HAVE YOU HEARD THE WORD? THE EFFECT OF WORD OF MOUTH ON PERCEIVED JUSTICE, SATISFACTION AND REPURCHASE INTENTIONS FOLLOWING COMPLAINT HANDLING

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ABSTRACT

Complaint management has focused on justice or fairness theory to explain satisfaction with the complaint handling process and with post complaint customer behavior such as word of mouth or repurchase intentions. This research shows that, far from being just an outcome variable, word of mouth plays an important role in the complaint process affecting perceived fairness, satisfaction and repurchase intentions. Distributive fairness is the most influential fairness dimension, but word of mouth valance has the largest impact on satisfaction, and is also more influential than satisfaction in impacting repurchase intentions. Limitations and future research directions are noted.

INTRODUCTION

Complaint management continues to be a focal point of research as more companies have become convinced that defensive marketing is highly profitable. The idea that companies can boost profits by almost 100% by retaining just 5% more of their customers (Reichheld and Sasser 1990) has CEO's focusing more and more on the topic. Pioneering work on the subject (TARP 1986) showed that not only did handling complaints lead to an increased intention to repurchase but that it decreased negative word of mouth and increased positive word of mouth, thus increasing the overall benefit to the firm.

While management was aware of the impact that organizational responses to complaints had on word of mouth and intentions to repurchase, they were less sure which aspects of the response were driving this behavior. Recent research in this area (for example, Blodgett, Hill and Tax 1997; Smith, Bolton and Wagner 1999) has started to focus on the justice or fairness literature in an effort to understand these drivers. However, even in this research, word of mouth is considered an outcome rather than a mediating variable.

Given that a consumer has had a dissatisfying experience, a consumer may engage in multiple responses (Blodgett, Granbois and Walters 1993), demonstrating that complaint handling is a dynamic process. It does not appear logical that a dissatisfied consumer will hold off on the word of mouth until after the complaint has been handled and satisfaction determined. Intuitively, one can expect increased opportunities for word of mouth activity after every encounter with the organization (from the initial, dissatisfying encounter that initiated the complaint, through every stage of the complaint resolution). Depending on the outcome of the encounter, the valance or dissemination of the word of mouth could change. By virtue of the word of mouth activity, the complainant is taking a public position that will be very hard to retract if the result should run counter to what was expected. If word of mouth is really that strong an influence, then it should affect all aspects of the complaint handling process, starting from the perceived justice or fairness of the organizational response, through the determination of satisfaction, and ending with the post complaint customer behavior of repurchase intentions.

This article examines the impact that word of mouth has as a mediating variable between perceived fairness and satisfaction and repurchase intentions (see Figure 1). Modeling word of mouth as a mediating variable takes into account the impact that word of mouth has on determining satisfaction and future repurchase intentions and will hopefully shed some more light on the post complaint customer behavior process. Word of mouth may be either positive or negative depending on the complainant's perception of the complaint recovery by the organization. This

Table 1
Glossary

Term	Definition
Perceived Fairness	Customer's perception of the fairness of the action.
Procedural Fairness	The perception of fairness of the company's visible policies and procedures, those that the customer has direct knowledge or experience of them.
Distributive Fairness	The customer's perception of the fairness of the outcome of the organization's response.
Interactional Fairness	The customer's perception of the fairness of the organizational representative's attitude and personal interaction with the customer. Was there a show of courtesy and respect, or not?
Word of Mouth Dissemination	The activity of giving word of mouth. How likely is it that a customer will talk or has talked to other people about the complaint experience. This is a tendency to relate WOM measure.
Word of Mouth Valance	Given that a person has engaged in word of mouth activity, on the whole, has this communication been mostly positive or mostly negative. Respondents are asked their measure of agreement to statements that they spread positive or negative remarks. This is not a dichotomous variable.
Overall Satisfaction	How has the complaint recovery affected the customer's overall satisfaction with the company. This is an overall measure of satisfaction rather than a more limited measure of satisfaction with the complaint handling.
Repurchase Intentions	How likely is it that the customer will continue to use this product at the same consumption rate as before?

Table 2 shows the exact operationalization of these constructs, as well as their reliability and variance extracted measures.

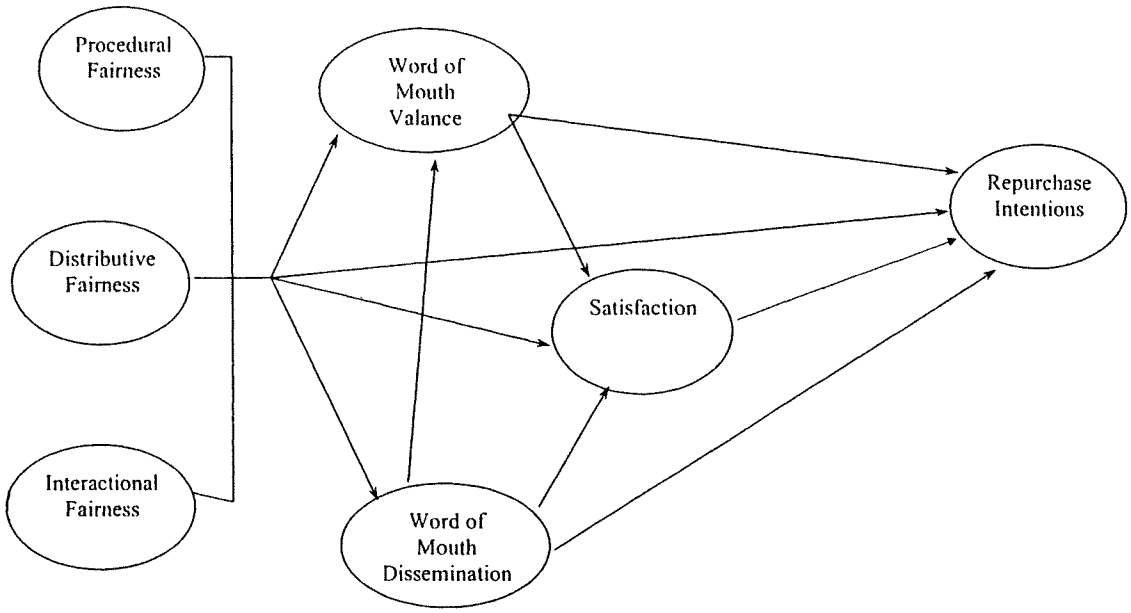
article will also examine the major role played by perceived fairness in determining post complaint customer behavior. Justice and fairness have been used almost interchangeably in the literature. As justice has a somewhat legal representation to it, fairness will be used in this article, as it feels closer to the consumer context.

CONCEPTUAL DEVELOPMENT OF THE MODEL

The complaint process can be looked at as composing three distinct stages; complaint, organizational response, and post complaint customer behavior (complainant reaction to the response). In the proposed model, the complainant reacts to the organizational response by engaging in word of mouth activity (dissemination and valance). This can affect the subsequent satisfaction and repurchase intentions. Word of mouth activity (dissemination and valance) will thus mediate between perceived fairness and satisfaction and repurchase intentions. Satisfaction will also drive the intentions to repurchase (see Figure 1). A short glossary of the main terms in this paper may be found in Table 1.

Since the ultimate success of complaint handling is determined by the repurchase rate of the complainant, it is important to understand the various relationships and influences all the variables in the model have on repurchase intentions. The results from this model will be

Figure 1
Proposed Model



able to show where word of mouth activity will have its biggest impact, which fairness dimension has the biggest influence on satisfaction or repurchase intentions, or whether word of mouth activity has a stronger influence on repurchase intentions than satisfaction.

From a theoretical perspective, this research will shed some more light on the complex process of post complaint customer behavior, allowing us to better understand the forces at work in this complex field. From the managerial perspective, it will allow managers to focus on those variables having a direct impact on the behaviors they want to influence.

Perceived Fairness

An allocation decision (such as complaint handling, where some form of compensation must be determined) has been defined by Bies and Moag (1986) as "a *sequence of events* in which a *procedure* generates a process of *interaction* and decision making through which an *outcome* is allocated to someone" (their emphasis). A company's complaint handling procedures lead to an interaction with the customer, at the end of which a decision is made. In other words, a distinction must be made between a procedure, its enactment, and its outcome. These are commonly called procedural, interactional, and distributive fairness. We examine these constructs independently in order to increase the predictive ability of the model. Given that the consumer has already had a dissatisfying experience (hence the complaint), the organizational response to the complaint becomes critical. A poor response means that the consumer has been disappointed twice, while an excellent recovery might enable the organization to retain an otherwise "lost" customer.

Procedural Fairness

Procedural fairness is concerned with the fairness of the procedures used in making decisions (Folger and Greenberg 1985). It is the extent to which procedures used to determine a distribution of outcomes have allowed for

objectivity and consumer representation (Goodwin and Ross (1990). The way decisions are reached is just as important as the decision itself. Lind and Tyler (1988) reported that defendants in traffic court who were acquitted because the officer failed to show up in court were less satisfied because they did not have the chance to defend themselves (even though the outcome was still favorable). An organization is evaluated by its facilitation of the complaint process. The complaint process includes all of the policies, procedures, and tools that a company has in place to support customer communications and complaints, as well as the time it takes for the organization to process the complaint and arrive at a decision. Consumers can evaluate only those policies and procedures that impact them directly, and these are the basis for their perception of procedural justice.

Distributive Fairness

Distributive fairness is concerned with the outcome of the complaint process. It is evaluated by one of three decision rules; equality, equity, or need (Deutsch 1975). Most complaint situations are determined by the equity method, where the complainant looks at the proportionality of the cause of dissatisfaction and the cost of complaining and expects to receive appropriate compensation. There are other situations where the equality or need decision rule would apply. In health care, for instance, customers pay a fixed monthly fee, but receive services based on a need basis. In the travel or lodging industry, customers get the same service in a certain class, regardless of what they paid for the ticket or room.

Interactional Fairness

Interactional fairness relates to the interpersonal communications in the decision making process. It addresses the style with which a decision is implemented. The presence of a policy or rule does not imply that the policy is fairly applied, therefore, a distinction must be made between a policy or a guideline, and how that policy is implemented (Vermunt, Van der Kloot, and Van der Meer 1993). Interactional fairness encompasses common courtesy, politeness, respect, empathy and a willingness to listen.

The three fairness dimensions have been well documented in previous research, and their relationships with word of mouth, repurchase intentions and satisfaction are remarkably similar, perhaps due to the high degree of correlation recognized between the constructs.

Previous research has shown a positive relationship between fairness and satisfaction (Bowman and Narayandas 2001; Smith, Bolton and Wagner 1999; Tax, Brown and Chandrashekaran 1998). A positive relationship was reported between fairness and repurchase intentions (Clemmer 1988; Goodwin and Ross 1992). Blodgett, Granbois and Walters (1993) showed a relationship between perceived fairness and negative word of mouth activity, and Tax and Chandrashekaran (1992) reported that word of mouth is actually a U shaped relationship, where satisfied complainers spread positive word of mouth valance, and dissatisfied complainers spread negative word of mouth valance. Anderson (1998) also rejected the traditional linear model in favor of an asymmetric U shaped relationship between satisfaction and word of mouth. There also appears to be more of a tendency for complainers to talk about negative experiences (TARP 1986), therefore it is expected that procedural justice would have a negative relationship with word of mouth dissemination. Lewis (1983) reported that the way the complaint was handled (organizational response fairness) was a key factor in the dissemination of word of mouth activity. Swan and Oliver (1989) showed a link between perceived fairness and the likelihood of engaging in word of mouth activity. Blodgett, Hill and Tax (1997) reported a negative relationship between negative word of mouth and distributive and interactional fairness, but no such relationship was found between procedural justice and negative word of mouth. This may have been due to the conceptualization of procedural justice as timeliness only. In reality, it encompasses far more than that, and this may have contributed to their insignificant finding. Based on the above, it

is hypothesized that

H_{1a}- There is a positive relationship between procedural fairness and word of mouth valance.
H_{2a}- There is a negative relationship between procedural fairness and word of mouth dissemination.
H_{3a}- There is a positive relationship between procedural fairness and satisfaction.
H_{4a}- There is a positive relationship between procedural fairness and repurchase intentions.

H_{1b}- There is a positive relationship between distributive fairness and word of mouth valance.
H_{2b}- There is a negative relationship between distributive fairness and word of mouth dissemination.
H_{3b}- There is a positive relationship between distributive fairness and satisfaction.
H_{4b}- There is a positive relationship between distributive fairness and repurchase intentions.

H_{1c}- There is a positive relationship between interactional fairness and word of mouth valance.
H_{2c}- There is a negative relationship between interactional fairness and word of mouth dissemination.
H_{3c}- There is a positive relationship between interactional fairness and satisfaction.
H_{4c}- There is a positive relationship between interactional fairness and repurchase intentions.

Word of Mouth

Previous research has generally treated word of mouth as an outcome, or final result of complaint handling (see Anderson 1998; Blodgett, Granbois and Walters 1993 for instance). Yet, as suggested by Tax, Chandrashekaran and Christiansen (1993), engaging in word of mouth activity may have some impact on assessments of satisfaction and subsequent behavior. In other words, instead of just being an outcome, word of mouth may actually be a mediator variable, impacting both satisfaction and intentions to repurchase. Intuitively, this is easy to understand. Just because a complainant has filed a complaint does not mean that there is no other response. The notion of multiple complaint responses is well accepted today.

A poor interaction with a rude representative or a bad policy while filing the complaint can cause negative word of mouth, even before the complainant gets a written response from the organization. Therefore, temporally speaking, word of mouth predates satisfaction in the complaint response. Indeed, a dissatisfied consumer may engage in word of mouth activity without even filing a complaint. Can word of mouth actually influence satisfaction and repurchase intentions? Cialdini (1993) reported that public commitment can lead to doggedly consistent future action. This seems to be applicable in high involvement situations because a commitment has been made. Word of mouth is in a sense a public commitment (gone on record as saying "that company is terrible...") or a public stance. Complainers would have a hard time spreading negative word of mouth and then repurchasing the product or claiming to be satisfied (unless there were no alternatives, such as a local phone carrier or other service monopoly). In a similar vein, Knox and Inkster (1968) in a couple of studies at the racetrack, reported that people were much more confident in their horse's chances for success after placing a bet (commitment) than before placing the bet. In other words, once consumers have made a choice (word of mouth valance), they will encounter internal pressure to behave consistently with that commitment. This principle of consistency is a powerful motivator for a complainant to behave in accordance with the word of mouth valance.

Self perception theory (Bem 1972) suggests that people observe their own behavior and then determine their attitudes. This would seem to apply to a low involvement situation. Complainants examine their word of mouth activity and then determine their satisfaction and their intention to repurchase. In either case, it is the word of mouth activity that will influence the

repurchase intentions or the satisfaction level. Lewis (1983) reported that the way the complaint was handled (organizational response fairness) was a key factor in the likelihood of word of mouth activity. Therefore, the likelihood of engaging in word of mouth activity might be different at different stages of the model. Research has also shown that complainers talk more about negative experiences than positive ones (TARP 1986), so that the fairer the complainant feels the response is, the less likely the complainant will be to talk about it, thus leading us to the following:

H_{5a}- Word of mouth valance will have a positive effect on satisfaction.
H_{6a}- Word of mouth valance will have a positive effect on repurchase intentions.

H_{5b}- Word of mouth dissemination will have a negative effect on satisfaction.
H_{6b}- Word of mouth dissemination will have a negative effect on repurchase intentions.

H_7 – Word of mouth dissemination will have a negative effect on word of mouth valance.

Satisfaction

Satisfaction is the customer's overall affective feeling about the company as a result of the company's handling of the complaint. Given the complaint handling, how does the customer now feel about the company? Early research on complaint handling focused on the overall satisfaction with the complaint handling by the organization. TARP (1986) reported a strong positive relationship between satisfaction with the complaint handling and the intentions to repurchase. Subsequent research has overwhelmingly supported this finding (Conlon and Murray 1996; Goodwin and Ross 1989; Smith and Bolton 1998). However, Halstead and Page (1992) reported that consumers' satisfaction with the complaint response does not counteract the negative effects of a high level of dissatisfaction with the product, even though, among dissatisfied consumers, higher satisfaction with complaint resolution did lead to higher levels of repurchase intentions. Based on these findings, it is suggested that:

H_8- Satisfaction will have a positive relationship on repurchase intentions.

STUDY METHODOLOGY

Design

A cross sectional survey design was used to assess the reactions of respondents to a self-reported complaint experience in the near past. Respondents were required to have complained to a company and to have received a response. The questionnaire began by asking them for details of the case, reminding them of the incident, and reducing selective bias. The respondents were 319 students (out of approximately 500 enrolled) in an introductory marketing class at a large southwestern university. No incentive was given to them for their participation. They reported on their actual consumer behavior and the organizational response, with almost 10% complaining about auto repair, almost 20% involving a retail store, and more than 25% of the complaints involving the hospitality industry.

Scale Development

Following guidelines set down by Churchill (1979), an exhaustive literature search was conducted of the complaint literature. Key informants were interviewed among the consumer affairs professionals. An open-ended survey was administered to 125 students asking them to describe in detail a prior complaint to an organization. They were asked to describe in detail what caused the dissatisfaction, why they decided to complain, the fairness of the response, how many people they talked with about the incident, their level of satisfaction with the response, and the key response factor influencing their satisfaction with the response. Each scale was independently tested using exploratory factor analysis and reliability tests and further refined in pretests.

Table 2
Operationalization of the Variables

Items	Reliability	Variance Extracted	SMC
Procedural	**0.889**	**0.731**	
1) I felt that company policies allowed for flexibility in taking care of my complaint.			0.51
2) I feel that the guidelines used by the company to process my complaint were fair.			0.80
3) I believe that the company guidelines for listening to and handling customer complaints are fair.			0.87
Distributive	**0.948**	**0.859**	
1) I am pretty happy with what the company gave me.			0.89
2) I thought that the company solution was definitely acceptable.			0.82
3) I think that the result I got from the company was appropriate.			0.87
Interactional	**0.967**	**0.906**	
1) I felt that the representative was very courteous.			0.89
2) I felt that the concern shown by the representative was sincere.			0.92
3) I felt like the representative really cared about me.			0.90
Satisfaction	**0.977**	**0.935**	
1) In general, I have a good feeling about this company.			0.92
2) My impression of this company has improved.			0.94
3) I now have a more positive attitude towards this company.			0.95
Word of Mouth Dissemination	**0.858**	**0.670**	
1) I am likely to tell as many people as possible about my complaint experience.			0.58
2) I am likely to talk about my complaint experience with anyone who will listen.			0.78
3) I am likely to mention my complaint experience at every chance.			0.64
Word of Mouth Valance	**0.923**	**0.800**	
1) While talking about my complaint, I emphasize how well the company took care of it.			0.76
2) Whenever I talk about my complaint, I stress the positive way that the company reacted.			0.83
3) When I talk about my complaint experience, I let people know how poorly it was handled by the company (R)			0.81
Repurchase Intentions	**0.904**	**0.759**	
1) I will probably not purchase this brand again. (R)			0.66
2) I will use this brand much less in the future. (R)			0.81
3) I will probably switch to another brand in the future. (R)			0.82

All items and constructs are based on a 7 point scale anchored by "strongly disagree" and "strongly agree"

Confirmatory factor analysis was then performed to determine the validity and reliability of all scales. Composite reliabilities (Bagozzi and Yi 1988, Nunnally and Bernstein 1994) for the scales ranged from 0.858 to 0.977, while the average variance extracted (Fornell and Larcker 1981) ranged from 0.670 to 0.935, well exceeding the criteria set by Bagozzi and Yi (1988), thus demonstrating validity. The t-values of all the item loadings are all significant showing construct validity. Final scale items are shown in Table 2.

All the constructs were run together in a confirmatory factor analysis to determine discriminant validity (see Table 3). While the correlations among some of the constructs were high (commensurate with other studies – see Clemmer 1988; Seiders 1995; Tax 1993), the standard deviations were low, thus showing discriminant validity (Anderson and Gerbing 1988; Bagozzi and Warshaw 1990).

Table 3
Correlations between Variables (Phi)
Estimates, Standard Deviations, and t-value*

	1	2	3	4	5	6	7
Satisfaction (1)	1.00						
WOM Valance (2)	0.94 (0.01) 86.86	1.00					
Repurchase (3)	0.76 (0.03) 25.69	0.74 (0.03) 22.58	1.00				
WOM Disseminati on (4)	-0.47 (0.05) -8.69	-0.47 (0.06) -8.38	-0.34 (0.06) -5.47	1.00			
Procedural Justice (5)	0.89 (0.02) 55.76	0.87 (0.02) 44.66	0.66 (0.04) 16.81	-0.42 (0.06) -7.35	1.00		
Distributive Justice (6)	0.90 (0.01) 70.37	0.90 (0.02) 56.30	0.68 (0.04) 18.87	-0.48 (0.05) -8.87	0.88 (0.02) 49.71	1.00	
Interactional Justice(7)	0.87 (0.02) 55.84	0.85 (0.02) 42.05	0.66 (0.04) 17.63	-0.45 (0.05) -8.30	0.88 (0.02) 52.58	0.83 (0.02) 40.64	1.00

The top number in each square is the correlation estimate between two variables.
The middle number (in parentheses) is the standard deviation.
The bottom number is the t-value. All values are significant at the $p<0.0001$ level.

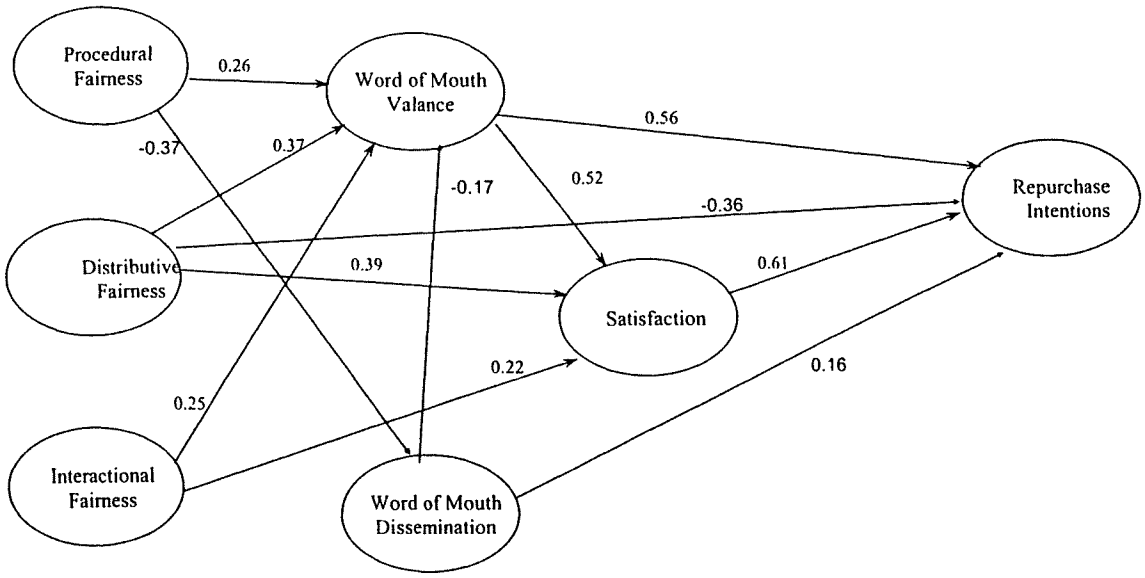
Table 4
Goodness of Fit Measures for the Full Tested Model

Chi^2	279.04
Degrees of Freedom	168
Normed Chi^2	1.661
Standardized RMR	0.059
Goodness of Fit Index	0.92
Adjusted Goodness of Fit	0.89
Comparative Fit Index	0.82

Analysis and Results

The hypotheses were tested using a structural equations modeling software - Lisrel 8.3 (Joreskog and Sorbom 1996). An examination of all the item loadings on the constructs reveals that they are significant at the 0.001 level (the lowest t-value was 11.23). The overall fit of the model was tested using several measures (see Table 4). While the chi-square is significant, this is not unexpected in a sample size of more than 300. The normed chi square index is 1.66 (well below the recommended

Figure 2
Significant Paths of the Model
Standardized Estimates



maximum level of 2.0). The goodness of fit index is 0.92, while the adjusted goodness of fit measure is 0.89, both around the recommended level of 0.90. The comparative fit index is a little low at 0.82. The standardized root mean square residual is 0.059, slightly above the recommended level of 0.05. It therefore appears that the model has an adequate fit.

The significant paths of the model are shown in Figure 2 and itemized in Table 5. Distributive fairness had the largest impact on word of mouth valance, while the impact of procedural and interactional fairness was about the same. These relationships were all significant and positive supporting the first hypotheses. Surprisingly, procedural fairness is the only fairness dimension to impact word of mouth dissemination, thus only partial support is available for the second hypothesis. Both distributive and interactional fairness had a significant, direct, positive impact on satisfaction, yet here procedural fairness did not have a significant impact, giving only partial support for the third hypothesis. The fourth hypothesis expected a positive relationship between fairness and repurchase. In fact, both procedural and interactional fairness had no relationship, while distributive fairness had a significant negative effect on repurchase. This interesting finding will be examined later in the discussion. Word of mouth dissemination has a strong negative impact on word of mouth valance, so hypothesis 7 is supported. Hypothesis 5 stipulated that both word of mouth variables would have an impact on satisfaction. In fact, word of mouth valance had a positive impact, as predicted, but word of mouth dissemination did not have a significant negative impact. Therefore, there is only partial support for hypothesis 5. It is worth pointing out that the impact of word of mouth valance is almost as strong as the impact of all the fairness dimensions together, thus supporting the mediating effect of word of mouth valance. Hypothesis 6 suggested that word of mouth valance would have a positive impact on repurchase, while word of mouth dissemination would have a negative impact on repurchase. In reality, both word of mouth dimensions have positive relationships with repurchase. This will

Table 5
Significant Standardized Effects

Effect / Source	WOM Valance	WOM Dissemination	Satisfaction	Repurchase Intentions
Direct Effect				
Procedural Fairness	0.26	-0.37	0.0	0.0
Distributive Fairness	0.37	0.0	0.39	-0.36
Interactional Fairness	0.25	0.0	0.22	0.0
WOM Dissemination	-0.17	---	0.0	0.16
WOM Valance	---	---	0.52	0.56
Overall Satisfaction	---	---	---	0.61
Indirect Effect				
Procedural Fairness	0.06	---	0.15	0.0
Distributive Fairness	0.0	---	0.20	0.56
Interactional Fairness	0.0	---	0.14	0.35
WOM Dissemination	---	---	-0.09	-0.12
WOM Valance	---	---	---	0.31
Overall Satisfaction	---	---	---	---
Total Effect				
Procedural Fairness	0.32	-0.37	0.0	0.33**
Distributive Fairness	0.39	0.0	0.59	0.19
Interactional Fairness	0.28	0.0	0.34	0.29
WOM Dissemination	-0.17	---	0.0	0.0*
WOM Valance	---	---	0.52	0.88
Overall Satisfaction	---	---	---	0.61

All effects significant at $\alpha = 0.05$

Insignificant relationships are marked by 0.0

*WOM Dissemination has a positive direct effect and a negative indirect effect, the total effect is not significant.

**Both the direct and indirect effect of Procedural were positive, but insignificant. The total effect is, however, significant.

be discussed in detail later. Satisfaction had a significant impact on repurchase intentions, thus supporting hypothesis 8. A quick look at Table 5 shows the direct, indirect and total effects for each variable.

Discussion

From the analysis, it is clear that all three fairness dimensions have a strong, positive impact on word of mouth valance. It is therefore in the interests of managers to increase the perceived fairness of their complaint response, not only to increase favorable word of mouth activity, but also to favorably impact overall satisfaction of the complainant. Increasing procedural fairness has the added benefit of decreasing the dissemination of word of mouth. Given that more word of mouth is produced from a dissatisfying recovery than a positive, satisfying one, and the fact that procedural fairness is the only fairness dimension that must be in place before the complaint, the implication is that managers must stress the procedural fairness issue, making sure that customers know where to complain and how the complaint will be handled. This has the effect of decreasing the dissemination of word of mouth, as well as increasing the valance of the remaining word of mouth activity. Distributive and interactional fairness are invoked only after the complaint, and while they have a positive impact on the valance of the word of mouth, they may not be relevant to impact word of mouth dissemination.

Managers also need to be aware that increasing word of mouth activity will have more of a negative effect than a positive one, thus the first emphasis should be on reducing the likelihood of word of mouth activity by not giving the customers anything bad to talk about. While

there is no total effect from word of mouth dissemination on either satisfaction or repurchase (the positive direct effect on repurchase is canceled out by the negative indirect effect), it does however, impact other consumers. Output word of mouth from a complainer becomes input word of mouth for a prospective consumer (File, Cermak and Prince 1994).

It would appear that distributive fairness has the strongest impact of the three justice dimensions. This is in direct contrast to Blodgett, Hill and Tax (1997) who reported that the major determinant of respondents' repatronage and negative word of mouth intentions was interactional justice. This may be due to the limitations of their experiment (for example, procedural justice was operationalized as just response speed) or to the fact that the survey covered a variety of actual complaint behaviors. Distributive fairness may have been mitigated by the switching costs, since the shoes could only be returned at that store. This might have made interactional justice more salient. Blodgett and Tax (1993), using a different version of the experiment used in Blodgett, Hill and Tax (1997) reported that distributive justice was stronger than interactional justice.

While procedural fairness affects word of mouth valance just slightly more than interactional fairness, it is the only fairness dimension to impact word of mouth dissemination. Having policies and procedures in place to make it easy for a consumer to complain evidently increases the complainant's feeling that this company really cares about the consumer, and thus increases the valance of the word of mouth, as well as decreasing the dissemination of word of mouth. There is also a positive indirect effect of procedural fairness on word of mouth valance. In all, while not as powerful as distributive justice, procedural justice is cheaper to implement, thus giving managers a low cost method of increasing the word of mouth valance, with the added side benefit of decreasing the word of mouth dissemination. Interactional fairness has a significant influence on word of mouth valance, while not being as influential as distributive and procedural fairness. It is also a low cost alternative to distributive justice in influencing word of mouth dissemination. Since the representatives must be in contact with the complainers anyway, a little respect and courtesy go a long way to influencing the likelihood of word of mouth activity.

The main issues of this study are the mediating effect of word of mouth on the relationship between the perceived fairness of the organizational response and satisfaction and repurchase intentions. Looking at the total effect of each variable on satisfaction (see table 5), it quickly becomes apparent that word of mouth valance is a key factor mediating those relationships along with distributive fairness. The biggest impact of word of mouth is on repurchase intentions. While the positive direct effect of word of mouth dissemination is canceled out by a negative indirect effect, word of mouth valance has the strongest impact on repurchase of any other variable, and is stronger than the combined effects of all three fairness dimensions combined.

Word of mouth valance also has a stronger total effect on repurchase intentions than satisfaction. It would thus appear that word of mouth valance plays a crucial role in mediating between the organizational response and intentions to repurchase. Given that the only relevant measure of complaint handling is repurchase, managers should really be focusing on word of mouth activity. If the company can get the customers to talk positively about their recovery experience, then this will have a major impact on the future repurchase of the customers, thus providing managers with another good reason to try and handle the complaint appropriately. By focusing on procedural and interactional fairness, managers can cost effectively get consumers talking positively about the company, even before the outcome of the complaint is known, thus shifting the focus of the complainant in their favor. Satisfaction is another strong mediating factor in the relationship between perceived fairness and repurchase intentions. Prior research has focused on satisfaction as the main mediator between fairness and repurchase. This research supports satisfaction's critical role as a mediating construct, but clearly establishes word of mouth valance as another critical mediator, previously

ignored. This has important implications for researchers and managers alike.

From a theoretical perspective, it is apparent that the psychological forces at work on word of mouth also affect satisfaction and repurchase intentions. More effort needs to be focused on the relationship between word of mouth and satisfaction and repurchase.

Two results were particularly interesting and should also be discussed here. First, while we hypothesized a positive relationship between distributive fairness and satisfaction, the relationship was significantly negative. It is very interesting that while distributive justice has a negative direct effect on repurchase intentions, there is a positive indirect effect through satisfaction and an overall positive total effect between distributive fairness and repurchase. One possible explanation could be the replacement effect. Since customers have received fair compensation, they have no need for immediate replacement. Only when they don't receive fair outcomes do they have to purchase immediate replacements. In either case, it appears that satisfaction and word of mouth valance are the immediate drivers of repurchase intentions, and not as much distributive justice.

The second interesting result was the positive direct relationship (total effect was non-significant) between word of mouth dissemination and repurchase instead of the negative relationship hypothesized. One possible explanation could be based on the TARP (1986) finding that repurchase rates of customers who had complained and been dissatisfied from the response, were still more likely to repurchase from the company than those who were dissatisfied and had not complained. The explanation that TARP (1986) gave was that the very act of complaining acted as a catharsis for the complainant, and therefore it had a positive effect on the repurchase intentions. In much the same way, word of mouth dissemination could also be seen as a catharsis.

RESEARCH LIMITATIONS AND FUTURE RESEARCH

First, the use of a student judgement sample may directly impact the generalizability of these findings. While students made legitimate purchases, they may lack a certain maturity or experience in order to properly evaluate the complaint response. Further, multiple random samples from different populations would increase the generalizability. Random samples from well-established consumers would help to generalize these findings.

Second, relying on respondents to accurately remember events from the past may have affected this research. While certain measures (asking only from the recent past, having them first write details of the incident) were taken to reduce these biases, alternative measures should be explored. For instance, a longitudinal study could compare the results from two different time periods to determine the effect time has on the results. Alternatively, perhaps it would be possible to compare respondents' reports with actual company complaint data.

Third, more research is needed into the complex relationships among the fairness dimensions. Due to the high correlations, it seems possible that there may be relationships between these constructs. Research also needs to be done to improve the measures. This would reduce measurement bias as a source of conflicting results between studies.

Lastly, it is clear that there are other variables that affect word of mouth activity. Given the importance of this variable, it seems crucial that we make every attempt to determine what they are and how they fit into the model.

CONCLUSIONS

The importance of the fairness dimensions in explaining post-complaint customer behavior has been supported, and this research highlights a new mediator, word of mouth valance and dissemination. It appears that word of mouth activity has a critical role in mediating the relationship between the perceived fairness of the organizational response, and satisfaction and repurchase intentions. Future research is necessary to fully integrate this finding into the literature.

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