

THE EFFECTS OF PERCEIVED JUSTICE ON CUSTOMER SATISFACTION IN E-RETAILING SERVICE RECOVERY STRATEGY

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ABSTRACT

E-Commerce such as business-to-consumer (B2C) has grown from online retailers to services such as banking, travel services, auction, health information and real estate site. With the current trends in direct shopping scenarios, the online retailers are facing more intense customer service pressures than before because customer satisfaction is crucial to the survival of this industry. Service failures are often unavoidable due to human and non-human errors. When a service failure occurs, the organisation's response has the potential either to restore customer satisfaction and reinforce loyalty or to aggravate the situation and the customer to a competing firm. The aim of this paper is to study the effects of service recovery on customer satisfaction which examine the impact of service recovery effort on perceived distributive, procedural, interactional justice towards customer satisfaction when the failures occurred during e-retailing services. Besides, this study indicates the perception of "justice" in service recovery and how it affects the level of satisfaction to organisation's profitability. To test the proposed method, quantitative data which include distributing direct and structured questionnaire or online survey method were applied in this study. 271 respondents from Kuala Lumpur were analysed according to their experience in purchasing good from E-retailing services.

Keywords: *Service failure, service recovery, customer satisfaction, e-retailing service.*

INTRODUCTION

The rapid development of information technology (IT) gives a lot of impact, widely used by a lot of organisation and there is a potential to transform from a common *Business to Consumer* to a social commerce which is more centred on customers. There are number of e-retailing services offered to Internet users in Malaysia such as Zalora.com, Lazada.com, 11th street.my, superbuy.my, Lelong.my, and Rakuten.com.my. According to Nemat (2011), *Business to Consumer* has grown from online retailers to services such as online banking, travel services, online auction, health information and real estate site. In his study, it also stated that Malaysia has a high Internet penetration and social media engagement, as well as rapid rise in per capita income make online retailers is very business-friendly.

With the current trends in direct shopping scenarios, it clearly shows there is a degree of uncertainty in the knowledge of sellers and buyers. Sellers usually know very well about the features of their products that they put for sales, whereby buyers usually lack of information of what they can find about the products. This will lead them to naturally specify their preference in an unclear way (Klaue, Kurbel & Loutchko, 2001). Due to this lack of knowledge, consumers are attracted to buy the most popular products although it might not be the best or the most suitable from a perspective of quality and cost. The customer demand for value makes the issue of understanding customers' expectations become more crucial and most of the companies attempt to deliver the products that customer expects.

Failures, errors, or mistakes from the online services during the purchasing or delivering session may occur which led to the complaints that are inevitable. Errors are inevitable feature of all human or non-human endeavours and so does the service or product delivery. Service failures are often unavoidable due to human and non-human errors (Kau and Loh, 2006). When a service failure occurs, the organisation's response has the potential either to restore customer satisfaction and reinforce loyalty or to aggravate the situation and the customer to a competing firm. However, business cannot afford to ignore the significant costs of losing customers (Taleb and Kamar, 2013). Research by Forbes *et al.* (2005) projected that customers appear to sign a high magnitude to online failures. The technology failures then prevent customers from using the service and have been shown to cause high levels of dissatisfaction, especially if they are unexpected (Meuter *et al.*, 2000). The online retailers are facing more intense customer service pressures than before because customer satisfaction is crucial to the survival of this industry.

The purpose of this study was sought to discover the positive impact of service recovery effort on perceived distributive, procedural, interactional justice towards customer satisfaction when the failures occurred during e-retailing services. The study provided a framework for considering how service recovery attributes (compensation, respond speed, apology, empathy, and initiatives) affect customer thinking thereby influencing satisfaction with the service recovery provided by the organisation as customer satisfaction is an important part of marketing activity that related to the process of purchasing and consumption with repeat purchase phenomena (Angelova and Zekiri, 2011). This study expected that customer satisfaction with service recovery will be affected by all three dimensions of justice (distributive, proposal and interactional). Three hypotheses have been developed for this study based on dependent and independent variables:

- H1: There is a positive effect of perceived distributive justice on customer satisfaction in e-retailing service recovery strategy
- H2: There is a positive effect of perceived procedural justice on customer in e-retailing service recovery strategy
- H3: There is a positive effect of perceived interactional justice has a positive effect on customer satisfaction in e-retailing service recovery strategy

LITERATURE REVIEW

E-retailing Services

Berman and Evans (2010) described the Internet as a global electronic superhighway of computer networks that use a common protocol and that are linked by telecommunications lines and satellite, while The World Wide Web (Web) is one way to access information on the Internet, whereby people work with easy-to-use Web sites and pages. Both *Internet* and *World Wide Web* portray the same central theme that is online interactive retailing, because almost all online retailing is done via the World Wide Web. On the other hand, Internet retailing, which also refers to online retailing, electronic retailing, and e-tailing, is a retail channel in which the products and services offered for sale is communicated to customers through the Internet (Levy and Weitz, 2012).

The last decade has brought about the emergence and establishment of a new kind of services, namely, services provided through the Internet (e-services). In this process, a lot of work has come out with critical issues and success factors in these new service settings. One of the critical success factors that have been discovered in the literature is the ability to achieve successful recovery from failures (Holloway and Beatty, 2003). A successful recovery may avoid undesirable outcomes, such as online customers switching service providers, reverting back to an interpersonal delivery alternative; decide to stop using the Internet altogether or even hurting off-line sales in the case of multi-channel service providers. It can also lead to increased loyalty behavioural intentions, including repurchase intentions and the positive word-of-mouth.

In the online environment, customers interact with a service provider through its Web site, which is essentially an information system. Thus, the design of this information system plays an important role in shaping the customer's shopping experience (Luo, Ba and Chang, 2012). Jun *et al.* (2004) demonstrated that a significant positive relationship exist between overall online service quality and customer satisfaction. As a result, e-commerce sites should take service into consideration when being designed.

Moreover, recent study from Md Dawot *et al.* (2015) showed that, in most of businesses, IT is implemented as a mechanism to execute their business, to interact with customers and to promote the organisation's products. With the help of Internet and IT, one way of doing business using IT is through electronic commerce (e-commerce). Pertaining to this study, e-commerce will be narrowed down to business-to-consumer (B2C). Nemat (2011) stated that B2C has grown from online retailers to services such as online banking, travel services, online auctions, health information and real estate site. Business-to-consumer or simply known as B2C in short, can also be defined as direct shopping activities through online portals. It is also known as a type of commerce between companies and their consumers in many countries.

Malaysia is not an exception, according to Md Dawot *et al.* (2015), B2C commerce Web site is becoming a trend amongst of Malaysian shoppers nowadays because the implementation of the newest and most innovative business model which sells variety of products such as clothes, shoes, bags, watch, and others. In the Malaysian context, Malaysia has a high Internet penetration and social media engagement, as well as rapid rise in per capita income make online retailers is very business-friendly. According to Tribunal

Tuntutan Pengguna Malaysia (2015), the percentage of online purchasing consumer on May 2015 was 62%.

In regards to the most frequent transaction towards products and services purchased by Malaysian consumers over the Internet, it was found that books and airline tickets were the two most common purchases made online (Lau *et al.*, 2010). In this study, it stated that Malaysian consumers seem to prefer buying search goods such as books and airline tickets, which attribute information and can be easily obtained prior to the purchase or use. In comparison to other products, descriptions about books and airline tickets are more likely to match with the actual products. To reduce possible risks imposed, consumers are more likely to invest in intangible products and services because the descriptions suffice their needs to assess the purchases.

On the other hand, the statistic of most recent online purchased product categories in Malaysia in March 2014, showed that 86 percent of respondents' last purchase of flight tickets had been online, followed by 75 percent in purchased of hotel room, 42 percent in apparel category, 37 percent in purchased of cinema ticket, 26 percent in car insurance, 11 percent purchased in large home appliances, 9 percent in TV set, and the least is 6 percent in purchased of grocery items (Statista: The Statistic portal, 2015). Meanwhile, the Consumer Barometer (2014) indicated that flights and hotels are the two most purchased components in Malaysia, followed by apparel, cinema tickets and car insurance

Online Service Failure

Much has been mentioned about the rapid growth of e-commerce and the predicted damage it would have on brick-and-mortar stores. But the emerging fact is that the Internet is much more effective as a marketing vehicle while the store will remain the more effective purchasing vehicle. Shoppers are adopting the needs of efficiency and convenience of the Internet to research products from retailer, manufacturer, and comparison shopping site (Berman and Evans, 2010).

However, online service differs from traditional services in many aspects associated with service quality and service failure and recovery (Sousa and Voss, 2009). According to both of researchers, the quality of e-services comprise dimensions which are different from those associated with the quality of traditional services. Based on the survey result towards online customers conducted by Holloway and Beatty (2003), the types of failures in online retailing can be categorised by;

1. Delivery, for example; products arriving later than promised, wrong product shipped, product sent to the wrong address.
2. Web site design (website failed to function satisfactorily)
3. Payment, for example; the charging issues.
4. Security (breach in security or fraud)
5. Product quality (merchandise failed to meet customer expectations), and
6. Customer service (customers need to ask for additional information that was not adequately provided by the company)

In online services, the reduced degree of human interaction and the role that technology plays in mediating customer interaction give rise to service failure and recovery

context which is different in terms of the nature of the failures that occur and, constantly, in terms of the recovery strategies that may be applied.

Service Recovery

Service recovery refers to the action taken by a service provider to assist a customer complaint regarding a perceived service failure (Gronroos, 1988). It is a process by which steps are taken as a result of negative customer perception of initial service delivery. Recovery management differs from complaint management in its focus on service failures and the company's immediate reaction on it (Michel, 2001). Complaint management is based on customer complaint which may be triggered by service failures.

Research by Michel (2001) provided support for suggested process approach. Contrasting satisfied and dissatisfied customers promotes the understanding of the impact of failure incidents and recoveries. Furthermore, there is strong evidence that process analysis reveals specific service problems and therefore helps to manage service recoveries accordingly. Since service failures are inevitable and do impact customer satisfaction, even if they perceived as "acceptable" by customers, service recovery management is crucial. Fortunately, service recovery not only involves costs of redressing failures but is also a powerful tool for increasing customer satisfaction. In addition, the study of e-service was generally considered a best practice service and had no policy to deliberate the intensity of the recovery effort across different types of customers. Although this effort might naturally vary across individual customers in regards to other reason, such as type of failure experienced and random factors (Sousa and Voss, 2009).

Customer Satisfaction

Customer satisfaction has been the main concept in marketing literature and is an important goal of all business activities (Angelova and Zekiri, 2011). Overall customer satisfaction translates to more profits for companies and market share increase. The importance of customer has been pinpointed by many researchers and academicians. Oliver (1981) described satisfaction as a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience, while Hansemark and Albinsson (2004) defined satisfaction as in overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers expect and what they receive due to the fulfilment of some need, goal or desire.

Customer satisfaction has a positive effect on an organisation's profitability. Thus, according to Angelova and Zekiri (2011), companies need to develop strategies of how to handle dissatisfied customers. Business cannot sustain under any condition to lose customers, because the cost of replacing the cost customers with a new customer is higher. Therefore, companies must find ways of winning back the unsatisfied customer with new designing special programs for service recovery. Companies should handle customer complaints specifically and avoid seeing them as time consuming.

Dimension of perceived justice

Customers often use the equity theory (Adam, 1965) to evaluate service recovery efforts. According to Hoffman and Kelly (2000), perceived justice described as the service recovery itself, the outcomes connected to the recovery strategy and the interpersonal behaviour enacted during the recovery process and the delivery of outcomes are all extremely important in the service recovery assessment. Therefore, Tax *et al.* (1998) proposed three dimensional concept of justice;

Distributive Justice

Distributive justice refers to a recovery action that involves a monetary compensation, repair, and replacement in regards to the failure service delivered to customer (Blodgett *et al.*, 1997, Goodwin and Ross, 1992 and Tax *et al.*, 1998). Some often quoted distributive outcomes include compensation in the form of discounts, coupons, refund, free gift, replacement, apologies and so on. Further study from Smith and Bolton (2002) discovered that type and magnitude failure and nature of recovery effort of compensation can be measured by two levels which are high and medium compensation. According to Varela-Neira, Vazquez-Casieles & Iglesias (2010), customer satisfaction is greater when the service provider compensates the customers with monetary reward such as refund and non-monetary reward such as service restoration. They also projected that customer satisfaction with service recovery is greater once the employees discovered the problem, they apologised for the inconvenience caused. An apology and correcting the problem are usually important planks of service recovery. The interventions of senior employee management were found to be necessary by Kelley *et al.* (1993) and Hoffman *et al.* (1995). However, Miller *et al.* (2000) identified advantages if recovery is handled by front-line employees. Besides that, Writz and Mattila (2004) found that during service recovery attempt, offering (not offering) apology will negatively or positively impact consumer switching intentions in a service failure. This might relate to the fact that the service providers (employee/company) acknowledge there was a problem.

Procedural Justice

Procedural justice focuses on the efficiency of the recovery process, perceive fairness of the policies, procedures, and the criteria used by the decision makers in arriving at the outcome of a dispute or negotiation (Blodgett *et al.*, 1997). Procedural justice can widely be elaborated as to whether customers can freely express their opinions, recovery efficiency of the company, dominance of the outcome, accessibility in making complaints, timing or speed and the flexibility (Tax *et al.*, 1998). However, Blodgett *et al.* (1997) discovered that in a retailing setting, procedural justice (timeliness) did not have a significant effect on customers' re-patronage intentions or their negative word-of-mouth intentions. Kau and Loh (2006) suggested that similar with distributive justice, procedural justice also played a significant role in influencing the level of satisfaction with service recovery. In order to have an effective recovery mechanism, companies should concentrate on clear and accurate recovery procedures to recover the service failure (Mansori, Tyng, & Ismail, 2014).

The access dimension determines the ease of contact and information gathering from the online retailer. Online customers prefer to have multiple options to contact online

retailer, such as their street and email addresses, telephone, and fax numbers. According to Petzer *et al.* (2014), organisation should avoid complex procedures during the online complaint process. They should reply promptly to online complaints, confirm via e-mail that the complaint has been received, and that feedback can be expected within a particular time frame. Kuo *et al.* (2011) showed that 81.4 percent of the online buyers felt satisfied with the recovery strategy which refers to simple and uncomplicated correction methods such as; replacing miss-delivered products, increasing repair speed and providing reasonable explanation without extra compensation.

Interactional Justice

Interactional Justice concentrated itself on the fairness of the interpersonal treatment regarding the dissatisfied customers (Tax *et al.*, 1998). Interactional justice occurs when the service provider communicates politely with the failed customers, is honest in the way of communicating and has the empathy for the situation while helping to solve the problem. The study defined five elements of interactional justice which are explanation/causal account, honesty, politeness, effort and empathy. In a service recovery condition, interactional justice would refer to the way in which the recovery process is professionalised and recovery outcomes presented. Kau and Loh (2006) showed that the complainants' level of satisfaction with service recovery was significantly affected by the empathy, politeness, explanation and effort. Smith, Bolton & Wagner (1999) suggested that the effects of an apology or an organisation-initiated recovery on customers' perceptions of interactional justice may not differ on the basis of magnitude of failure that occurs. The result of their study indicated that customers assign higher fairness value to the compensation and quick action when they experience outcome failures. On the other side, the marginal return on an apology or a proactive response is higher when they experience process failures. Also, explanations are provided in response to complaints which can be delivered through medium such as written versus spoken explanation (Sparks and Fredline, 2007). Although online complaining is a convenient and beneficial complaint method, a study by Walker *et al.* (2002) projected that customers prefer face to face complaint channel and they usually refrain from using online complain channel, as they would be more likely to obtain an instant solution to their issues in a face-to-face situation.

METHODOLOGY

This study is presented through quantitative research where this research investigated the effects of perceived justice on customer satisfaction in e-retailing service recovery strategy. Primary data were collected using quantitative method which include questionnaire as the data sources that can be sent through e-mail to select respondents and distribute online via Facebook. The questionnaire consisted *Closed-Ended* questions which specify all the possible answers and allow the respondent to check the appropriate answer from a list of option that are easier to interpret and tabulate (Kotler & Keller, 2012). The research sampling plan resulted in 271 usable participant surveys for this study; 198 of the respondents' result were collected from hard copy questionnaire, while 73 of it were collected via online survey. Largely because of the use of a real-time approach, the response rate was high (about 90%).

Instruction of online and hard copy questionnaires were distributed to the local and international working adults and students who live in Kuala Lumpur. The collected data were narrowed down to both working adults and students who have experience in online purchasing. Finally, the data were specified to only those who have experienced service failure in online purchasing and those who have not in order to examine their reaction when they encounter such failure. Descriptive analysis and regression analysis are used to explain the data. Besides that, secondary data that have been already collected and readily available from other sources were also used in this study to support the findings.

FINDINGS

The result shows that 39.5% of participants are male and 60.5% are female. 92.3% are aged 16-29 while the rest are aged 30-49. 71.2% of participants' income is less than RM 1,000, 25.5% have income between RM 1,100 – RM 3,000, while 2.6% have income between RM 3,100 – RM 5,000 and the rest have income value for RM 5,100 or above. In term of nationality, 78.6% of participants are Malaysians, 13.3% are Indonesians who live in Kuala Lumpur and 8% are Koreans, Japanese, China, Pilipino, Bangladeshis and Pakistanis who also live in Kuala Lumpur. On the other hand, 79.7% of respondents are students, 19.9% of them are employed and 1% is non-employed.

Since the questionnaire was created only for respondents who have purchased product from online retailer, 100% of respondents in this study definitely had experienced in purchasing products from e-retailers. 74.2% of respondents have experienced problem in regards of purchasing good from e-retailers, while 25.8% of participants have no experience in discovering service failure with e-retailers

In term of any attempt from e-retailers to solve the problem or recover the service, 54.6% of participants agreed that the e-retailers did help to solve the issue while the rest of participants disagreed that the e-retailers have attempt to help them in solving or recovering the failure. Among participants who experienced the service failure before, 22.5% experienced service failure in apparel and footwear industry, 7.4% in computer hardware/software items, 7% in purchasing hotel room, 5.5% in travelling package, 5.2% in transportation ticket, and followed by rest of the industries.

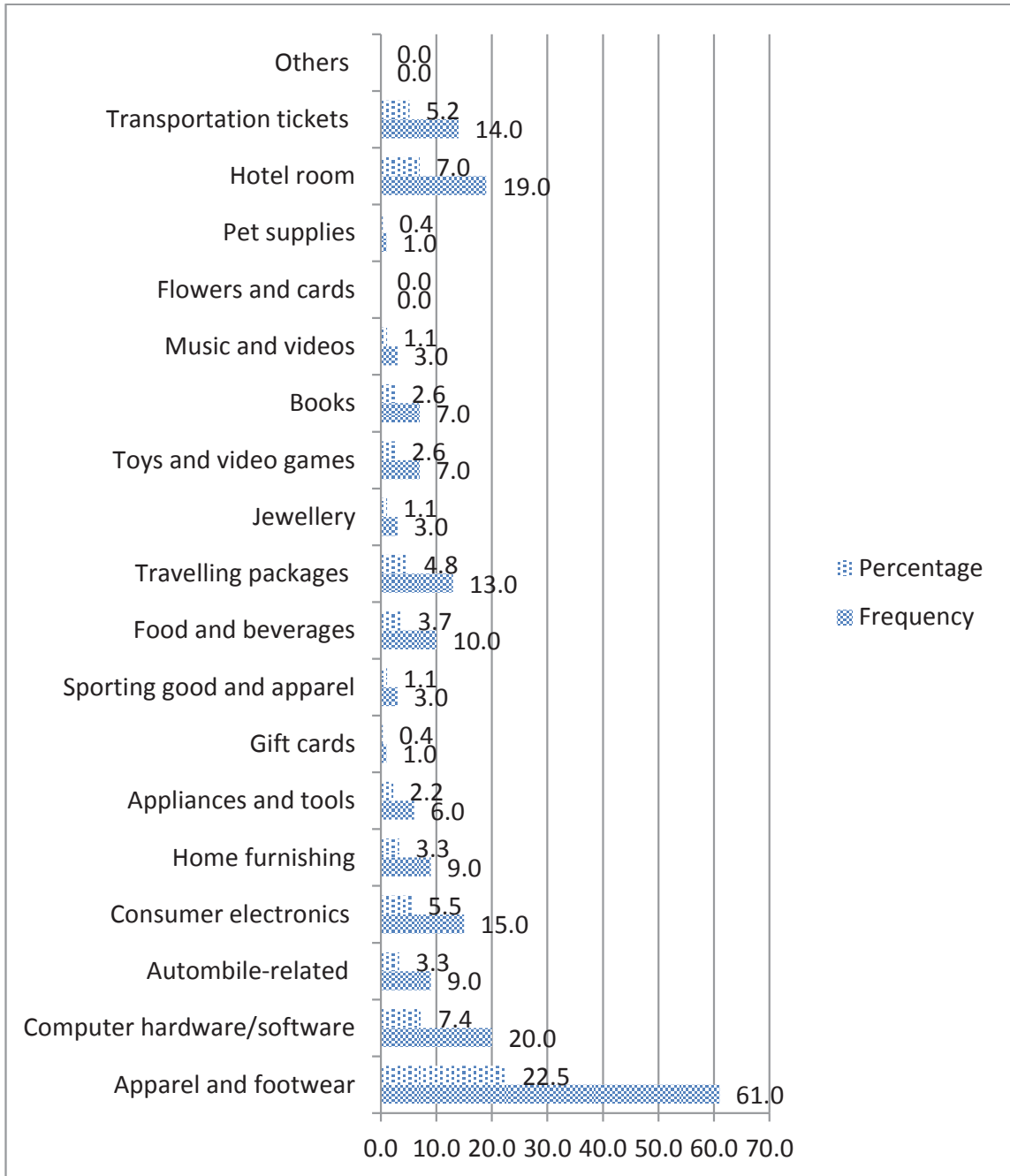


Figure 1.1: Service Failure Experience by Industry

Table 1.1: Regression Analysis

<i>Regression Statistics</i>	
Multiple R	0.917
R Square	0.840
Adjusted R Square	0.839
Standard Error	0.310
Observations	271.000

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3.000	135.404	45.135	468.545	0.000
Residual	267.000	25.720	0.096		
Total	270.000	161.124			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.515	0.080	6.409	0.000	0.357	0.673	0.357	0.673
DISTRIBUTIVE	0.349	0.048	7.290	0.000	0.255	0.444	0.255	0.444
PROCEDURAL	0.267	0.061	4.349	0.000	0.146	0.388	0.146	0.388
INTERACTIONAL	0.191	0.059	3.234	0.001	0.075	0.308	0.075	0.308

Regression analysis was conducted on the primary data collected to test the study hypotheses. The first model of the regression analysis projected that all three justice dimensions are positively related to recovery satisfaction. This positive relationship of perceived justice dimensions with customer satisfaction supports hypotheses H1, H2, and H3. The result in Table 1.1 shows that H1 (p-value = 0.000, coefficient = 0.349), H2 (p-value = 0.000, coefficient = 0.267), and H3 (p-value = 0.001, coefficient = 0.191) are supported as all p-values are less than 0.05. Moreover, these results indicate that distributive justice has the highest influence on customer satisfaction followed by procedural and interactional justice according to each coefficient values. Current results also show that the structural model is fit as adjusted R Square is 0.839 which near to 1.

CONCLUSION AND RECOMMENDATIONS

The empirical results of the relationships between perceived justice with service recovery and customer satisfaction have proven that all hypotheses for direct relationships are accepted. The impact of perceived distributive justice on customer satisfaction appears to be stronger compared to perceived procedural or interactional justice and it is consistent with the prior findings from Smith and Bolton (2000), Varela-Neira, Vazquez-Casielles, and Iglesias (2010), Santos and Fernandes (2007), Kuo *et al.* (2011), Smith, Bolton, and Wagner (1999), also Taleb and Kamar (2013) where customer satisfaction is greater when the service provider compensates the customers with monetary reward such as refund and non-monetary reward of service restoration. Compensation is identified to be the most influential recovery affecting customer satisfaction followed by effort and attentiveness. It also supported the previous findings from Varela-Neira, Vazquez-Casielles, and Iglesias (2010) where customer satisfaction with service recovery is greater when once the employees discovered the problem, they apologized for the inconvenience caused. The results show that customers are more satisfied when the recovery is handled by front-line employees as identified by Miller *et al.* (2000) compared to recovery handled by senior employee management which were found by Kelley *et al.* (1993) and Hoffman *et al.* (1995).

The effect of perceived procedural justice on customer satisfaction appears to be second stronger compared to perceived interactional justice, as the studies by Kau and Loh (2006) and Mansori, Tyng, & Ismail (2014) identified that in order to have an effective recovery mechanism, companies should concentrate on clear and accurate recovery procedures to recover the service failure. The results indicate that customer are more satisfied when the company gives immediate responses as suggested by Kuo *et al.* (2011) and Smith, Bolton & Wagner (1999) that perception of procedural justice are higher when the recovery is speedy. The findings also show that customer are satisfied when complaint process was easy to access as projected by Pretzer *et al.* (2014), Nikbin, Ismail, & Marimuthu (2010) and Jun *et al.* (2003) where online complaining access should be fast and through simple procedure.

Besides that, most of the participants agreed that mobile service provider made it easy for them to voice the complaint as previous finding by Kau and Loh (2006) showed it has the largest impact on satisfaction suggesting that customers view fairness of outcomes in the provision of mobile phone services to be the most important component. Apart from that, the study's findings also support the previous researches such as Tax *et al.* (1998), Kau

and Loh (2006), also Smith, Bolton & Wagner (1999) which they indicated positive effect of perceived interactional justice on customer satisfaction.

The results discovered that participants are satisfied when the employees showed little kindness and understand about the problem they experienced as portrayed by Kuo *et al.* (2011) where the retailers can further improve customers' service experiences by ensuring that service employees are friendly, courteous, and helpful at all times. Also, they should ensure services are delivered as promised which fast, effectively and in an appropriate manner.

Most of the participants agreed that retailers should give thorough information after the service failure as suggested by Sparks and Fredline (2007) and participants are satisfied when the reason the front desk staff give to them for the service problem is adequate. The reason in the degree to which it is clear, reasonable, and detailed that support study by Shaw *et al.* (2003).

Moreover, most of the participants are more satisfied when the information is provided through written medium such as email or letter, rather than face to face or tele-conversation medium. The results show after recovery strategies which include three perceived justice being applied, satisfaction of customer increased, so as the repurchase intention. In short, the findings support the positive relationship between three dimensions of perceived justice with customer satisfaction towards recovery strategies occur during service failure. Taking into account that not all organisations carry out recovery strategies, it would be convenient to begin actions directed towards their design, so that higher levels of customer satisfaction could be reached.

In the e-retailing industry, maintaining relationship with valuable customers is only possible by creating trust among the online customers. The trust is gained through satisfactory from recovery strategies that lead to increase customers' confidence toward the online retailer. Hence, in order to have an effective recovery mechanism, online retailers should focus on all of the three perceived justice dimensions of service recovery which are; reasonable compensation or service replacement for dissatisfied customers (Perceived Distributive Justice), easy and accurate recovery procedures to recover the service failure (Perceived Procedural Justice), and interaction between employees and customers (Perceived Interactional Justice).

To improve the recovery strategies, e-retailers should develop specific procedures and guidelines to help customer service staff and top management to recover service failure. Training programs should also be designed to develop adequate and comprehensive procedures to address the customers' complaints quickly and solve the issues in acceptable timeframe. In a service failure context, an effective management of complaints and recovery strategies becomes critical to gain higher levels of customer satisfaction as it protects the organisation from inevitable problems in the service delivery, thus, customers' attitudinal loyalty is needed. Therefore, service providers must offer recovery actions after a service failure.

E-retailers should design response routines to dissatisfaction, so when the employees face a problem, they will understand which ones are the most adequate solutions. The company should also implement a Standard Operation Procedure for customer service employees in order to provide a high level of service to the customer. Besides that, the

employees should try to offer a quick compensation, since offering a redress and doing it quickly is more effective than offering a delayed compensation. To do so, employees should be empowered and should have the authority to act quickly. To have customer service employees with the responsibility and authority to make decisions is the way to ensure that the recovery is quick and the redress is adapted to the customers' needs. Simultaneously, e-retailers should implement behaviour-based rewards to guarantee that the behaviours they wish the customer service employees to develop are rewarded. It is important to identify and understand customers' negative emotions caused by the service failure. Therefore, e-retailers ought to train their employees to deal with their emotions and learn behaviours that incorporate aspects of empathy.

Furthermore, there are many spaces for further research. It would be interesting to test the role of justice dimensions in customers' evaluation of service encounters that do not include failure or recovery. Relationship in the model also might be compared towards various customer groups (in terms of wider age or income range), larger number of samples, wider geographical area and other industries settings such as hospitality, education, aviation and health care. New factors of service recovery which might affect customer satisfaction could be considered, for instance; the different dimensions of attribution such as locus of control, stability and controllability. There is limitation also where customers may not be homogeneous in their response or opinions toward service failure or recovery encounters, and the importance of distributive, procedural and interactional justice may depend on the nature of the service and the customers' relationship with the company.

In summary, the results of this study provides organisations with guidelines for developing service recovery procedures for improving customer service and enhance customer satisfaction. These guidelines can be used to implement online service system that include provisions for appropriate recovery efforts, recovery resources to maximise returns in the senses of satisfaction, and train employees to recognise failure and reduce its impacts on customers.

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