free internet. How much do you think the company was fair to you now? This theoretical essay is precisely about this: the social comparison's effect on complaining consumer's justice perception about the compensation offered by the company.

Service providers frequently struggle to perform service with zero defect. If it is difficult to completely eliminate service failures, it is valuable for the company to understand how consumers evaluate and respond to the process of service recovery (Schoefer & Ennew, 2005). Complaints represent an opportunity for companies to engage in recovery efforts in order to positively influence subsequent behavior (Blodgett, Hill, & Tax, 1997) by restoring satisfaction, increasing purchase intention and positive word-of-mouth (Maxham III, 2001; Orsingher, Valentini, & Angelis, 2010), maintaining trust in the company (Tax, Brown, & Chandrashekar, 1998; Pizzutti & Fernandes, 2008), encouraging forgiveness (Joireman, Grégoire, & Tripp, 2016), and avoiding retaliation (Grégoire & Fisher, 2008; Grégoire, Tripp, & Legoux 2009).

Complaint handling aims to provide fair resolutions to conflict situations between companies and dissatisfied customers (Tax et al., 1998). Justice concept offers a valuable model to explain consumer's reactions to complain and recovery situations. Distributive justice, which corresponds to tangible results such as discounts or bonuses for future purchases, procedural justice – which refers to the process used to make decisions – and interactional justice – which concerns the way the company treats the consumer during the complaint process – constitute the three dimensions of justice (Blodgett et al., 1997). According to the meta-analysis by Gelbrich and Roschk (2011) and Orsingher et al. (2010), satisfaction with complaint handling is mostly affected by distributive justice, followed by interactional justice and only weakly by procedural justice. These results show the fundamental role of compensation (main element of distributive justice) in the situation of service failure and recovery.

Studies on justice perceptions have been based on the equity rule, in which justice occurs when the results are consistent with the recipient's contributions, and there is less attention to the equality rule, which considers whether the recipients obtained the same results regardless of their contributions and needs (Leventhal, 1976). An exception is the study of Bonifield and Cole (2008) that analyzes the effects of compensation levels



and social comparison on distributive justice and behavior after failure. The authors found that not only social comparisons with people who received less (downward) decrease irritation and increase perceptions of distributive justice but also that compensation levels have relevance in intentions of post purchase behavior.

According to the social comparison theory, humans have a fundamental impulse to evaluate their opinions and abilities, and in the absence of objective physical standards, individuals evaluate themselves against similar others (Festinger, 1954). Comparisons become more common to the extent that consumers increasingly have access to the results obtained by others through the internet. In the complaining context, access to information on how companies respond to unsatisfied customers is increasing, both in specialized sites and in social networks. Comparison among company's responses to complaints from different consumers, which seemed to be something exceptional and of little interest for some time, with the Internet development has become a usual behavior that may affect consumers' complaining perceptions about the efforts made by the company to address its failures.

Although there are few studies on a social comparison in service recovery, this issue is more comprehensively addressed in the price context. Paying a higher price than other consumers for the same product leads to strong perceptions of unfairness (Bolton, Keh, & Alba, 2010; Xia, Monroe, & Cox, 2004), and to lower satisfaction with the purchase (Haws & Bearden, 2006). Even when consumers know that price differences are based on consumer's identification, such as a new customer compared to an old one, price differences are perceived as unfair (Grewal, Hardesty, & Iyer, 2004).

This theoretical essay focuses on the social comparison theory applied to service recovery. It addresses comparisons between consumers in terms of compensation received after a complaining process and its effects on distributive justice evaluation. The focus on compensation and distributive justice is justified by the importance of distributive justice on customer's satisfaction after complaint handling (Gelbrich & Roschk, 2011; Orsingher et al., 2010). In addition, there is greater access to the tangible results obtained by other complaining customers (compared to information about the process or interactional treatment during their complaint handling), which seems to make social comparison occur more often in terms of results than processes.

Following, we approach justice theory. Subsequently, we analyze justice theory along with the literature of service recovery, focusing on distributive



justice. Finally, we address social comparison in the perception of distributive justice and develop research propositions.

2. JUSTICE THEORY

The exchange process is practically continuous in human interactions and its results have the potential to be perceived as fair or unfair (Adams, 1965). In this context, the theory of social inequity, proposed by Adams (1963), assumes that there is an element of justice concerning the exchange process. When a person perceives inequity in a social exchange, there is a motivation to restore equity and balance.

The individual's contributions to the exchange are the inputs, which exist as they are perceived by their possessor, and are not necessarily isomorphic with those of the other party (Adams, 1963). Walster, Berscheid and Walster (1973) indicate that the individual who evaluates the equity of the exchange does not have to be a participant in this relationship, but an observer. There is equity in the relationship when the evaluator perceives that all participants are receiving results consistent with their inputs.

Recognition and relevance are characteristics of the inputs. The possessor of an attribute, or the other party of the exchange, or both, can recognize the existence of the possessor's attribute. If the possessor or both members of the exchange recognize its existence, the attribute can potentially be an input. If only the non-possessor recognizes its existence, the attribute cannot be psychologically considered as an input with respect to the possessor. Therefore, for an attribute to be in fact an input depends on the owner's perception of its relevance to the exchange. If the possessor perceives it as relevant, the attribute is an input and he/she expects a just return for it. Problems of inequity appear if only the possessor of the attribute considers it relevant in the exchange (Adams, 1963).

On the other side of the exchange are the outcomes, which represent, in the evaluator's view, the positive and negative consequences that one participant received from his or her relationship with the other party (Walster et al., 1973). These outcomes include payment, rewards intrinsic to the job, seniority benefits, additional benefits, job status, status symbols, and a variety of sanctioned bonuses. Outcomes should be characterized in terms of recognition and relevance. If the receiver or both parties acknowledge the existence and relevance of the outcome, there is the potential for it to become psychologically an outcome (Adams, 1963).



There are two fundamental concepts for inequity's definition: person and other. Person means any individual to whom equity or inequity exists. Other is an individual or group used by the person as a reference to the social comparison. As literature has distinct terms to express these concepts, this essay will henceforth use the term "self-referent" for person and "referent" for other. Note that self-referent and referent can also designate groups rather than individuals (Adams, 1963).

According to Pritchard (1969), self-referent perceptions of inputs, outcomes, and inequity depend on the closeness of the relationship with the referent. The more intimate the relationship, the more easily one perceives inequity. Although most relationships between consumers and companies are not intimate, the more often a person buys from a particular store, the more likely he or she is to feel close to it and its employees.

Inequity has a psychological character, not necessarily a logical one. It is the perception, and not reality, which affects inequity's feelings. The dissonant relation between inputs and outcomes of the self-referent versus the referent is determined historically and culturally (Adams, 1963; Walster et al., 1973).

Early theories of social justice applied to organizations come from justice principles applied to general social interactions (Greenberg, 1990). According to Adams (1965), social psychologists studied the first justice dimension – distributive justice (Nowakowski & Conlon, 2005). As reported by Homans (as cited in Adams, 1965), distributive justice is achieved when the gains are proportional to the investments, considering gains what you receive in the exchange, excluding its incurred costs (Adams, 1965). However, this seminal view of distributive justice considers only equity as a rule of justice. Nowakowski and Conlon (2005) pointed out two observations about distributive justice: first, there are multiple ways to operationalize it, since inferring the concept of a person's contributions tends to be ambiguous; second, equity is not the only rule that can be applied in determining what is a fair outcome, since other patterns or rules of decisions may be applied and according to the context be seen as a distributive fair.

Although justice research has more consistently addressed equity theory, this is only one of the many elements that underlie the justice system (Deutsch, 1975; Leventhal, 1976). The most important rules are contributions (equity), equality and need (Deutsch, 1975; Leventhal, 1976). The contribution rule, expressed by equity theorists (e.g. Adams, 1963; Walster et al., 1973), operates when justice is evaluated by verifying whether the outcomes are consistent with the recipient's contributions. Therefore, those recipients who contribute more should receive more results. The need



rule indicates that the recipients' results should be enough to meet their legitimate desires and prevent suffering. This rule has a greater impact on judgments in which the parties are closely related or when there is a sense of responsibility for the welfare of the receiver. The equality rule assesses justice based on receivers getting the same results, regardless of their contributions and needs (Leventhal, 1976).

Procedural justice has emerged to expand studies of distributive justice, demonstrating that the process by which compensations are allocated can be as important as the compensation itself (Lind & Tyler, 1988). Furthermore, there is the concept of interactional justice (Bies & Moag, 1986, as cited in Cohen-Charash, & Spector, 2001), which focuses on the interpersonal side of organizational practices. According to Cohen-Charash and Spector (2001; 2002) and Colquitt, Conlon, Wesson, Porter and Ng (2001), these three dimensions of justice are closely related but are still distinct constructs.

Distributive justice refers to tangible outcomes involving two or more parties (Blodgett et al., 1997). Procedural justice, in its turn, defines justice as a process determined by social norms and behavior (Thibaut & Walker, 1975). Most procedural justice studies have taken place in legal contexts (Nowakowski & Conlon, 2005). Interactional justice refers to the justice of the interpersonal treatment that people receive (Bies & Shapiro, 1987, as cited in Tax et al., 1998).

The final goal of understanding about equity or distributive justice is the explanation of individual or collective behavior related to justice (Messick & Cook, 1983). The concept of justice has its foundation in social psychology and has been used to explain individuals' reactions to a variety of conflict situations (Blodgett et al., 1997); including in service failures and complaint handling. Justice is an antecedent of satisfaction, leading to repurchase intentions and positive or negative word-of-mouth. In order to understand post-complaint consumer behavior, first it is relevant to understand the three dimensions of justice (Davidow, 2003) applied to this context. Thus, the next chapter addresses studies on service recovery and the justice theory.

3. SERVICE RECOVERY AND JUSTICE THEORY

Service recovery is the actions taken by a company when a service failure occurs (Hirschman, 1973), and the initiation of its process may occur by the company or the customer (Smith, Bolton, & Wagner, 1999). When there is a failure, the customer has the option to exit by not buying from the company



anymore, or to voice, by expressing dissatisfaction to the company or to whom is interested in hearing it (Hirschman, 1973). Justice perceptions have a significant impact on emotions, especially in severe failures cases (Choi & Choi, 2014).

Once the complaint communication is made, the company proceeds to the complaint handling, which will lead to a decision and results (Tax et al., 1998). The complaint handling is a strategy used by companies to address and learn from service failures in order to (re)establish consumer trust on the organization (Hart, Heskett, & Sasser, 1990). Adequate recoveries are able to reduce the failure's dysfunctional consequences and generate positive consequences, such as positive word-of-mouth (Maxham III, 2001; Orsingher et al., 2010) and greater trust on the company (Tax et al., 1998; Pizzutti & Fernandes, 2008). On the other side, inefficient recovery processes can cause negative consequences, such as service discontinuation or churn (Maxham III, 2001) engagement in negative word-of-mouth (Blodgett, Granbois, & Walters, 1993) and in retaliatory behaviors (Joireman, Grégoire, Devezer, & Tripp 2013). This is consistent with the double deviation from the consumers' expectations about the service provider, resulting in increased negative evaluation, since there were failures on the service delivery and on the recovery process (Bitner, 1990; Hart et al., 1990; Basso & Pizzutti, 2016).

Justice offers a comprehensive model for understanding the complaint handling from its beginning to its end (Tax et al., 1998). Each part of the complaint handling is liable to a justice consideration, and each aspect of the complaint resolution creates a justice episode (Bies, 1987, as cited in Tax et al., 1998). Thus, the service recovery process allows restoring the perceived justice (Pizzutti & Fernandes, 2010; Smith et al., 1999). In other words, the combination of the three dimensions of justice determines complainers' overall justice perception and their post-complaint behavior (Blodgett et al., 1997).

In the complaint handling process, distributive justice refers to the perceived tangible compensation offered by the retailer (financial compensation, exchange and free repair, for example) (Blodgett et al., 1997). According to Tax et al. (1998), distributive justice in the complaint handling is operationalized more generally: if the result was perceived as deserved, if it conforms to one's needs or whether it was fair. The results of distributive justice focus on compensation for financial loss and apology. The importance of apology suggests that compensation is not only due to economic cost, but also by the emotional cost (Mattila & Cranage, 2005; Tax et al., 1998). The inclusion of apology as distributive instead of interactional justice is consistent with the reestablishment of psychological balance (Walster



et al., 1973). Distributive justice has a positive effect on repurchase intention and satisfaction and negative effect on the intention of engaging in negative word-of-mouth (Blodgett et al., 1997; Goodwin & Ross, 1989).

In the complaint handling context, procedural justice refers to the perceived fairness of the company's return and exchange policies (Blodgett et al., 1993), and it can be operationalized as an opportunity for customers to give information and express their feelings or voice (Goodwin & Ross, 1992). The speed with which a conflict is resolved is an important aspect of the complaint handling (Hart et al., 1990; Taylor, 1994). This type of justice reflects aspects of customer convenience and company follow-up and accessibility, that suggest that the adage "justice delayed is justice denied" is applicable to complaint handling (Tax et al., 1998).

Interactional justice in the complaint process concerns the manner in which the company responds to customer's complaint (Blodgett et al., 1993). The interactional justice results include aspects of communication and behavior, such as honesty, empathy and politeness. Interactional justice has a positive effect on repurchase intentions and negative effect on negative word-of-mouth intentions (Blodgett et al., 1997).

Recovery attributes affect the three types of justice in different ways. Although all recovery attributes have an effect on each type of justice, there will be a greater impact when the attribute is combined with the type of justice (Smith et al., 1999). Therefore, compensation will have a greater effect on distributive justice, procedures in answering the complaint will have a greater relationship with procedural justice, while employee's favorable behavior will have a greater effect on interactional justice. Companies should focus on recovery efforts that have the greatest positive impact on customer responses (Gelbrich & Roschk, 2011; Rosch & Gelbrich, 2014; Smith et al., 1999).

Gelbrich and Roschk's (2011) meta-analysis confirms the following post-complaint behavior model: organization's response (compensation, employee's favorable behavior and organizational procedures) lead to justice perceptions (distributive, procedural, and interactional, respectively) which, in turn, generate post-complaint satisfaction (transaction-specific and cumulative satisfaction), which leads to customer behavior intentions (loyalty and positive word-of-mouth). Justice evaluations impact several factors, such as satisfaction (Kau & Loh, 2006; Tax et al., 1998; Nadiri, 2016), emotional responses (positive or negative) (Schoefer; Ennew, 2005), repurchase intentions, negative word-of-mouth, exit (Blodgett et al., 1993; Kim, Kim, & Kim, 2009) and trust (Kim et al., 2009; Tax et al., 1998).



Among the dimensions of justice, distributive justice has been identified as the main antecedent of satisfaction with the complaint handling (Gelbrich & Roschk, 2011; Kim et al., 2009; Pizzutti & Rossi, 2002; Smith et al., 1999; Orsingher et al., 2010). Customers assess this dimension according to their previous experience with the company in question, their knowledge of problem solving for other consumers and perceptions of their own loss (Tax et al., 1998).

Customers can evaluate distributive justice by its different rules. Equity is used when consumers compare their results with their own contribution; equality is related to another consumer's result, and the need rule considers the consumer's own needs. Most studies use the equity rule and therefore consider the relationship between input and outcome in the exchange. However, the focus of this essay is on the equality rule implemented by means of social comparison after the company's recovery efforts. The next chapter aims to address social comparison in the distributive justice perception.

4. SOCIAL COMPARISON IN THE PERCEPTION OF DISTRIBUTIVE JUSTICE

Social comparison is a specific type of interpersonal information (Bonifield & Cole, 2008) which may occur in several contexts, as work environment (Brown, Ferris, Heller, & Keeping, 2007), service provision (Ambrose, Harland, & Kulik, 1991; Grienberger, Rutte, & Knippenberg, 1997), service recovery process (Bonifield & Cole, 2008), and price evaluations (Bolton et al., 2010; Grewal et al., 2004; Haws & Bearden, 2006; Xia et al., 2004).

Social comparisons are relatively spontaneous and unintentional efforts (Gilbert, Giesler, & Morris, 1995). The goals for social comparison are self-evaluation, reduction of uncertainty (desire to have an accurate view of a person's ability), self-improvement (desire to self-improve) and self-development (desire to protect/improve attitude toward self) (Wood, 1989).

There are two directions for social comparison: upward and downward. Upward comparison occurs when the other person has a better performance, while downward comparison occurs when the other person has a lower performance (Argo, White, & Dahl, 2006; Aspinwall & Taylor, 1993; Bonifield & Cole, 2008; Brown et al., 2007). Upward comparison information is usually avoided in a situation of weak performance (Pyszczynski, Greenberg, & Laprelle, 1985). Downward comparisons may reinforce self-assessments



and increase expectations of success among people with low self-esteem who are experiencing negative effects or natural threatens in important areas of life. Individuals who have a negative emotional experience can improve their subjective well-being when comparing to less fortunate others (Aspinwall & Taylor; 1993; Bonifield & Cole, 2008). Besides, horizontal social comparison among employees of the same hierarchical level can lead to a perception of injustice in the payment (Gartenberg & Wulf, 2017).

Social comparisons occur automatically or in a controlled manner (Bonifield & Cole, 2008) being imposed by social environment (Wood, 1989). Social psychology addresses social comparisons with more emphasis on spontaneous comparisons, while Bonifield and Cole (2008) emphasize social comparisons generated by the company. This change of focus is appropriate for the marketing context, because managers cannot control consumer's spontaneous social comparisons but can generate social comparison information.

Bonifield and Cole (2008) operationalized social comparison as a comparison performed by a service provider, that during the service recovery, informs the complainer about a failure in a service delivery occurred with another customer. There is a distinction between complete social comparison – when there are social comparison and information on the consequences of the failure occurred – and incomplete – when the comparison is made –, but the result is not reported. In the incomplete comparison, the employee informs the customer that, a few days before, an acquaintance's flight operated by another airline company was also delayed. In the complete comparison, there is also the information that the mentioned passenger only took another flight five days later. It expresses a situation where the service failure led to more serious consequences to another customer than for the current one.

According to Bonifield and Cole (2008), when consumers receive compensation, downward social comparison does not have a significant effect in anger feelings and post-purchase intentions. When the service provider makes an incomplete social comparison and offers a 10% or 25% compensation of the service value, consumers' perceptions of distributive justice are higher than when there is no compensation. When the service providers make a complete social comparison and offer a 10% or 25% compensation of the service value, consumer perceptions of distributive justice are as high as in the situation of total compensation (100%). Results show that making a downward social comparison, explaining the negative consequences occurred with another consumer generates a perception of justice as high as complete compensation for the failure. In addition,



by reducing irritation and increasing perceptions of distributive justice, compensation has relevance in the post-purchase behavior intentions. Some limitations of their study are the use of downward social comparison and of comparisons generated only by the company.

Vázquez-Casielles, Iglesias, and Varela-Neira (2012) also found a reduction of anger feelings after social comparison. According to the authors, a company should use social comparison mainly when consumers cannot have an appropriate financial compensation. Consumers who receive an explanation about the failure based on social comparison experience more satisfaction and positive behaviors intentions than those who do not receive an explanation, although still at a lower level compared to the effect of financial compensation.

Service failures are commonplace and often witnessed by other consumers, especially in shops, restaurants, and hotels, making such environments favorable to comparison. Even if an observant consumer has had a positive experience, perceiving that another person is not being fairly treated generates negative emotions, which results in a low degree of justice and intention to return to the store (Mattila, Hanks, & Wang, 2014).

It is important to understand how individuals select and use social comparisons to determine the extent to which they feel satisfied or in disadvantage (Bylsma & Major, 1994). Considering the foregoing, we propose to examine distributive justice perceptions stem from social comparisons based on the compensation received after a complaint handling. Thus, it is possible to analyze the distributive justice by the equality rule, considering the comparison between the compensation received by a customer (self-referent) and by another customer (referent).

People prefer to compare their results with those of individuals like them, rather than different (Major & Testa, 1989). The comparison between similar people is a within-group comparison, in which members share some common characteristics, as comparing people of the same genre and job. The comparison out of the group is a comparison among people who have different characteristics (Bylsma & Major, 1994; Major & Forcey, 1985).

Social comparison within the group usually generates greater effects on self-assessment than comparisons with out of the group members (Major, Sciacchitano, & Crocker, 1993; Miller, Turnbull, & McFarland, 1988). Upward comparisons within-group members are more damaging to self-esteem than upward comparisons with out of the group members. If the best performance of an individual is attributed to their participation in a different group, the negative implications of the comparison to self-esteem



are avoided (Major et al., 1993; Martinot & Redersdorff, 2003). However, upward comparisons within-group members may be beneficial to self-esteem as individuals assimilate their self-assessments with the positive performance of peers in the same group (Blanton, Crocker, & Miller, 2000).

Social comparisons of outcomes are made with others that are similar in self-relevant attribute, such as sex and appearance, and on criterion-relevant attributes, which is related to performance, such as work (Major & Forcey, 1985; Major & Testa, 1989). People prefer to compare their abilities with others that are similar in criterion-relevant attributes (Wheeler, Koestner, & Driver, 1982). Other evidence show that people also compare their abilities to similar ones in self-relevant attributes, regardless of the relevance of these attributes to the skill being evaluated (Miller et al., 1988), for example, if you compare your appearance to evaluate your ability to write a text.

The preference for same-sex and same-job comparison occurs even when information about men and women's job are equally available, indicating that both self-relevant and criterion-relevant attributes are considered in social comparisons (Major & Forcey, 1985). Besides the preference for comparison among similar people, the most relevant are the fact that the information of a within-group influences justice judgments and satisfaction more than the comparisons with members outside the group (Brewer & Weber, 1994; Bylsma & Major, 1994). Individuals who make unfavorable downward comparison with within members have lower self-esteem levels and more depressed emotions than those who compare themselves with members outside the group (Major et al., 1993). Therefore, we develop the following research proposition:

Proposition 1: In a given failure and service recovery context, consumers will perceive lower levels of distributive justice when they compare the received compensation to a higher compensation received by other more similar (vs less similar) consumer.

However, consumers can assess distributive justice differently depending on their previous experience with the company involved, their knowledge of the compensation offered to other consumers and their perceptions of their own loss (Tax et al., 1998). Researches on price justice comparison indicate that price differences based on consumer lead to stronger unfairness perceptions and lower satisfaction with the purchase compared to price differences based on vendor or price paid previously (Bolton et al., 2010; Haws & Bearden, 2006; Xia et al., 2004). Even when consumers know that price differences are due to an identification of the purchaser, such as the difference between a new consumer and another more loyal and profitable



one, they perceive price differences based on the consumer as unfair (Grewal et al., 2004).

The fact that price differences among customers lead to lower levels of perceived justice than differences between the current price and the price paid previously may be an indicator of similar behavior concerning the financial compensation received after a complaint. Given the relevance of outcome comparisons on justice perception (Brewer & Weber, 1994; Bylsma & Major, 1994; Bolton et al., 2010; Haws & Bearden, 2006; Xia et al., 2004), we propose that differences in compensation will be seen as less fair when compared to other consumers' outcome than those obtained by the consumer himself/herself at another purchase time. Thus, the second proposition is developed:

Proposition 2: in a given failure and service recovery context, consumers will perceive lower levels of distributive justice when they compare the received compensation to a higher compensation received by another consumer than to a higher compensation received by themselves in a previous time.

Another matter concerning social comparison is the moment it happens. The comparison may occur soon after the recovery process and later. According to Mattila and Wirtz (2004), consumers seeking tangible compensation due to a failure perceive face to face or telephone communication as more effective because it is a real-time interaction. This may be an indication that the search for justice in compensation is stronger immediately after the service recovery than in a later moment.

Grégoire, Tripp, and Legoux (2009) examine the effects of time and the strength of the relationship with the company on customer's revenge and avoidance in online public complaint contexts. Although desire of revenge is high shortly after complaining, it decreases over time, while company's avoidance increases. Furthermore, the construal level theory proposes that psychological distance affects the way people mentally represent physical objects and social events (Trope & Liberman, 2003; Trope, Liberman, & Walkslak, 2007). An event is psychologically farther as it positions itself in the future, occurs in more remote locations, and is less likely to happen. The greater the temporal distance, the greater the likelihood that events will be more represented in an abstract than concrete way (Trope et al., 2007). This may be an indication that complainers (i.e. self-referents) will perceive lower distributive justice when comparing their compensation to another consumer (referent) immediately after the service recovery process than at a later time. As Grégoire et al., (2009) state, there are greater anger and



revenge feelings immediately after the complaint, and they will dissipate over time. Thus, we draw the third proposition:

Proposition 3: In a given failure and service recovery context, consumers will perceive lower levels of distributive justice when they compare the received compensation to a higher compensation received by other consumers immediately after recovery than at a later time.

5. CONCLUSIONS

This essay aimed to achieve a better understanding of the basis of distributive justice in service recovery situations. More specifically, it investigates evaluations of distributive justice based on social comparisons. Although social comparisons are increasingly frequent, the service marketing literature has neglected such comparisons.

Social comparisons may occur in the service ambience, where one can observe how a service provider compensates another customer; in an online environment, where there are specialized sites for the sharing of information on service failure and recovery, as *consumeraffairs.com* and *reclameaqui.com.br* sites; and social networks such as Facebook and Twitter. Thus, it is possible for consumers to compare compensations received after complaining situations with compensations given to other consumers and, when perceiving upward differences (i.e., that they received lower compensations), have negative reactions towards the company.

The test of our research propositions will theoretically contribute for the understanding of distributive justice based on the equality rule in the service recovery context. Tax et al. (1998) have already reported the gap in this area. They questioned whether consumers perceive differences in distributive justice based on the rules of equity, equality, needs and others. Therefore, this essay aims to propose a study focusing specifically on the equality rule by means of social comparison, and on distributive justice related to compensation in the service recovery context. Distributive justice was chosen for its outstanding impact on consumer complaint handling satisfaction (Gelbrich & Roschk, 2011; Orsingher et al., 2010), as well as for the ease of comparing compensations received by consumers instead of comparing procedural and interactional aspects incurred in their service recovery processes.

Besides its theoretical relevance, the present essay contributes to marketing professionals that deal with consumers' complaints. If our



propositions are true, professionals will have to be aware of the many possibilities of social comparisons for consumers. Recovery policies will have to be designed considering the similarity between consumers, differences between compensation levels and compensation changes over time. Given the possibility of intense information sharing between consumers, companies should not ignore the social comparisons role on justice perceptions after service recovery efforts. As discussed, just compensating consumers based on the equity rule may not be sufficient to generate distributive justice and satisfaction.

Finally, we suggest conducting an experimental study to investigate the research propositions presented in this essay. The experimental method seems more appropriate for making it possible to design contexts with different levels of compensation and for allowing the social comparison at different times.

REFERENCES

- Adams, J. (1963). Toward an understanding of inequity. *Journal of Abnormal and Social Psychology*, 67(5), 422-436. doi 10.1037/h0040968.
- Adams, J. (1965). Inequity in social exchange. In Berkowitz, L. (Org.). *Advances in experimental social psychology* (Vol. 2, pp. 267-299). New York: Academic Press.
- Ambrose, M., Harland, L., & Kulik, C. (1991). Influence of social comparisons on perceptions of organizational fairness. *Journal of Applied Psychology*, 76(2), 239-246. doi 10.1037/0021-9010.76.2.239.
- Argo, J., White, K., & Dahl, D. (2006). Social comparison theory and deception in the interpersonal exchange of consumption information. *Journal of Consumer Research*, 33(1), 99-108. doi 10.1086/504140.
- Aspinwall, L., & Taylor, S. (1993). Effects of social comparison direction, threat and self-esteem on affect, self-evaluation and expected success. *Journal of Personality and Social Psychology*, 64(5), 708-722. doi 10.1037/0022-3514.64.5.708.
- Basso, K., Pizzutti, C. (2016). Trust recovery following a double deviation. *Journal of Service Research*, 19(2), 209-223. doi 10.1177/1094670515625455.
- Bitner, M. 1990. Evaluating service encounters: the effects of physical surroundings and employee responses. *Journal of Marketing*, 54(2), 69-82.



- Blanton, H., Crocker, J., & Miller, D. (2000). The effects of in-group versus out-group social comparison on self-esteem in the context of a negative stereotype. *Journal of Experimental Social Psychology*, 36, 519-530. doi 10.1006/jesp.2000.1425.
- Blodgett, J., Granbois, D., & Walters, R. (1993). The effects of perceived justice on complainants' negative word-of-mouth behavior and repatronage intentions. *Journal of Retailing*, 69(4), 399-428. doi 10.1016/0022-4359(93)90015-B.
- Blodgett, J., Hill, D., & Tax, S. (1997). The effects of distributive, procedural, and interactional justice on postcomplaint behavior. *Journal of Retailing*, 72(2), 185-210.
- Bolton, L., Keh, H., & Alba, J. (2010). How do price fairness perceptions differ across culture? *Journal of Marketing Research*, 47(3), 564-576. doi 10.1509/jmkr.47.3.564.
- Bonifield, C., & Cole, C. (2008). Better him than me: social comparison theory and service recovery. *Journal of the Academy of Marketing Science*, 36, 565-577. doi 10.1007/s11747-008-0109-x.
- Brewer, M., & Weber, J. (1994). Self-evaluation effects of interpersonal versus intergroup social comparison. *Journal of Personality and Social Psychology*, 66(2), 268-275. doi 10.1037/0022-3514.66.2.268.
- Brown, D., Ferris, D., Heller, D., & Keeping, L. (2007). Antecedents and consequences of the frequency of upward and downward social comparisons at work. *Organizational Behavior and Human Decision Processes*, 102, 59-75. doi 10.1016/j.obhdp.2006.10.003.
- Bylsma, W., & Major, B. (1994). Social comparisons and contentment. *Psychology of Women Quarterly*, 18, 241-249. doi 10.1111/j.1471-6402.1994.tb00453.x.
- Choi, B., & Choi, B. (2014). The effects of perceived service recovery justice on customer affection, loyalty, and word-of-mouth. *European Journal of Marketing*, 48(1/2), 108-131. doi 10.1108/EJM-06-2011-0299.
- Cohen-Charash, Y., & Spector, P. (2001). The role of justice in organizations: a meta-analysis. *Organizational Behavior and Human Decision Processes*, 86(2), 278-321. doi 10.1006/obhd.2001.2958.
- Cohen-Charash, Y., & Spector, P. (2002). Erratum to "the role of justice in organizations: a meta-analysis". *Organizational Behavior and Human Decision Processes*, 89(2), 1215. doi 10.1006/obhd.2001.2958.
- Colquitt J., Conlon, D., Wesson, M., Porter, C., & Ng, K. (2001). Justice at the millennium: a meta-analytic review of 25 years of organizational justice



research. *Journal of Applied Psychology*, 86(3), 425- 445. doi 10.1037/0021-9010.86.3.425.

Davidow, M. (2003, February). Organizational responses to customer complaint: what works and what doesn't. *Journal of Service Research*, 5(3), 225-250. doi 10.1177/1094670502238917.

Deutsch, M. (1975). Equity, equality, and need: what determines which value will be used as the basis of distributive justice? *Journal of Social Issues*, 31(3), 137-149. doi 10.1111/j.1540-4560.1975.tb01000.x.

Festinger, L. (1954). A theory of social comparison processes. *Human Relations*, 7, 117-140. doi 10.1177/001872675400700202.

Gartenberg, C., & Wulf, J. (2017). Pay harmony? Social comparison and performance compensation in multibusiness firms. *Organization Science, Articles in Advance*, 1-17. doi 10.1287/orsc.2017.1109.

Gelbrich, K., & Roschk, H. (2011). A meta-analysis of organizational complaint handling and customer responses. *Journal of Service Research*, 14(1), 24-43. doi 10.1177/1094670510387914.

Gilbert, D., Giesler, R., & Morris, K. (1995). When comparisons arise. *Journal of Personality and Social Psychology*, 69(2), 227-236. doi 10.1037/0022-3514.69.2.227.

Goodwin, C., & Ross, I. (1989). Salient dimensions of perceived fairness in resolution of service complaints. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 2, 87-92.

Goodwin, C., & Ross, I. (1992). Consumer responses to service failures: influence of procedural and interactional fairness perceptions. *Journal of Business Research*, 25(2), 149-163. doi 10.1016/0148-2963(92)90014-3.

Greenberg, J. (1990). Organizational justice: yesterday, today and tomorrow. *Journal of Management*, 16(2), 399-432. doi 10.1177/014920639001600208.

Grégoire, Y., & Fisher, R. (2008). Customer betrayal and retaliation: when your best customers become your enemies. *Journal of the Academy of Marketing Science*, 36 (2), 247-261. doi 10.1007/s11747-007-0054-0.

Grégoire, Y., Tripp, T., & Legoux, R. (2009). When customer love turns into lasting hate: the effects of relationship strength and time on customer revenge and avoidance. *Journal of Marketing*, 73(6), 18-32. doi 10.1509/jmkg.73.6.18.

Grewal, D., Hardesty, D., & Iyer, G. (2004). The effects of buyer identification and purchase timing on consumers' perceptions of trust, price fairness, and repurchase intentions. *Journal of Interactive Marketing*, 18(4), 87-100.



- Grienberger, I., Rutte, C., & van Knippenberg, A. (1997). Influence of social comparisons of outcomes and procedures on fairness judgments. *Journal of Applied Psychology*, 82(6), 913-919. doi 10.1037//0021-9010.82.6.913.
- Hart, C., Heskett, J., & Sasser Jr., W. (1990). The profitable art of service recovery. *Harvard Business Review*, 68(4), 148-56.
- Haws, K., & Bearden, W. (2006). Dynamic pricing and consumer fairness perceptions. *Journal of Consumer Research*, 33(3), 304-311.
- Hess Jr., R., Ganesan, S., & Klein, N. (2003). Service failure and recovery: the impact of relationship factors on customer satisfaction. *Journal of the Academy of Marketing Science*, 31(2), 127-145. doi 10.1177/0092070302250898.
- Hirschman, A. (1973). *Saída, voz e lealdade: reações ao declínio de firmas, organizações e estados*. São Paulo: Perspectiva.
- Joireman, J., Grégoire, Y., Devezer, B. & Tripp, T. (2013). When do customers offer firms a “second chance” following a double deviation? The impact of inferred firm motives on customer revenge and reconciliation. *Journal of Retailing*, 89(3), 315-337. doi 10.1016/j.jretai.2013.03.002.
- Joireman, J., Grégoire, Y., & Tripp, T. (2016). Customer forgiveness following service failures. *Current Opinion in Psychology*, 10, 76-82. doi 10.1016/j.copsyc.2015.11.005.
- Kau, A.-K., & Loh, E. (2006). The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants. *Journal of Services Marketing*, 20(2), 101-111. doi 10.1108/08876040610657039.
- Kim, T., Kim, W. G., & Kim, H-B. (2009). The effects of perceived justice on recovery satisfaction, trust, word-of-mouth, and revisit intention in upscale hotels. *Tourism Management*, 30(1), 51-62. doi 10.1016/j.tourman.2008.04.003.
- Leventhal, G. (1976). Fairness in social relationships. In Thibaut, J., Spence, J., & Carson, R. (Eds.). *Contemporary topics in social psychology*. (pp. 211-239). New Jersey: General Learning Press.
- Lind, E., & Tyler, T. (1988). *The social psychology of procedural justice*. New York, NY: Plenum Press.
- Major, B., & Forcey, B. (1985). Social comparisons and pay evaluations: preferences for same-sex and same-job wage comparisons. *Journal of Experimental Social Psychology*, 21, 393-405. doi 10.1016/0022-1031(85)90038-1.



- Major, B., Sciacchitano, A., & Crocker, J. (1993). In-group versus out-group comparisons and self-esteem. *Personality and Social Psychology Bulletin*, 19(6), 711-721. doi 10.1177/0146167293196006.
- Major, B., & Testa, M. (1989). Social comparison processes and judgments of entitlement and satisfaction. *Journal of Experimental Social Psychology*, 25, 101-120. doi 10.1016/0022-1031(89)90007-3.
- Martinot, D., & Redersdorff, S. (2003). Impact of comparisons with out-group members on women's self-esteem: role of the stereotypical connotation of the performance context. *International Journal of Psychology*, 38(6), 348-358. doi 10.1080/00207590344000015.
- Mattila, A., & Wirtz, J. (2004). Consumer complaining to firms: the determinants of channel choice. *Journal of Services Marketing*, 18(2), 147-155. doi 10.1108/08876040410528746.
- Mattila, A., & Cranage, D. (2005). The impact of choice on fairness in the context of service recovery. *Journal of Services Marketing*, 19(5), 271-279. doi 10.1108/08876040510609899.
- Mattila, A., Hanks, L., & Wang, C. (2014). Others service experiences: emotions, perceived justice, and behavior. *European Journal of Marketing*, 48(3/4), 552-571. doi 10.1108/EJM-04-2012-0201.
- Maxham III, J. (2001). Service recovery's influence on consumer satisfaction, positive word-of-mouth, and purchase intentions. *Journal of Business Research*, 54, 11-24. doi 10.1016/S0148-2963(00)00114-4.
- Messick, D., & Cook, K. (1983). Psychological and sociological perspectives on distributive justice: convergent, divergent and parallel lines. In Messick, D. M., & Cook, K. S. (Eds.). *Equity theory: psychological and sociological perspectives* (pp. 1-13). New York, NY: Praeger.
- Miller, D., Turnbull, W., & McFarland, C. (1988). Particularistic and universalistic evaluation in the social comparison process. *Journal of Personality and Social Psychology*, 55(6), 908-917. doi 10.1037/0022-3514.55.6.908.
- Nadiri, H. (2016). Diagnosing the impact of retail bank customers' perceived justice on their service recovery satisfaction and post-purchase behaviours: an empirical study in financial centre of middle east. *Economic Research-Ekonomska Istraživanja*, 29(1), 193-216. doi 10.1080/1331677X.2016.1164925.
- Nowakowski, J., & Conlon, D. (2005). Organizational justice: looking back, looking forward. *The International Journal of Conflict Management*, 16(1), 4-29. doi 10.1108/eb022921.



- Orsingher, C., Valentini, S., & Angelis, M. (2010). A meta-analysis of satisfaction with complaint handling in services. *Journal of the Academy of Marketing Science*, 38, 169-186. doi 10.1007/s11747-009-0155-z.
- Pizzutti, C., & Fernandes, D. (2008). Antecedents and Consequences of Consumer Trust in the Context of Service Recovery. *Brazilian Administration Review*, 5(3), 225-244.
- Pizzutti, C., & Fernandes, D. (2010). Effect of recovery efforts on consumer trust and loyalty in e-tail: a contingency model. *International Journal of Electronic Commerce*, 14(4), 127-160. doi 10.2753/JEC1086-4415140405.
- Pizzutti, C., & Rossi, C. (2002). The impact of complaint handling on consumer's trust and loyalty in the context of relational services exchanges. *Proceedings of the European Marketing Academy Conference*, Glasgow, Scotland, 32.
- Pritchard, R. (1969, May). Equity theory: a review and critique. *Organizational Behavior and Human Performance*, 4(2), 176-211.
- Pyszczynski, T., Greenberg, J., & Laprelle, J. (1985). Social comparison after success and failure: biased search for information consistent with a self-serving conclusion. *Journal of Experimental and Social Psychology*, 21, 195-211.
- Rosch, H., & Gelbrich, K. (2014). Identifying appropriate compensation types for service failures: a meta-analytic and experimental analysis. *Journal of Service Research*, 17(2), 195-211. doi 10.1177/1094670513507486.
- Schoefer, K., & Ennew, C. (2005). The impact of perceived justice on consumers' emotional responses to service complaint experiences. *Journal of Services Marketing*, 19(5), 261-270. doi 10.1108/08876040510609880.
- Smith, A., Bolton, R., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36(3), 356-372.
- Tax, S., Brown, S., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: implications for relationship marketing. *Journal of Marketing*, 62(2), 60-76.
- Taylor, S. (1994). Waiting for service: the relationship between deals and evaluations of service. *Journal of Marketing*, 58, 56-69.
- Thibaut, J., & Walker, L. (1975). *Procedural justice: a psychological perspective*. Hillsdale, NJ: Erlbaum.
- Trope, Y., & Liberman, N. (2003). Temporal construal. *Psychological Review*, 110(3), 403-421. doi 10.1037/0033-295X.110.3.403.
- Trope, Y., Liberman, N., & Wakslak, C. (2007). Construal levels and psychological distance: effects on representation, prediction, evaluation, and



behavior. *Journal of Consumer Psychology*, 17(2), 83-95. doi 10.1016/S1057-7408(07)70013-X.

Vázquez-Casielles, R., Iglesias, V. & Varela-Neira, C. (2012). Service recovery, satisfaction and behaviour intentions: analysis of compensation and social comparison communication strategies. *The Service Industries Journal*, 32(1), 83-103. doi 10.1080/02642069.2010.511187.

Walster, E., Berscheid, E., & Walster, G. (1973). New directions in equity research. *Journal of Personality and Social Psychology*, 25(2), 151-176. doi 10.1037/h0033967.

Wheeler, L., Koestner, R., & Driver, R. (1982). Related attributes in the choice of comparison others: it's there, but it isn't all there is. *Journal of Experimental Social Psychology*, 18, 489-500.

Wood, J. (1989). Theory and research concerning social comparisons of personal attributes. *Psychological Bulletin*, 106, 231-248.

Xia, L., Monroe, K., & Cox, J. (2004). The price is unfair! A conceptual framework of price fairness perceptions. *Journal of Marketing*, 68, 1-15. doi 10.1509/jmkg.68.4.1.42733.

ABOUT THE AUTHORS

LUIZA VENZKE BORTOLI

PhD in Business Administration from the Department of Marketing,
Universidade Federal do Rio Grande do Sul (UFRGS).

Professor,

Instituto Federal de Educação, Ciência e Tecnologia do Rio Grande do Sul.

Av. Senador Salgado Filho, 7000, São Lucas – Viamão – RS – Brasil – CEP 94410-970

E-mail: luizabortoli@gmail.com

CRISTIANE PIZZUTTI

PhD in Business Administration from the Department of Marketing
Universidade Federal do Rio Grande do Sul (UFRGS).

Professor for de Department of Marketing,

Universidade Federal do Rio Grande do Sul (UFRGS).

Rua Washington Luís 855, Centro Histórico, Porto Alegre – RS – Brasil – CEP 90010-460

E-mail: pizzutti@ufrgs.br