

# **Towards A New Model of ‘Customer Compliance’ Service Provision**

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and

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## **ABSTRACT**

### **Purpose:**

In the last 10 years, businesses taking advantage of market deregulation, call-centre, Intranet and Internet technology have broken traditional marketing norms and path dependent customer management practices. These businesses offer substantially lower prices and good customer service. In spite of anecdotal evidence of the high level of service complaints in the press, these businesses are expanding rapidly by growing the market and by taking share from traditional suppliers. Service failure recovery and complaint management are two areas which are extensively re-designed by such businesses. This paper identifies and examines such new practices. The authors suggest that the traditional 'customer-centricity' model is being replaced by a 'customer-compliance business model' (CCBM) of service provision. This new model and its propositions defy conventional thinking in the areas of service recovery and complaint management.

### **Design/Methodology/Approach:**

Available data and research are reviewed, in an attempt to understand CCBM. Differences with the customer-centricity model are discussed.

### **Findings:**

CCBM cannot be explained adequately by current assumptions in marketing. It breaks commonplace marketing expectations about service failure and recovery.

### **Research limitations/implications:**

The emphasis is on explaining innovations in service recovery and complaint management.

### **Practical implications:**

Companies which operate the CCBM model are of growing importance to developed, service-orientated economies. We build upon evidence to show how CCBM businesses have abandoned or minimised costly customer centricity and have broken past norms and conventional marketing thinking and practice.

### **Originality/value:**

The scarcity of research in this area is explained by the recent, rapid evolution of these new model businesses. This study reveals and makes sense of important trends in service provision, distinct from and incompatible with normative arguments in some academic writings that advocate service recovery excellence.

## **Introduction**

Businesses have broken traditional, path dependent marketing and management norms and practices in the 1990's. Practitioners have discovered new ways of doing business, by offering lower cost, good value, and frequently simplified services. Examples are found across sectors, including telecommunications (NTL), TV and broadband supply (BT, Virgin/NTL), the music industry, betting, low cost air travel (Ryanair, easyJet), banking (Egg), insurance and financial services (Directline, E-sure), travel and tourism (Expedia, Holiday Extras), car rental (Holiday Autos), provision of goods (Dabs.com, Amazon), on-line auctions (eBay) and retail (Tesco, IKEA). Being enabled by business deregulation, technological developments and improved logistics, the management and marketing practices of these businesses have rapidly evolved to the point where it is difficult to apply existing theories to their strategies and business philosophies.

In this paper, we examine a key aspect of service provision: the service failure recovery and complaint management practices of these new-business-model companies. The authors contend that companies have abandoned the 'customer centricity' thinking, in favour of a 'customer compliance' business model (henceforth referred to as the CCBM model) which allows businesses to dispense with costly traditional service recovery and to pass the savings to their customers by lowering costs.

The discussion attempts to contribute to the literatures of service recovery (Bitner et al., 1990; Armistead and Clark, 1994; Bowen and Johnston, 1999) and customer complaint management (Hartline and Ferrell, 1996; Schneider, White and Paul, 1998) which assume that costly service recovery and complaint management are desirable and necessary. Arguments about the desirability of transforming service disasters and customer dissatisfaction into positive experiences through 'timely, friendly, empathetic and generous' problem solving (Michel, 2001) are the norm in academic studies.

In spite of the attractiveness of analysis of recovery and complaint management, much conceptual and empirical ground remains unexplored. There is a lack of research about the actual responsiveness of service providers (Naylor, 2003). Equally significant is the

alleged inadequacy of analysis of on-line service failure and recovery (Holloway and Beatty, 2003). Our discussion adds to the growing body of knowledge in the areas in question. By studying current scholarship of service recovery, complaint management, on-line service recovery and on-line complaint management, we make an effort to address the two gaps that Holloway and Beatty (2003) have identified by conceptually theorising about the responsiveness or lack thereof of CCBM businesses. As far as the authors are aware, the literatures of service recovery and complaint management have failed to discuss some of the arguments raised in our paper. One of the reasons for this may be that some of the developments in business management practice that we note are very recent and so are likely to take time to be reflected in academic research. In the absence of adequate conceptual and empirical analysis, we have used the doubts expressed by a handful of researchers to question the effectiveness of costly service recovery and complaint management in achieving the results that were once claimed.

To academic and practitioner research, we offer an overview of the service strategies, tactics and philosophy of CCBMs. Key service recovery aspects such as loyalty, trust, long-term orientation, and complaining are conceptually explored. We outline the critical traits and assess the implications for practice and theory of this new business model. Propositions which distinguish CCBMs from customer-centric businesses are presented. It is argued that the service recovery and complaint management literatures have largely failed to appreciate the importance and prevalence of CCBMs. The principles of operation of such service providers have been inadequately analysed. Nonetheless, the study of their service recovery traits reveals important trends in service provision which are incompatible with normative arguments found in some academic writings.

The discussion starts with a review of the literature and its limitations. Next, we offer an overview of the context of CCBM operation and outline the traits of CCBM business. We draw a clear demarcation line between these and standard arguments in services texts. Building upon the discussion of CCBM traits, sixteen propositions about CCBMs are developed. The section on the contribution of our thinking covers, firstly, the explicit discussion of responsiveness on the part of providers; secondly, the expansion of scholarship of service recovery and complaint management; and thirdly, the

distinctiveness of CCBMs. The CCBM model that we propose is assessed through three ‘tests’. Future avenues for research are suggested, including the empirical testing of the propositions presented here.

### **Our Thinking in Relation to the Service Recovery and Complaint Management Literatures**

This paper does not present a general analysis of the strategies or service provision strategies of CCBM businesses. It is a discussion of the CCBMs’ service recovery and complaint management traits. As already noted, the literatures about service recovery and complaint management have largely failed to identify and analyse these traits. In fact, the two specialist literatures to which we aim to contribute and on which we build do not discuss explicitly the type of companies that we analyse. There are some doubts expressed by authors (see Table 1 on next page), and we build on these doubts in an attempt to explain the service recovery and complaint management philosophy and practices of CCBMs.

**Table 1.**  
**Doubts Expressed about the Desirability of Service Recovery and Complaint Management: An Evolving Discipline.**

<i><b>Early to mid 1990s</b></i>
Hart et al. (1990), George and Weimerskirch (1994), Tschohl (1998); critique of commonplace assumptions of staff empowerment during service recovery and complaint management.
<i><b>Late 1990s - early 2000s</b></i>
<p>Szymanaski and Hise (2000); expectation of weak loyalty in on-line service provision.</p> <p>Berry (2000) and Liljander and Strandvik (1995); support for the common occurrence of financial, economic and legal bonds linking customers to service providers.</p> <p>Steinauer (1997) and Tomlinson (2002); repudiation of common claims of the legitimacy of customer demands and complaints.</p> <p>Bowen and Johnston (1999); discussion of the scarcity of research of internal service recovery and perceptions of 'internal customers'.</p> <p>Maxham III and Netemeyer (2002) and Andreassen (2001); questioning the prevalence or the very existence of the service recovery paradox.</p> <p>Holloway and Beatty (2003); questioning the importance of loyalty in service relationships.</p>
<i><b>Current Research</b></i>
<p>Huppertz (2003); questioning the assumption that personality factors are important antecedents to likelihood to complain, complaint and service recovery outcomes.</p> <p>Homburg and Fürst (2005); research on the adoption of 'mechanistic' approaches to complaint management on the part of companies.</p> <p>Rylander and Provost (2006); development of a new understanding of the importance of on-line market research.</p> <p>Stockdale (2007); observations of companies, such as on-line retailers, lacking CRM strategy.</p> <p>Stockdale (2007); support for the view that customers lack loyalty and search for bargains.</p>

Examples of the doubts expressed in the literature and reflected in Table 1 include Hart et al.'s (1990) early critique of commonplace assumptions that staff are empowered during service recovery and complaint management. We also note Bowen and Johnston's (1999) comment that analysis of internal service recovery is scarce and that there is

insufficient understanding of the perceptions of ‘internal customers’ such as employees. Szymanaski and Hise (2000) have identified weak loyalty in on-line service provision while Steinauer (1997) and Tomlinson (2002) repudiate common expectations about the legitimacy of customer demands and complaints. Maxham III and Netemeyer (2002) and Andreassen (2001) question the prevalence or, indeed, the very existence of the service recovery paradox.

However, these doubts are specific and are confined to narrow areas of research. For instance, as can be seen from the list in Table 1, Rylander and Provost (2006) talk about the development of a new understanding of the importance of on-line market research. In this paper, we formalise and synthesise these past observations and doubts in a model. Therefore, while using current thinking in the area, we also:

- collate all the doubts found in the literature,
- support the view that a general understanding of service recovery and complaint management can be formulated,
- synthesise the uncertainties into a model relating to CCBMs’ service recovery and complaint management philosophy and practices,
- expand the list of doubts and reservations by adding additional ideas engendered by observation in the practitioner literature.

### **The Context of CCBM Operation**

In this section, we review current thinking about on-line service provision, failure, recovery, and complaint management, even though we do not relate CCBMs to on-line service provision only. Rather, CCBM businesses can be found across sectors. Their highly peculiar service recovery and complaint management practices have been made possible by call-centre, modern telecommunications, Intranet and Internet technologies (Pinker et al., 2003). Staff are controlled and restrained by computer systems even during face-to-face interactions with customers.



On-line service provision is, at times, treated as fundamentally similar to offline, traditional service provision (Barwise et al., 2002). However, theorists have come to the realisation that on-line services pose ‘unique’ questions (Holloway and Beatty, 2003) which are usually focused on technology and system inadequacies rather than on the new marketing strategies that such companies follow, as done in this paper. For instance, e-quality is defined in terms of the qualities of a website and the ‘standard’ components of responsiveness, contact, reliability and efficiency (Zeithaml et al., 2000). E-quality is allegedly driven by concerns for ‘privacy’ (Zeithaml et al., 2000; Wolfinbarger and Gilly, 2001; Parasuraman and Zinkhan, 2002; Parasuraman et al., 2005), ‘security’ (Liu and Arnett, 2000), ‘ease of use’ and ‘accuracy’ (Yang et al., 2001), information availability and interactivity (Parasuraman and Zinkhan, 2002; Parasuraman et al., 2005).

Research of consumer behaviour in the context of on-line service provision is in its infancy (Voss, 2000; Rust and Lemon, 2001). A recent example of the growing interest in this issue is Pitta et al.’s (2006) discussion of practices which may be used by on-line service providers to enhance consumer loyalty. Other studies discuss important aspects of on-line service provision, including consumer confidence and anxiety about ‘intangible organizations’, perceptions of risk and level of security (Palmer et al., 2000), trust and organisational reputation (Degeratu et al., 2000). Service provision is also being studied in terms of the benefits to consumers, including cost reduction and convenience (Parasuraman et al., 2005), customer attraction and the nurturing of long-term relationships (Ibrahim et al., 2006).

Much due to the rapid growth of on-line and call-centre based businesses, some of these ideas appear dated. Furthermore, and as already noted, even though the theory of service failure and recovery has been growing, attention to on-line and call-centre failure and service recovery remains inadequate (Holloway and Beatty, 2003). In order to fill gaps, Holloway and Beatty empirically study on-line shopping and the management of failures. Among the more intriguing findings in their study are the types of on-line service failures and the recovery strategies used by on-line retailers. Questions, though, remain unresolved. For instance, we still know little about consumers’ reaction to on-line recovery, the effect of ‘word of mouse’ and timeliness of on-line recovery on consumer

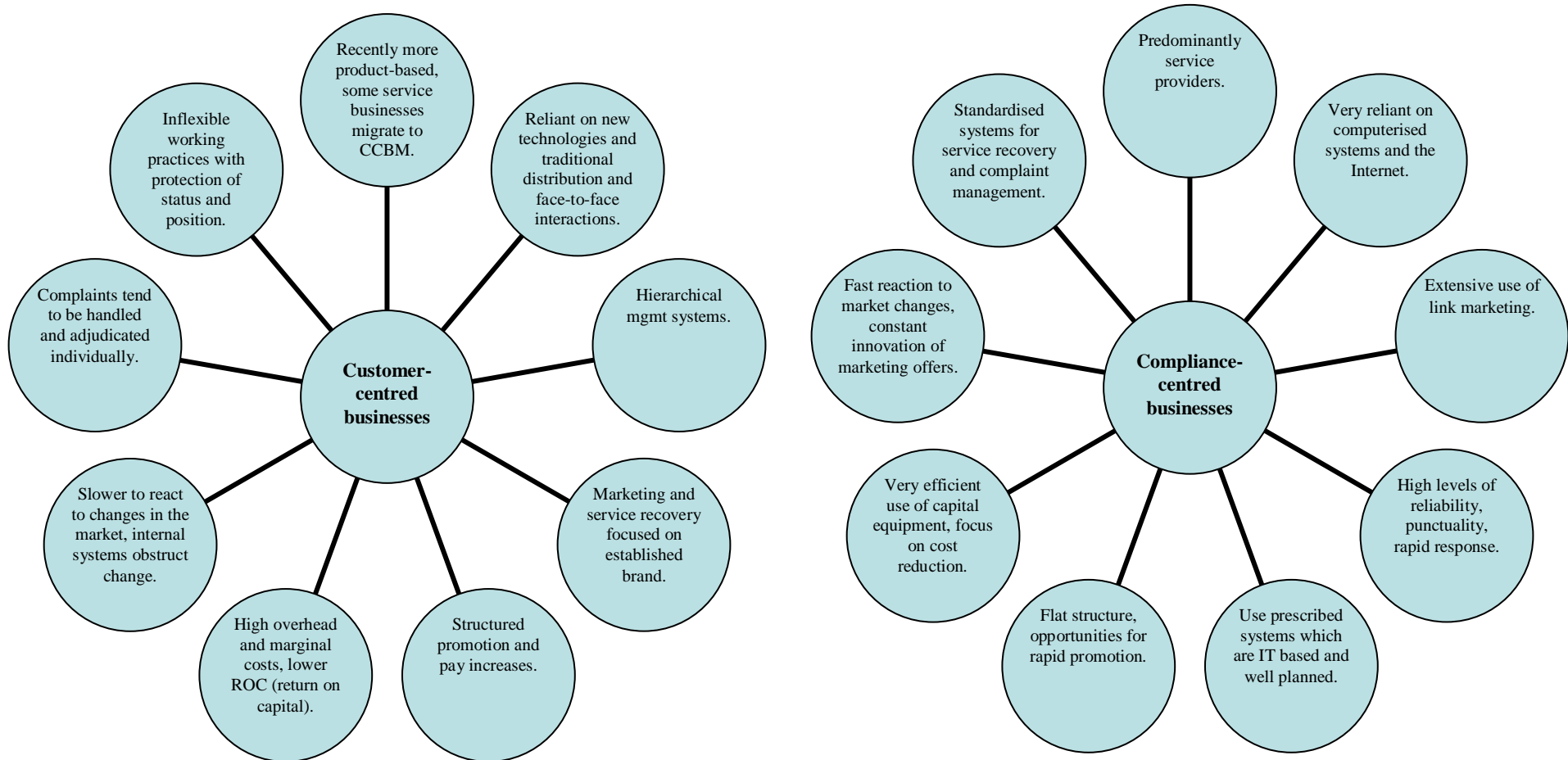
perception of service recovery, and the consequences for on-line service providers of the use of on-line forae by dissatisfied on-line consumers, as discussed by Holloway and Beatty (2003) and Ibrahim et al. (2006).

Therefore, we feel that a number of deficiencies in current theorising of service recovery and complaint management deserve further research. They may help explain the phenomenal growth of CCBM businesses. We link these deficiencies to the areas of service provision which, we believe, distinguish our CCBM model from standard thinking of service recovery and complaint management. Contrary to early expectations, there seems to emerge a consensus that call-centre technologies, the Intranet and the Internet have altered marketing and service provision principles (Barwise et al., 2002). In spite of this realisation, knowledge of e-marketing remains inadequate (Parasuraman and Zinkhan, 2002). Building on the doubts expressed in some research circles, the CCBM model contests conceptual expectations about recovery, complaint management, on-line recovery and on-line complaint management. Through the CCBM model, we question traditional expectations that long-term relationships with customers are important (Smith, 2002) and that electronic customer relationship management is key to modern organisations (Lin et al., 2006). Instead, our thinking builds upon recent challenges to long-standing assumptions, including Stockdale's (2007) comments on the low level of e-loyalty and 'poor' relationship strategies in e-tourism and MacElroy's (1999) discussion of 'fast-changing' on-line loyalty.

### **Traditional Model of Service Provision vs. 'Consumer Compliance Business Model'**

In this section we discuss the nature of the CCBM businesses (see also Figure 1). Because the field is so wide, we have chosen only the key features of their service recovery and complaint management philosophy in order to try and understand more fully the CCBM marketing model.

**Figure 1. Features of Traditional Businesses (Customer-centred Businesses) vs. CCBM Businesses (Compliance-centred Businesses).**



The authors suggest that the CCBM model does not apply only to on-line businesses. Rather, it is adopted by a wide range of businesses aiming to provide high levels of customer service at minimal total cost, with cost savings being passed to the customers in the form of reduced product cost. Businesses operating the CCBM model include not only on-line providers but also call-centre and high street businesses. Nonetheless, the concept of CCBM appears to have evolved from on-line businesses where the reduction of back-office staff levels and the drive to minimise costs has produced standardised systems of service recovery and complaint management.

The adoption of the CCBM model with its ‘take it or leave it’ attitude to service recovery and complaint management has not discouraged customers from returning to the businesses, as expected in studies of traditional model businesses where service recovery is considered crucial to long-term success and sustainable competitive advantage.

In spite of the preceding point, it should not be assumed that the service recovery and complaint management of CCBMs are poor or non-existent. In many cases, on-line retailers have very good returns systems and low cost airlines allow change of very cheap tickets. Service recovery and complaint management, though, are offered at a realistic cost which is transparently communicated to the consumer and which is not built into the price, as practiced by traditional businesses.

Building on the brief outline of CCBM fundamentals in the preceding paragraphs and on the key points in Figure 1, we organise the discussion of the characteristics of CCBM businesses into four areas. These areas help distinguish CCBMs from traditional businesses. The traits are explained by the CCBMs’ *raison d’être* of cost reduction. The areas are:

- Process and interactions,
- Place and role of agents,
- Relationships and long term orientation,

- Research and intelligence gathering.

Based on the arguments in the literatures of (on-line) service failure, recovery, complaint management, and case examples from practice, the four areas have been identified as contributing most to the distinctiveness of CCBMs.

### *Traits of Processes and Interactions*

The coverage of CCBMs' traits in terms of their processes and interactions builds upon analyses of communication during complaint interactions (Baer and Hill, 1994; Smart and Martin, 1992). Garrett and Meyers' (1996) argument of the non-standardised nature of communication and verbal interactions between providers and dissatisfied consumers is particularly informative. In a rare study of verbal communications, Garrett and Meyers analyse the content of 461 telephone calls. Of relevance here are findings of, firstly, 'distinct communication roles' performed by service providers and consumers; secondly, the prevalence of a specific structure of communication which incorporates distinct stages of interactions; and thirdly, the non-standardised nature of such communication.

Far from endorsing some of Garrett and Meyers' (1996) claims, we expect that CCBMs meticulously design and control certain aspects of interactions with customers. Communication may be highly standardised, aimed at disciplining (complaining) customers from the very start of their interaction with service personnel – empirically studied and confirmed in past publications (references to be provided at the end of the review process; 2004, 2007). Communication standardisation as a rather refined instrument of controlling customers is particularly salient in on-line interactions with help line and call-centre staff. An excerpt from one of a number of narratives uncovered during an exploratory study illustrates how successful inflexible procedures can be in making the consumer 'compliant'. The narrative is about the use of the help lines of a PC retailer by a consumer whose computer has broken down. The broken PC has been with the retailer for a few months. As regards their interactions with help-line personnel, the consumer reports that: "they had a set routine of questions they have to go all through ... every time I rang up, they had to go through these ten-fifteen questions. ... they were

very reluctant to put me through to anybody in a higher position. ... they were a buffer zone.”

Additional examples of meticulous standardisation, successful disciplining and ‘normalisation’ of customers include the use of regulated, rehearsed phrases such as ‘This conversation will be recorded for training purposes only’, ‘How may I help you?’ and ‘How are you today?’ As an element of communication between front-line employees and customers, the first phrase is designed to remind the customer that behaviours are observed, recorded, kept on record, and possibly shared with other providers. Meticulous design of interactions may ensure that even demanding customers and aggressive complainers will be disarmed. The CCBMs, thus, achieve a state of control through restraint and inspection where the CCBM employee knows exactly how to respond and shape interactions with customers.

A second issue concerns the effort and the effect of ‘perceptions of effort’ on complaining. The issue has been researched in relation to purchase involvement (Beatty and Smith, 1987), task importance (Clarke and Belk, 1979), switching convenience (Gruen et al., 2000), personality traits and prior experiences in complaining (Huppertz, 2003). Conventional research advises providers to minimise ‘perceptions of effort’ in order to encourage complaints as a form of feedback. Huppertz analyses the under-researched link between effort and ‘complaining procedures’, also noting recent changes in company procedures whereby complaint processes are being simplified, in an attempt to reduce perceived effort when voicing complaints. An example from the public sector literature is Brennan and Douglas’ (2002) analysis of measures encouraging complaints through visibility and ease of access of complaining procedures.

Whilst we agree with Huppertz (2003) that ‘anticipated effort’ is central to consumer complaint behaviour, we expect a reversal of such principles in CCBM businesses. Companies may be found to make conscious attempts to maximise the effort and the perception of effort on the part of consumers, as illustrated in the earlier narrative of the complaining customer. Further empirical examples of effort maximisation include hiding contact details and designing complicated complaint processes.

Preceding arguments of the high level of CCBMs' control over processes, the careful design of interactions, and the maximisation of perceptions of effort lead to a third trait distinguishing CCBMs. Much has been written about the effect of antecedents on propensity to complain and complaining styles. Singh and Wilkes (1996) link attitude towards complaining to personality traits such as 'assertiveness', 'self-confidence', general attitude towards the marketplace, 'alienation' and 'locus of control' (see also Judge et al., 2002). Similarly, Huppertz (2003) links 'assertiveness' to 'attitude toward complaining'; Kanousi (2005) incorporates degree of masculinity or femininity; Chebat et al. (2005) borrow earlier concepts of 'problem-focused' and 'emotion-focused' coping behaviours; while Judge et al. (2002) emphasise one's self-esteem and neuroticism as antecedents of the likelihood to complain.

Though personality traits are favoured explanatory factors in the literatures of service recovery and complaint management, the traditional importance of such traits is expected to be somewhat debilitated in the case of CCBMs. Even if such antecedents matter, in spite of inconsistent findings in the literature (Huppertz, 2003), we do not expect them to alter substantially the procedures and scripted responses used by CCBMs. We trust that CCBM rules and scripts are rigid. Typical of this approach are one set of CCBMs – the low cost airlines. Ryanair, for instance, introduced a rule that passports were the only identity document recognised even on domestic, UK flights. An incident involved socialite Tara Palmer-Thompson not being allowed to board a flight without her passport, even though she had signed autographs for the crew who instantly recognised her (Creaton, 2007).

Lastly, we contend that CCBMs may actually reinvent standard legitimacy rules in service provision. Though Autry et al. (2007) note the apparent legitimacy of customer demands, accumulated evidence in the practitioner literature defies this legitimacy thesis (Steinauer, 1997; Tomlinson, 2002). Building upon such growing evidence, we suggest that CCBMs may consider complaints as illegitimate by default. Customers may, then, need to work hard to persuade the company that their complaint should be taken seriously.

### *Agency of the Individual*

Research about service recovery and complaint management relatively rarely investigates perceptions of employees (de Jong and de Ruyter, 2004). Exceptions are an early piece by Wageman (1997) and de Jong and de Ruyter's (2004) own analysis of the effect of adaptive and proactive behaviours on service recovery. A related, equally sidelined matter is that of internal service recovery and the impact of complaints on employees (Bell and Luddington, 2006). Though front-line staff has been part of the literature for more than two decades, these 'internal customers' remain 'understudied' (Bowen and Johnston, 1999). There is little understanding, for instance, of 'internal relational networks' as a support mechanism for staff, of the 'psychological contract' between companies and their staff, and of the effect of degree of control (Bell et al., 2004) on staff recovery.

We anticipate two separate aspects of employee involvement and recovery in CCBM contexts. Firstly, direct and face-to-face or telephone involvement of employees is reduced, as CCBMs extensively use computerised systems of customer communication. Recent trends include the use of voice recognition software and fully automated on-line interactions which help avoid human interactions altogether. The opportunities for direct contact with angry and abusive customers and complainers are, thus, reduced. Secondly, we draw attention to the significance of careful screening and proper training of front-line personnel who need to demonstrate the capacity to treat customers in a resolute and firm manner. Employees are expected to handle the stress of guarding complainers off the rest of the organisation. Internal service recovery may be unavailable or may be minimal, also due to the company philosophy that employees stand the stress, are left on their own and perish, or are moved to a less stressful post. Conceptual and empirical support for such claims is found in Bowen and Johnston's (1999) exploratory study of internal service recovery in UK banks. Bowen and Johnston report a lack of understanding of 'internal service recovery'. Their study aptly illustrates the reality of employee passivity, alienation and 'learned helplessness'.



Clues about the approach taken by CCBMs to employees are uncovered not in standard claims of staff empowerment (Hart et al., 1990; George and Weimerskirch, 1994; Tschohl, 1998) but in Humphrey and Ashforth's (1994) discussion of behaviours of front-line employees who merely follow 'scripted rules' and in the aforementioned, rather gloomy discussion of Bowen and Johnston (1999) of, firstly, evaluation systems where managers blame staff for low customer satisfaction even when staff have no control over service provision; secondly, the 'self-serving bias' of managers taking credit for success stories; and thirdly, the 'limited autonomy' of staff. The managers whom Bowen and Johnston analyse have 'little sympathy' for the way customer complaints affect their staff. To them, staff have been trained to 'cope with such situations' and 'should know what they have signed up for'. Employees describe the managers as 'supportive' but find it difficult to provide specific examples of such support.

Using Bowen and Johnston's (1999) discussion as a starting point, we anticipate that CCBM employees follow clear procedural scripts as to how to treat complaints both during telephone and face-to-face interactions. These scripts are key to organisational cultures which do not favour staff taking the initiative and personnel accommodating specific, idiosyncratic needs of customers and employees. This approach is likely to have been influenced by the experiences of managers 'in a traditional command and control environment' (Newing, 2007). Coupled with this are the twin expectations, on the part of CCBM top management, that customers play a passive role during interactions and that the service providers are in the dominant position during recovery and complaint interactions. Such expectations are in line with findings of the 'conditioning' of customers not to 'fight the system' and not to expect or demand 'individualized resolution' (Garrett and Meyers, 1996). This was clearly illustrated in the 'Airport' TV series which followed the day to day lives of the front line check-in staff of a typical CCBM – the low cost airline easyJet. Staff frequently refused to alter standard procedures during rows with customers – a prime attraction to viewers of the programme. Staff were empowered by strict procedures authorised by senior managers. Past research suggests that such a programme being broadcast in prime time would harm the airline. The latest figures – in terms of ROE (return on equity), 'load factor', revenue per seat, passenger revenue, etc. – suggest the opposite (easyJet, 2008).

Turning our attention to the other protagonist in recovery and complaint interactions, it is noteworthy that only a handful of studies attempt to identify types of dissatisfied customers and link such types to specific courses of action. Mason and Himes (1973), Warland et al. (1975), and Ndubisi and Ling (2006) discriminate, for instance, between ‘upset action’ and ‘upset no action’ customers. Though such dichotomies may be useful, they inadequately reflect complexities of interactions. Hence, we propose the application of a specific, empirically tested typology (reference to be provided at the end of the review period) which identifies private and public response strategies.

It is also rather rare to come across the concepts of power, disciplining, and control in current theory of service recovery, in spite of some references to behaviours which remind of one of the authors’ distinction between two types of disciplining (reference to be provided at the end of the review process). Nonetheless, studies provide us with frameworks and arguments which may be used, in anticipation of the more systematic incorporation of power in future research of service failure, recovery and complaint management advocated by us. de Jong and de Ruyter’s (2004) distinction between adaptive and proactive service recovery; Bitner et al.’s (1994) and Liden and Skalen’s (2003) notion of ‘adaptability’; and Homburg and Fürst’s (2005) notion of a ‘mechanistic’ approach to complaint management as one that is reliant on ‘establishing guidelines’ are useful.

We suggest two issues related to the consumers’ ability to express dissatisfaction in CCBM contexts (consumer agency). We expect that individual action and initiative is usually successfully resisted by CCBMs. It is less likely to meet the complainer’s expectations, due to a host of factors including the consumer’s low control over interactions and perceptions of prohibitively high effort.

Collective action, group litigation and lobbying may be the sole viable avenue available to customers to resolve disputes. Such an expectation builds upon Singh and Wilkes’ (1996) distinction between individual influence and collective action. They view the latter as ‘necessary’ even from the provider’s point of view. Equally relevant are Shaw’s

(2007) analysis of the power of consumer ‘voice’ through the ‘collective opposition to injustice’ and Seyfang’s (2007) claim that collective action can affect not only service-related decisions but also underlying institutional conditions.

However, it seems that the businesses operating the CCBM model are largely immune from negative publicity and consumer group action. A number of examples could be chosen of businesses which continue to grow rapidly and profitably, in spite of negative media coverage, NWoM (negative word of mouth) and even legal challenges. An example is the extensive coverage of the alleged UK public’s falling out of love with IKEA due to poor shopping experience in the stores (Smith, 2006). There are a number of reports about the alleged unfriendliness of staff and fights over special offers at store opening (Alleyne, 2005). The practices of IKEA have also been discussed in consumer-watchdog programmes regarding the ‘voice-mail-jail’ issue (Egan, 2004). The company has been the target of negative viral marketing and aggressive blogs such as ‘IKEAAttack’, ‘I hate IKEA’, and ‘Why I hate IKEA’. Having read the literature, one would expect that such negative publicity would damage the image of the company (Fletcher, 2007). Collective action and negative publicity, though, have not impacted negatively on IKEA’s performance in the UK and elsewhere (Euromonitor, 2006).

We also question the validity of standard expectations of the empowerment of on-line customers. There are numerous references to the voice and power of consumers, their empowerment in increasingly democratic service provision, and multiplicity of avenues available to vent one’s anger. Instructive is Hocutt et al.’s (2006) claim that, “The internet lets people voice their frustrations regarding poor service in ways never before imaginable” (p. 199). We are reluctant to acknowledge the allegedly dramatic reversal of power between providers and customers noted by Rezabakhsh et al. (2006).

### *Relationships and Long-term Loyalty*

Research reveals a mix of relative inattention to specific matters of long-term relations during service recovery (Tax et al., 1998; Andreassen, 2001; Liljander and Roos, 2002), on the one hand, and calls for greater interest in relational traits and implications, on the

other hand. Puga Leal and Pereira (2003) suggest that future research should attend to the effect of relationship duration on responses to service failure on the part of customers, and Olsen and Johnson (2003) note the lack of analyses bringing together aspects of service recovery and history of exchanges. Olsen and Johnson argue that, while analysis of 'transaction-specific satisfaction' has been dominant through the early 1990s and research of 'cumulative satisfaction' has been prominent since then, little is still known about the 'history of shared interactions'. Similarly, Maxham III and Netemeyer (2002) attempt to address research gaps by conceptualising 'overall satisfaction' with a service provider and by conceptualising 'complaint', 'transaction', and 'relationship' (dis)satisfaction (see also Brown et al., 1996; Smith and Bolton, 1998). Similarly, Strauss (2002) distinguishes between 'complaint satisfaction' and transaction (dis)satisfaction.

Relationship-embedded equity in the above noted, conventional sense may be less applicable to CCBMs. Such service providers may often face weaker loyalty of customers because of the ease with which consumers can change on-line or call-centre based suppliers. It may be confidence in the security of on-line transactions with providers (Holloway and Beatty, 2003), and not loyalty, that matters to CCBM service relations. As regards the purchases from CCBMs in certain sectors, consumer goods and travel for example, loyalty may be at least partly undermined by the ease of changing suppliers through the use of the now-prevalent search engines, price comparison sites and portals.

Our expectations of weak loyalty and limited relationships with CCBMs also rely upon Szymanski and Hise's (2000) analysis of on-line service provision and, more specifically, their expectation of an emphasis on financial security and not relationship building. Exchanges between customers and CCBMs may, thus, remind of Berry's (2000) financial bonds and Liljander and Strandvik's (1995) economic and legal bonds which exhibit lesser closeness and rely on lock-in effects for customers.

Some trust and security in interactions with CCBMs, though, are necessary. The previously mentioned nominal customer loyalty and trust are treated as being triggered

or, at least partly, affected by the reliability of recognisable brand names used by on-line providers. The willingness of customers to deal with such service providers is driven by the clarity of expectations of security and weak customer centricity, captured in Stockdale's (2007) claim that "70 per cent of on-line retailers lack customer relationship strategies" (p. 208) and in Pitta et al.'s (2006) argument that brands are important in on-line transactions with service providers. Due to the difficulty of developing trust on the internet, the growing 'search for bargains' (Stockdale, 2007) (what we treat as 'search for best value'), and perceptions of safety when dealing with recognisable CCBM brands, customers may be willing to tolerate that 'vagaries' of CCBMs' service provision and recovery.

Building upon the preceding arguments and especially on Stockdale's (2007) findings of the weaknesses of on-line customer relationship strategies and the 'search for bargains' as well as on Pitta et al.'s (2006) thesis, we revisit the notion of the service recovery paradox. The paradox states that effective service recovery can fundamentally affect and even reverse secondary customer satisfaction. Past research suggests that satisfaction following service failure and recovery may be higher than the original, pre-failure satisfaction. Studies assume that a service provider can transform dissatisfied, angry, and frustrated customers into loyal customers through effective service recovery (Hart et al., 1990; Berry, 1995; Kotler, 1997). Grönroos (1988), McCollough and Bharadwaj (1992), and McCollough et al. (2000), among others, have extensively analysed aspects of the service recovery paradox. Michel (2001) backs the case for the existence of such a paradox both conceptually and empirically.

We suggest that one needs to be particularly careful when conceptualising the paradox in the context of CCBMs. This is a proposition of ours which makes use of Maxham III and Netemeyer's (2002) argument of the contradictory findings in the literature and of Andreassen's (2001) earlier criticism of the considerable 'conjecture' and 'intuition' in this growing field of research. Though the paradox works in certain cases of traditional service provision, it may be weak or ineffective among some CCBMs (see also Stockdale, 2007).

In the absence of strong loyalty, the link between attending to customer complaints and profitability, found in the literatures of service recovery and complaint management, may also need to be revisited. Standard arguments suggest that customer satisfaction affects purchase intentions (Mittal et al., 1999; Kumar, 2002), retention (Anderson and Sullivan, 1993), attitudinal loyalty (Mattila and Mount, 2003), and market share (Fornell and Wernerfelt, 1987, 1988). When companies lose customers, we are told, they lose both lifetime income and the possibility to identify problematic areas of operation (Chebat et al., 2005). There are also the claims that a reduction of customer defections by 5% may increase profits by up to 85% (Harari, 1997). We believe that such issues may be lesser importance to CCBMs, due to the evidence of the high growth rate of some CCBMs (see easyJet, 2008; Ryanair, 2008), the significantly lower acquisition costs through e-marketing, the use of search engines, and the ease of ordering and booking. Furthermore, CCBMs operating in sectors such as entertainment, energy supply, communications and financial services tend to calculate the life-time value of customers and offer them incentives to remain loyal. Such common practices are not related to the conventional understanding of ‘loyalty’ and ‘service recovery’ discussed in research, though.

### *Research and Intelligence Gathering*

Interactions with dissatisfied customers and feedback obtained from them are frequently described as a type of invaluable market research (Kasouf et al., 1995; Huppertz, 2003; Naylor, 2003). Harari’s (1997) are among the most evocative and emotive arguments. His advice to practitioners is “complainers often are more valuable to you than plans and planners ... because that person has just provided you with priceless advice-free of charge” (p. 25). This intelligence gathering and market research function of complaints may be of less value to CCBMs. CCBMs can typically obtain identical or similar information through internet questionnaires, real-time sales analysis reports on trends and comparative websites operating in most business areas where this new model operates, confirmed in Rylander and Provost’s (2006) study of on-line market research backed by two case studies. As appealing as the notion of research through complaint gathering and processing might be, we expect CCBMs to monitor sales on-line and instantly, to use extensively management information, and to emphasise the design of on-line surveys and

the purchase of ready analyses at a fraction of the cost of dealing with complaints. There are computer driven algorithms linking past sales to current price. These are used by the low cost airlines to ensure high load factors and maximum profitability. They are also employed by companies such as eBay and Amazon and are common in the travel sector.

Another area which has been re-assessed by CCBMs is organisational learning. In the context of conventional service provision and recovery, La and Kandampully (2004) argue that market-orientation is critical to ‘learning organisations’ and competitive advantage. Consumer feedback, we are told, provides ‘useful insights’ into ‘underlying causes’ of problematic service provision. We hypothesise that the learning practiced by CCBMs is not necessarily sustained by attending to complaints but through effective design and use of management information systems on critical aspects of operations such as sales, rejects, and returns. Such information is abundant, accessible and instant when modern technology management reporting systems are used. A second notion, one that we slightly revisit, is of learning through complaints allowing providers to ride the learning curve of customer dissatisfaction (Lapr   and Tsikriktsis, 2006). Although management processes are highly rigid, they may change and develop, being technology enabled.

### **Positioning the New Model vis-  -vis the Standard Service Provision Model**

The new model of service provision is positioned vis-  -vis traditional views in the literature (see Table 2 on next page). Sixteen propositions with respect to CCBMs are formulated. They are discussed in the context of the four sets of service recovery and complaint management traits of CCBMs. The propositions build upon the discussion in the preceding section and are summarised in the table.

**Table 2. Customer Centric vs. Customer Compliance Models of Service Recovery and Complaint Management.**

	Traditional, Customer Centric Model	Customer Compliance Business Model (CCBM)
<b>PROCESSUAL AND INTERACTIONAL DIFFERENCES</b>		
<i>1. Standardisation of interactions.</i>	Communication not standardised (Garrett and Meyers, 1996).	High degree of control, standardisation of interactions, partly through computerised systems.
<i>2. Effort during service recovery.</i>	Minimisation of effort, encouragement of complaints as a form of feedback (Brennan and Douglas, 2002).	Standardised self help systems and maximisation of effort, sending a clear message of futility of complaining.
<i>3. Personality traits.</i>	Personality traits as significant antecedents to complaining (Huppertz, 2003; Kanousi, 2005).	Traits immaterial to service recovery; identical strict rules being employed to all complainants.
<i>4. Role of legitimacy.</i>	Assumed legitimacy of customer complaints (Autry, Hill and O'Brien, 2007).	Default position of complaints being illegitimate due to provision of low cost, high value service.
<b>THE EMPLOYEE AND THE CONSUMER</b>		
<i>1. Employee perceptions; internal recovery.</i>	Centrality of front line employee to processual and interactional equity.	Employees having no discretion, limited by extensive use of on-line technology. Staff being complicit in controlling tactics.
<i>2. Power and disciplining.</i>	Adaptability to customer needs; individualised problem solving (Homburg and Fürst, 2005).	Control, disciplining through 'scripted rules' (Humphrey and Ashforth, 1994), FAQs.
<b>CONSUMER AGENCY AND AVENUES FOR EXPRESSING DISSATISFACTION</b>		
<i>1. Consumer types, responses.</i>	Rare coverage of types of dissatisfied customers, courses of action.	Applicability of an earlier typology of consumer opposition styles.
<i>2. Consumer agency.</i>	Increased power, influence of consumers. Consumer public and/or private voicing.	Private action being ineffective; questionable empowerment of customers.
<b>RELATIONSHIPS AND LONG-TERM ORIENTATION</b>		
<i>1. Relational effect on service.</i>	Overall satisfaction with service provision and relation affecting perceptions of service failure (Olsen and Johnson, 2003).	Predominance of financial, not social and structural, bonds; retaining customers by creating lock-in effects.
<i>2. Types of dis/satisfaction.</i>	'Complaint', 'transaction', and 'relation' satisfaction (Maxham III and Netemeyer, 2002).	Relationship-embedded equity is less applicable.
<i>3. Loyalty to service provider.</i>	Possibility of 'pure', 'latent', and 'spurious' loyalty (Colgate and Norris, 2001).	Weak or enforced loyalty marking instrumental relations; 'bargain hunting' (Stockdale, 2007).
<i>4. Service recovery paradox.</i>	Assumed existence of the paradox (Berry, 1995; Kotler, 1997); alleged 'conjecture' and 'intuition' in research (Andreassen, 2001).	Weakness of the paradox.
<i>5. Customer satisfaction and profitability.</i>	Assumptions of a strong link between customer satisfaction and attitudinal loyalty (Mattila and Mount, 2003); market share (Fornell and Wernerfelt, 1988); profitability.	Link between customer satisfaction/retention and purchase intentions or profitability questioned; re-assessment due to significantly lower acquisition costs and low loyalty.
<b>RESEARCH AND INTELLIGENCE GATHERING</b>		
<i>1. Research through complaints.</i>	Feedback from dissatisfied customers acting as invaluable market research (Harari, 1997; Huppertz, 2003; Naylor, 2003).	Market research function of complaints is not effective; CCBMs obtaining real-time info online.
<i>2. Learning.</i>	Market-orientation being critical to learning (La and Kandampully, 2004).	Learning being sustained through effective ITS's on critical aspects of operations.
<i>3. Learning curve effects.</i>	Learning by riding learning curves for customer dissatisfaction (Lapr�� and Tsikriktsis, 2006).	Some use of learning curves.



Differences between the old and new models of service recovery and complaint management, in terms of *processes and interactions*, are expected to be rather pronounced. Thanks to the extensive use of technology, automated low-cost systems of customer support such as FAQ (frequently asked questions), and the lesser importance of direct communication with service personnel – discussed by Lester (2006) with respect to managers ‘cowering’ behind ‘expensive automated systems’ and attempting to ‘manage’ the relationships with customers in such a manner as to reduce costs, typically by employing electronic relational systems – CCBMs design and use processes which weaken standard literature claims.

- *Proposition 1.* Contrary to claims about the non-standardisation of communication (Garrett and Meyers, 1996), we expect a strong, pronounced drive on the part of CCBMs to standardise and, hence, effectively and efficiently control interactions, as uncovered in the aforementioned interview narratives of ‘disciplined’ customers.

- *Proposition 2.* Researchers have long advised businesses to minimise effort in order to encourage complaints as a form of feedback and research (Brennan and Douglas, 2002). Contrary to such normative claims, we hypothesise a drive towards maximising perception of effort on the part of the consumer. This is another proposition which is empirically supported by the interview narratives in question.

- *Proposition 3.* We replace the empirically unsubstantiated literature consensus (Singh and Wilkes, 1996) of personality traits as a significant antecedent to complaining (Judge et al., 2002; Huppertz, 2003; Kanousi, 2005). Such traits are expected to be less material to CCBM service recovery. We suggest a bizarre CCBM ‘democratisation’ where customers are treated alike, irrespective of their status, assertiveness, attitudes towards complaining or other individual traits and differences. Maxham III and Netemeyer’s (2002) expectation that consumers can influence service recovery is less applicable, as demonstrated in the earlier illustration of Ryanair’s procedures (see Creaton, 2007).

- *Proposition 4.* The role and nature of legitimacy are possibly reversed in the CCBM model. CCBMs’ default position is most probably one of complaint illegitimacy, contrary to Autry et al.’s (2007) argument of the apparent legitimacy of customer demands. Our proposition builds upon accumulating evidence in the practitioner

literature (Steinauer, 1997; Tomlinson, 2002) which questions the legitimacy of researchers' expectations.

With respect to the *role and place of key actors* in the recovery and complaint dramas, we suggest that not only interactions and processes but also expectations about behaviours and roles of players have been reversed in the substantially, at times fully, automated CCBM environment.

- *Proposition 5.* Traditional research rarely discusses employee perceptions and internal service recovery. We expect that CCBM employees have lost some authority to act on their own initiative. This argument is sustained by findings of 'powerless employees' (Oglensky, 1995; Berry, 1996) and of the negative effect of evaluation systems, the 'self-serving bias' and the lack of managerial sympathy empirically explored by Bowen and Johnston (1999). This has been cleverly satirised in the TV programme 'Little Britain' where the operator obviates all responsibility to the computerised system, saying 'computer says no'.

- *Proposition 6.* The literature has long advocated individualised problem solving and the adoption of an 'organic' approach to complaint management (Homburg and Fürst, 2005). These principles may have been overturned and invalidated by CCBMs where control and disciplining through 'scripted rules' secure standard, cost-effective complaint processes and the subordination of customers who obviously benefit from the low cost and appear willing to accept these new rules. This proposition rests on conceptual and empirical discussions of management hiding behind sophisticated technology (Lester, 2006), of the inability of employees to address consumers' needs when implementing scripted rules (Humphrey and Ashforth, 1994), of certain service environments resembling 'electronic sweatshops' (Robinson and Morley, 2007), and of the alleged extensive use of control through direction, evaluation, and reward (Edwards, 1984).

We also raise the essential matter of consumer agency. We expect that the aforementioned advantages provided by CCBMs override customer objections. This may further secure the acceptance of CCBM rules, in accordance with earlier discussions of dismissive or insulting providers (Tobin, 2005) and powerless consumers (Aron et al., 2007). Building upon such claims, it is possible that when CCBM businesses first

introduce these new service rules, customers expect provision and recovery similar to those of traditional businesses. Such initial expectations partly contribute to the negative comments in the press about CCBM businesses. However, it seems that consumers quickly come to understand and accept the new, CCBM rules (see BBC, 2002; Reuters, 2008).

- *Proposition 7.* As far as types of consumers and consumer response behaviours, we propose that a specific typology of consumer reaction styles and response strategies is applicable to the CCBM context. The typology is similar to Mason and Himes' (1973) 'action'/'no action' and Warland et al.'s (1975) 'upset action'/'upset no action' classifications. Nonetheless, the specific typology has been empirically tested and confirmed. It provides researchers with an opportunity to study nuances of private and collective response by offering a more elaborate and empirics-informed continuum (three papers published by the authors in reputable, 2\* and 3\* journals in marketing; references to be submitted at the end of the review process).

- *Proposition 8.* Collective action, and not private action, is expected to influence more effectively CCBM practices. Even collective action, though, appears to be less successful than in the case of traditional model businesses which tend to be more sensitive to negative publicity. In fact, some CCBMs have been shown to capitalise on any publicity. Examples include the aforementioned stories of Ikea and easyJet featuring on the 'Airport' TV programme. Thus, even when collective action is being initiated, CCBMs may be able to stick to their strategy of 'comply with our rules or don't use our service' (Buck, 2007; Financial Times, 2008).

As regards the third CCBM set of issues – that of *relationships with consumers* – the authors expect that CCBMs have changed the approach to long-term orientation of service provision. Relational concepts have been at the forefront of conceptual innovation in marketing for some time now. This is evidenced by arguments of the importance of relational analyses (Real and Pereira, 2003) and that of equity as an antecedent of customer satisfaction (Olsen and Johnson, 2003). Nonetheless, we propose an upturned relational orientation of CCBMs. Our claim supports conclusions in current research of, firstly, the primacy of financial security in on-line service provision

(Szymanski and Hise, 2000); and secondly, reports of weak customer centricity in certain on-line service provision environments and the ‘search for bargains’ (Stockdale, 2007).

- *Proposition 9.* Using Liljander and Roos’ (2002) relationship types, we expect predominantly financial bonds in relationships with CCBMs. These are founded upon careful cost-benefit calculations on the part of customers and not only providers, as argued by Stockdale (2007).

- *Proposition 10.* Building on *proposition 9* and empirically supported by our discussion of *proposition 9*, the increased attention to relationships has generated new concepts such as ‘relationship’ (dis)satisfaction (Maxham III and Netemeyer, 2002). Relationship-embedded equity is expected to be weaker among CCBMs.

- *Proposition 11.* Loyalty to CCBMs, where present, is assumed to be possibly not strong. It may even be enforced. Such aspects of relationships are particularly salient in the contracts found among CCBMs in the financial and telecommunications sectors. We conceptualise reduced loyalty which is also stimulated by the ‘search for bargains’ (Stockdale, 2007) involving CCBMs. It is not loyalty but trust and security which, we suggest, are of importance to customers of CCBMs. This expectation expands earlier arguments of the centrality of trust (Pavlou, 2003; Pavlou and Gefen, 2004; Li et al., 2007), security (Holloway and Beatty, 2003), and financial security (Szymanski and Hise, 2000) in on-line transactions.

- *Proposition 12.* The existence of the service recovery paradox (Berry, 1995; Kotler, 1997) is questioned in the context of CCBMs. We agree with Andreassen’s (2001) objection to the considerable ‘conjecture’ in the literature.

- *Proposition 13.* Researchers have developed strong assumptions about the associations between customer satisfaction and purchase intentions, attitudinal loyalty, market share and profitability. We question the strength of these associations, due to the significantly lower acquisition costs (McKinsey, 2000) and the residual loyalty of customers seeking value and lower cost (Stockdale, 2007). In spite of the poor reputation, high number of critical blogs and negative press coverage which some CCBMs attract, many are the most rapidly growing businesses in their respective sectors (Ryanair, 2008).

The last set of propositions is inspired by conventional arguments of the role of service recovery and complaint management as a type of *research* which encourages learning on the part of service providers.

- *Proposition 14.* Market research through complaints (Huppertz, 2003; Naylor, 2003) is possibly less effective and infrequently practiced by CCBMs. Such organisations can obtain identical or similar information through instant, on-line reporting, surveys, and comparison websites.

- *Proposition 15.* The argument of organisational learning through complaint management (La and Kandampully, 2004) is also revisited. CCBM learning may be sustained through the methods mentioned under *proposition 14* but also through effective IT systems design and management of critical aspects of operations offering the client value and lower cost. An example is easyJet's 'yield management strategy' which links price to demand. CCBMs have also reversed the traditional pricing model by offering the lowest price to early bookers, thus achieving high load factors (Brand Republic, 2004). Similarly, CCBMs operating in the hotel sector tend to achieve higher occupancy rates using a similar system based on the same marketing concept (James, 2005; Yeein, 2005). Finally, automated systems and their affective management have been credited for the growth of CCBMs in on-line retail and auctions (e.g. eBay, Yahoo Auction). Such businesses appear to have considerable advantage. They have successfully expanded their respective markets (Pinker et al., 2003).

- *Proposition 16.* We replace the argument that learning occurs by encouraging, amassing, and utilising complaints (Lapr   and Tsikriktsis, 2006) with the assumption of the less frequent use of learning curves by CCBMs. Such an expectation is linked to the previously mentioned rigidity of CCBMs and the standardisation of procedures when dealing with complaining customers. The main information source for managers in CCBM organisations are sales data which, because CCBMs sell directly to the end customer and use electronic systems to record sales, provide real-time information.

### **Contributions to Research**

This discussion was designed to help explain how the new model businesses which have embraced call-centre, computer-based management systems and internet-trading

predicated on offering a simplified, more efficient service at considerably lower cost compare to traditional service recovery and complaint management. It was our aim to contribute, firstly, to the conceptual development of the notion of responsiveness on the part of providers. This is a marginal issue in current research (Naylor, 2003). Our thinking, as reflected in the propositions, does not presuppose high attentiveness to complaints or exemplary complaint orientation, in support of Naylor's empirical findings and Skapinker's (2005) discussion of the 'surrender' on the part of a large proportion of UK service providers of 'customer-service improvements' and of the renewed use of old 'tricks'. True to their predisposition to invert marketing and management norms and practices, CCBMs have been very innovative. Their service recovery procedures dispense with traditional thinking on the subject. Our discussion demonstrates how and why traditional service provision and recovery assumptions appear to be rather invalid in the case of CCBMs.

Secondly, although, as already noted, CCBMs are not necessarily on-line service providers only but are enabled by Internet and other technologies including Database marketing techniques, the paper expands scholarship on electronic service delivery. This is a relatively new, underdeveloped area, with inadequate research being conducted on on-line service recovery (Holloway and Beatty, 2003). Equally important, we question the equating of electronic service quality with website quality, already noted by Ibrahim et al. (2006). Electronic service quality, service recovery and complaint management, it appears, are a function of the innovative marketing and management strategies as well as back-office IT systems. Our study has taken some preliminary steps in conceptualising these issues and in proposing testable avenues for future conceptual-empirical study in this area. Our aim has been to analyse and define the principal differences between traditional service recovery and that practiced by CCBMs. In the process of doing so, axioms are critically re-assessed, validated or invalidated, and reversed, as reflected in Table 3 on next page

**Table 3. Contextualising the CCBM Model in the Literature.**

Proposition	Built upon evidence in academic research	We agree (✓) or disagree (✗) with existing evidence*.	Built upon evidence in the practitioner literature	We agree (✓) or disagree (✗) with existing evidence*.
<i>Proposition 1</i>	Garrett and Meyers (1996)	✗		
<i>Proposition 2</i>	Brennan and Douglas (2002)	✗		
<i>Proposition 3</i>	Judge et al. (2002), Huppertz (2003), Kanousi (2005)	✗	Creton (2007)	✓
<i>Proposition 4</i>	Autry et al. (2007)	✗	Steinauer (1997), Tomlinson (2002)	✓
<i>Proposition 5</i>	Oglensky (1995), Berry (1996), Bowen and Johnston (1999)	✓		
<i>Proposition 6</i>	Homburg and Fürst (2005) Humphrey and Ashforth (1994), Lester (2006), Robinson and Morley (2007)	✗ ✓		
<i>Proposition 7</i>	Mason and Himes (1973), Warland et al. (1975)	✗, ✓		
<i>Proposition 8</i>	Tobin (2005), Aron et al., (2007)	✓	BBC (2002), Buck (2007), Financial Times (2008), Reuters (2008)	✓
<i>Proposition 9</i>	Liljander and Roos (2002) Stockdale (2007)	✗, ✓ ✓		
<i>Proposition 10</i>	Maxham III and Netemeyer (2002)	✗		
<i>Proposition 11</i>	Szymanski and Hise (2000), Holloway and Beatty (2003), Pavlou (2003), Pavlou and Gefen (2004), Li et al. (2007), Stockdale (2007)	✓		
<i>Proposition 12</i>	Berry (1995), Kotler (1997) Andreassen (2001)	✗ ✓		
<i>Proposition 13</i>	Stockdale (2007)	✓	McKinsey (2000), Ryanair (2008)	✓
<i>Proposition 14</i>	Huppertz (2003), Naylor (2003)	✗		
<i>Proposition 15</i>	La and Kandampully (2004)	✗	Pinker et al. (2003), Brand Republic (2004), James (2005), Yeein (2005)	✓
<i>Proposition 16</i>	Lapr� and Tsikriktsis (2006)	✗		

\* Agreement (✓) or disagreement (✗) may be full or partial, as discussed in detail in the text.

Thirdly, and related to the preceding two arguments, if excellence in service recovery and complaint management is practiced only marginally, or in a very different way, by CCBMs and provided that such marginality does not negatively affect sales, we see little value in sustaining the vision of service recovery found in some marketing texts on the

traditional model of brand development. Rather, we find value in expanding academic arguments of 'generic recovery', 'delays' in responding and 'poor communication' (Holloway and Beatty, 2003) and findings in the practitioner literature of commonplace frustration with companies' handling of customer dissatisfaction (Bream, 2007). Standard expectations of service recovery appear not to have appreciated just how much traditional service recovery costs. CCBMs have gone a long way towards reducing service recovery costs. These reductions are reflected in lower prices and high levels of service offered by the CCBMs.



**Table 4. Contributions to the Service Recovery and Complaint Management Literatures.**

	Main Arguments in the Literatures	Challenges and Contributions to the Literatures
<b>ISSUES INFREQUENTLY COVERED IN RESEARCH</b>		
<i>Interest in processes and interactions.</i>	An over emphasis on outcomes and outcome satisfaction; relative neglect of procedural and interactional aspects.	Importance of interactional and procedural justice; CCBM oriented around the control of interactional and procedural aspects of communication with the customer.
<i>Consumer types, response behaviours.</i>	Paucity of conceptualisations of types of dissatisfied customers, courses of action and effects on profitability.	Application and applicability of a specific typology to CCBMs.
<i>Consumer agency.</i>	Democratisation of service provision; increased consumer impact through public or private voicing (Shaw-Ching Lui et al., 2000).	Questioning such empowerment of customers in online environments.
<b>ISSUES GENERALLY MARGINALISED IN RESEARCH</b>		
<i>Complaint and effort.</i>	Effect of effort on complaints under-researched (Huppertz, 2003). Normative arguments of minimising effort.	Argument of the maximisation of (perceptions of) effort.
<i>Employees.</i>	Rare coverage of employee perceptions, internal service recovery (Bowen and Johnston, 1999; Bell and Luddington, 2006).	Minimal authority of front line employees, due to extensive use of technology. Staff being complicit to the rigid, highly controlling tactics.
<b>ISSUES COVERED IN RESEARCH BUT DISTINCT IN CCBM CONTEXTS</b>		
<i>Communication standardisation.</i>	Communication and verbal interactions not standardised ‘across service representatives’ (Garrett and Meyers, 1996).	Communication being highly standardised, aimed at disciplining the customer, through use of standardised and rehearsed techniques.
<i>Role of personality traits.</i>	Complaints studied in terms of personal traits (Huppertz, 2003).	Personality being less important due to extensive use of technology, resulting lesser direct contact with employees, and application of IT systems and scripts.
<i>Relationships and long-term orientation.</i>	Relative inattention to relations; normative arguments of importance of relations (Andreassen, 2001; Liljander and Roos, 2002; Puga Leal and Pereira, 2003).	Relationship-embedded equity being less applicable; loyalty being weak or enforced, marking instrumental, quasi-relations.
<i>Service recovery paradox.</i>	Assumed existence of the paradox (Berry, 1995; Kotler, 1997), in spite of arguments of ‘intuition’ in the literature (Andreassen, 2001).	Weakness and ineffectiveness of the paradox.
<b>MARGINALISED, ‘SILENT’ ISSUES</b>		
<i>Power and disciplining.</i>	Rare references to the concepts of power execution, disciplining, and control.	Control through ‘scripted rules’; use of ‘mechanistic’ service approach.

The service recovery and complaint management literatures have suffered from an over emphasis on outcomes. However, as illustrated in Table 4, we suggest that process (Rezabakhsh, 2006) is of primary importance to CCBMs. Within the CCBM model, the centrality of procedures and interactions is reaffirmed, albeit in a new format which relies upon regimented rules, closely guarded and well rehearsed scripts, in-built inflexibility, and control which customers have grown to understand and accept in return for low cost, value adding services. Related to the importance of process and the control over interactions is the standardisation of communication. Contrary to Garrett and Meyers' (1996) view, we consider interaction standardisation as a prime aide to the providers' efforts to discipline customers. This may be effectively achieved through the use of regularised, rehearsed techniques and the previously mentioned maximisation of the perception of effort on the part of the customer.

Far from embracing the language of relationship development and long-term orientation of both providers and customers, we advocate centrality of disciplining and, hence, power execution to CCBM operations. Such interactional and processual elements of service provision are absent in current research. Nevertheless, they are intimately related to the previously mentioned issue of the primacy accorded to closely controlled processes and monitored interactions aimed at disciplining consumers.

Importantly, some of the issues raised in this discussion are present but less frequently studied in current research (see Table 4). An example is the analysis of interactions, response behaviours, consumer types and agency. A second category of issues, once again illustrated in Table 4, such as complaint effort and employee perceptions, is present in current thinking but remains relatively marginalised. We reintroduce these matters to the literature, suggesting the utility of investigating such questions in CCBM contexts. A third family of topics are those of communication standardisation, personality traits, relationship building and the service recovery paradox. Though widely discussed in past and current studies, their role in CCBM contexts is unique and rather different from that suggested in mainstream writings. Hence, we emphasise the distinct contribution that each may make to CCBM service recovery and complaint management. Lastly, there is the question of power and disciplining. This is largely absent in services texts but

deserves space in future analyses as these issues are intimately related to a number of aforementioned matters such as the primacy of processes, consumer agency, role of front-line personnel in consumer disciplining, and the possibility of relationship building.

### **Limitations and Avenues for Future Research**

This conceptual discussion suffered, to an extent, from some of the limitations identified in the reviewed and expanded literatures. Our arguments and the propositions derived from the reversal of standard principles of service recovery and complaint management as well as from some doubts expressed in academic and practitioner writings. The claims presented in this discussion were partly informed by observation of practices of CCBMs and empirical research about interactions during the consumption process. However, they were also based on a number of conceptual expectations. Therefore, we suggest tests to ascertain and measure the validity of our thinking. The principles of CCBM operation and the overall line of thinking can be evaluated by applying criteria of ‘goodness’ for theorising found in the philosophy of science and the sociology of knowledge literatures. Firstly, a framework should adhere to the rules of disciplined inquiry (Parkhe, 1993) and must be coherent (Dubin, 1969). Secondly, it must be examinable and available for testing and refinement through literal or theoretical replication (Parkhe, 1993). Thirdly, a framework should be comprehensive yet concise and non-redundant (Bacharach, 1989; Parkhe, 1993). Lastly, it must build on and integrate existing knowledge (Freese, 1980).

The criteria are integrated into three tests assessing the ‘goodness’ of our thinking.

TEST 1: ‘Test of Redundancy’ is the most basic of the tests. It is an assessment of the necessity for all arguments and propositions developed here as well as of their potential to contribute to the knowledge of CCBM service recovery and complaint management. The success in passing this test is established through, firstly, the comprehensiveness of our literature review; and secondly, the uncovering of diverse and closely related principles of service recovery and complaint management partly based on past empirical observations. The loss of the discussion of any of these principles would result in the loss of aspects of service provision not provided by other principles.

TEST 2: ‘Test of Comprehensiveness’ is an assessment of the absence of aspects of service recovery and complaint management. The success in passing this second test is also founded upon the comprehensiveness of the review of a number of distinct literatures. Whilst we support the comprehensiveness of the framework advanced here, the design of such a framework for CCBMs unavoidably balances the impossibility of full comprehensiveness and the aims of systemic and illustrative investigation. Hence, we suggest ‘reasonable’ comprehensiveness.

TEST 3: ‘Test of Empirical Applicability’ is an aspect of framework development which brings our discussion to a close. Our thinking, we note, would pass this test only through its applications and the assessment of any empirical illustration of framework goodness or lack thereof. We trust, though, that the suggested CCBM propositions could be successfully tested across services contexts, thus providing scholarship with empirical enrichment of our knowledge of CCBMs.

Some preliminary steps have been made to test the ‘empirical applicability’ of CCBM. Appropriate examples from academic writings and from practice have been incorporated, in support of our thinking. Central to our effort have been, among others, Naylor’s (2003) rare empirical findings of firms not valuing ‘their best friends’; Maxham III and Netemeyer’s (2002) and Andreassen’s (2001) questioning the validity of the service recovery paradox; de Jong and de Ruyter’s (2004) and Strauss and Schoeler’s (2004) expectation that an overly strong customer focus may be seen as ‘wasteful’; arguments of businesses treating consumer complaints as ‘dreaded plagues’ or ‘necessary evils’ (Harari, 1997); Bowen and Johnston’s (1999) empirical findings of weak internal recovery; and Johnston’s (2001) study of companies which ignore the value of complaints. By offering sound miniature case examples of the types of service situations being discussed, the conceptual framework proposed here has been strengthened.

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