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An exploration into the practice of online service failure and recovery strategies in the Balkans

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Abstract

To help managers better balance online service failures and recovery strategies, organisations are increasingly offering a variety of recovery programmes. Anecdotal reports suggest that organisations are experimenting with various recovery strategies, and particularly transitioning offline recovery strategies into the emerging technological tapestries. Drawing on data collected from two Balkan countries (Kosovo and Albania) with varying service failures, recovery strategies and levels of participation in online environments, this study examines how interactions between the customer and provider impact on recovery strategies. Unlike existing studies regarding online service failure and recovery strategies, we argue that rather than examining the subconscious of the customer as a stand-alone explanation for failure-recovery perceptions, interactions with the provider must also be taken into account. The current study extends the related construct of failure-recovery perceptions and it suggests that service failure generates different recovery strategies based on the contextual social world.

Keywords: Service failure, Recovery strategies, Social constructivism, Failure-Recovery Process

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1. Introduction

Service failure arises when the company fails to meet customer expectations; whereas recovery strategies are described as actions the companies utilise to overcome the incident (Dong et al., 2008; Hazée et al., 2017). Most services marketing literature aims to close the gap between the two, suggesting that a successful failure recovery strategy determines consumers' satisfaction and the marketers' success (Gu & Ye, 2014; Ozuem et al., 2017). Although these researchers have enriched understanding, many have isolated conceptualisation to specific phases of the failure recovery process (i.e. failure occurrence, recovery expectation, recovery provision, recovery evaluation, and post-recovery behaviour) (Roggeveen et al., 2012; Zhou et al., 2014). One stream of researchers considered two major online service failure types, which are technical problems with websites (specifically, 'technological' failures), and failures to receive products purchased online (Holloway & Beatty, 2003; Forbes et al., 2005). Other scholars revealed apology and compensation as two main online recovery strategies (Kietzmann et al., 2011; Gruber et al., 2015).

Ringberg et al. (2007) were the first to recognise consumers' perception of the failure recovery strategy construct with shortcuts, explaining them with the subconscious. They indicate that the subconscious consists of information that consumers gain while they grow up and that information 'sticks' in the mind and turns the mind into a 'cognitive conservatist' (Hoch and Deighton, 1989). That study excelled in constructing a customer typology, providing evidence on customers' heterogeneous stance in failure-recovery. This addressed the customer-as-context vs. customer-as-objectivist prolonged debate in services marketing literature (Ringberg et al., 2007; Schoefer &

Diamantapolous, 2009). Yet the study did not explore the online context of the phenomenon, leaving it with equivocal insight. Recently, Weitzl and Hutzinger (2017) expanded the literature beyond recovery strategy types, examining the impact that online service recovery responses initiated by advocates have on bystanders' perception towards the company. They suggest that accommodative strategies inclusive of apology, acknowledgment and price reduction are focal to bystanders' positive perception, whereas no such evidence is evident in situations when the company accepts no responsibility and assigns the fault to either the customer or a third party. Their theoretical bases lie in the social learning theory and the reinforcement theory. The former implies that the bystander learns through observation of the advocate-customer communication; and the latter suggests that the recovery type provided to the customer determines the bystander's pace of learning. For them, bystanders use 'heuristic processing' to judge the recovery provision, implying that online participants are quick in development of perception and decision-making. They suggest 'this is particularly true in the social media environment when potential customers are exposed to a great amount of information (e.g. customer complaints, responses) from various sources' (p. 166). For them, the mental shortcut helps the potential customer to 'avoid confusion and to save mental energy' (p. 166).

Weitzl and Hutzinger's (2017) study leaves the literature unclear as to how the provider stance reflects on the consumers' perceptions. With the proliferation of the online environment service failure and recovery strategy are not mutually exclusive, and this accentuates the socially constructed experience even more (Dong et al., 2008; Weitzl and Hutzinger, 2017).

Addressing these issues, the present study examines how online customers develop perceptions on the failure-recovery phenomenon without prior assumptions to direct their responses. It also investigates providers as vehicles to augment our understanding of failure-recovery encounters in general and of customer conceptualisations in particular. The focus of the study is Kosovo and Albania, located in Balkan Peninsula of Europe. Albania and Kosovo are a relevant context within which to study online service failure and recovery strategies because it represents a paradox: while both nations are located in the Balkans and are considered to be European countries, the two are developing countries and the standards of living are quite distinct from other European countries on which most previous studies on online service failure and recovery strategies are based. These countries are relatively small in terms of economic size and population base, and there is a compelling case for understanding their individual socio-cultural characteristics and how these impact the banking sector. We argue that this approach generates an overarching theoretical insight into online failure-recovery inclusive of the contextual and pluralistic stances of consumers along with the entire failure-recovery process. This paper thereby aims to address the following research questions:

- 1) How do providers explain the online banking failure-recovery experience?
- 2) How do customers perceive online banking failure-recovery strategy, inclusive of all failure-recovery process phases?
- 3) How do online banking customers' perceptions differ across the failure-recovery process?
- 4) How is online banking failure-recovery strategy explained as a joint experience between the provider and the customers?

2. Theoretical Underpinnings

2.1 Service Failure – Recovery Strategy Process and Customer Expectations

Service marketing literature has traditionally identified failure and recovery strategies based on a twofold consensus: (1) service failures are inevitable (Wang et al., 2011) and (2) if an inappropriate recovery is provided, even very minor failures can be a disaster for the marketer (Dong et al., 2008; Barwise & Meehan, 2010; Piercy & Archer-Brown, 2014). Although extant studies match the balance of customer-provider stance to specific failure-recovery stages, a review of literature integrates an overarching customer-provider experience of service failure and recovery strategies into a five-stage process (i.e. service failure occurs, service recovery expectations are generated, recovery strategy is provided, recovery evaluation is produced, customers get involved in post-recovery behaviour) (Matos et al., 2007; Sharifi & Aghazadeh, 2016; Umashankar et al., 2017). Recently, Felix et al. (2017) have shown the prudence to exert investigation of digital phenomena inclusive of all parts, suggesting that ‘components of the overall construct cannot be divorced from the whole’ (p. 119).

Choi and Mattila (2008) studied service failure occurrence, recovery evaluation and post-recovery behaviour. They suggest the cause of service failure can be the marketer, the customer, or other unknown factors. The greater the company’s fault in causing the failure, the lower the customer’s satisfaction, repurchase intent, and propensity to offer positive WOM. Siu et al. (2013) investigated the recovery strategy provision and recovery evaluation phases. They associate the evaluation of recovery with justice theory; that is, the customer’s assessment of how fairly they have been treated during the recovery. They suggest that if a customer perceives a fair recovery, his/her prior satisfaction with the company will be sustained (Chen et al., 2018). As such, studies that

explore the failure-recovery phenomenon comprehensive of all the failure-recovery strategy steps may be requisite to yield an overarching explanation.

With very few exceptions (see Ringberg et al., 2007), past research has argued that customers assign similar meaning to failure and recovery strategy experiences. Yet the conflicting findings across the literature base support the reverse scenario. Casado-Diaz and Nicolau-Gonzalbes (2009), Rio-Lanza et al. (2009) and Wang et al. (2011) examined service failure and recovery strategies based on the concepts of justice and specifically of distributive recovery, procedural policies and procedures used to deliver the recovery and interactional employee behaviours towards customers. Casado-Diaz and Nicolau-Gonzalbez (2009) associate distributive and procedural justice with post-recovery behaviour; that is, with a successful recovery strategy. Rio-Lanza et al. (2009) suggest that of the three, procedural justice has the greatest influence on customer satisfaction through recovery. Further, Wang et al. (2011) attribute the greatest recovery successes to interactional justice.

The counter-statement across these studies questions the plausibility of these theories. In support of this, Matos et al. (2007) proclaim that differences across researched participants generate diverse data. Additionally, findings such as those of Zhou et al. (2014) are indicators of customer heterogeneity. They argue that an immediate delight does not increase customers' satisfaction, and that such an outcome worsens the future customer-provider cooperation. The suggestion that promptly delighting customers may be a pitfall to the marketer provides clues as to how distinct customers may be. Recently Chen et al. (2018) used moral judgment to explain customers' satisfaction with the recovery. They suggest that customers who identify service failure with a morally perceived occurrence would not seek high recovery (i.e. high compensation). Whereas egocentrism is the premise to an increased body of failure-recovery literature

concerning customers' satisfaction (Roggeveen et al., 2012; Sharifi & Aghazadeh, 2016), for morally concerned customers, high recovery 'may cause feelings of psychological unease ... as a result, would counterbalance the delight resulting from the positive disconfirmation' (Chen et al., 2018, p. 3).

2.2 Recovery Evaluations and Customer Post-Recovery Behaviour

A similar emphasis is provided by the studies that have examined customer satisfaction/dissatisfaction in the context of recovery strategies. These have identified numerous types of recovery strategies, inclusive of psychological (apology), financial (compensation and discounts) (Wirtz & Mattila, 2004), downward social comparison (comparison to less fortunate customers) (Bonifield & Cole, 2008), and co-creation recovery strategies (when the customer is involved in the recovery) (Hazée et al., 2017). Zhou et al. (2014) proclaimed that customers generate satisfaction according to how recovery is issued; that is, whether the recovery has been publicly or privately announced. Crisafulli and Singh (2017) suggest that the speed of recovery provision must be considered in order to understand recovery satisfaction/dissatisfaction. The consensus remains that in any given situation, whether a satisfactory or dissatisfactory one, recovery evaluation leads to customer post-recovery behaviour defined across beneficial and detrimental behaviours (Bougie et al., 2003; Choi & Mattila, 2008; Ozuem et al., 2018). Positive WOM and repurchase intentions are two of the explanatory elements of beneficial activities (Matos et al., 2007; Lastner et al., 2016). Complaining, switching and spreading negative WOM are examples of customer detrimental behaviours (Casado-Diaz & Nicolau-Gonzalbez, 2009; Choi & Choi, 2014). Further, customer satisfaction/dissatisfaction with the recovery is evident on the grounds of the service recovery paradox and the double deviation scenario. Service recovery paradox

researchers suggest that a successful recovery might make customers happier with the company after a service failure rather than prior to it (Maxham & Netemeyer, 2002; Matos et al., 2007). Those who subscribe to the double deviation scenario argue that an unsatisfactory recovery increases customer dissatisfaction.

None of these research streams comprehensively explores the distinctions across customers' perceptions of failure-recovery experiences. Some evidence of consumers' heterogeneity is explained by Ringberg et al. (2007) and Schoefer and Diamantopoulos (2009). Schoefer and Diamantopoulos (2009) argued that customers are: (1) Positivists: evaluating the provider similarly as prior to experiencing the failure; (2) Negativists: pessimistic about the marketer's future performance, with the unsuccessful recovery leading to the double deviation effect; (3) Concerned: sceptical about repurchasing; (4) Unemotional: expressing no emotion during and after the recovery. Ringberg et al. (2007) suggested that customers are either: (1) Relational: customers interested in a good relationship with the provider regardless of the failure; (2) Oppositionals: customers who associate the provider with antagonists who want to benefit from them; (3) Utilitarians: customers who weigh the losses from the failure with the benefit of the recovery.

2.3 Failure and Recovery as a Joint Experience

While Schoefer and Diamantopoulos (2009) explained consumers' stance across specific variables such as loyalty and trust, Ringberg et al. (2007) provide a more conclusive reflection on customer experience with the service failure and recovery strategy. Their main pointer is Hoch and Deighton (1989), whose implication is that the cognitive system of individuals is developed while the person is growing up, which then turns him or her into a cognitive conservatist (Ringberg et al., 2007). This means that

customers' constructs of perception are a reflection of their subconscious. Their study seems to justify customers' perception by their emotional stance alone, and does not address customers' stance across the five stages of the failure-recovery process. The suggestion of the utility theory that customers compare gain and losses from the failure and recovery respectively reveals that the construct of failure-recovery perceptions goes beyond customers' emotions. Ringberg et al. (2007) also focus on the brick-and-mortar domain, leaving online services marketing literature with assumptive scenarios on failure/recovery. Additionally, they seem to have approached failure-recovery strategies from the customer perspective alone, overlooking the role and the 'say' of the provider. Researchers interested in online failure recovery strategies emphasise that the 'digitalised world' no longer permits isolation of failure-recovery to the offline context alone (Pang et al., 2014; Gruber et al., 2015). Further, the proliferation of the online environment has shifted the individualistic failure-recovery stance of customers into a joint construct with the providers (Barwise & Meehan, 2010; Ozuem et al., 2016).

3. Methodology and Methods

3.1 Constructivist Paradigm

Following that, to gain a holistic view of the failure-recovery phenomenon this paper examines customers' and providers' perspectives in tandem. The paradigm of inquiry for this study involves a constructivist approach which identifies epistemology as relativist and subjective. The ontology or reality is dependent on human constructions which 'are not more or less true in any absolute sense but simply more or less informed or more or less sophisticated. Constructions are alterable, as are their associated realities' (Guba & Lincoln, 1994; p. 111). Constructivist epistemology considers that

'knowledge is developed through interactions between the researcher and respondent ... results are created through consensus and individual constructions ... reality is locally constructed and based on shared experiences' (Howell, 2016, pp. 40-41; Howell, 2013; Howell & Annasingh, 2013). These ontological and epistemological positions were underpinned by constructivist ethnographic methodology that included dialogue between researchers and subjects (Gioia et al., 2012; Howell, 2013). Constructivist ethnographical studies argue that the 'final interpretative theory is multi-voiced and dialogical. It builds on native interpretations and articulates what is implicit in those interpretations' (Guba & Lincoln, 1994, p. 120). Howell (2013) suggests that constructivist ethnography 'provide[s] social scientific descriptions of people and their cultural bases' (p. 129).

3.2 Data Collection Methods

This research paper uses two distinct forms of data collection when undertaking a constructivist ethnographic approach, i.e. in-depth semi-structured interviews with online bank managers and constructivist ethnographically informed focus groups with online banking customers. The empirical data collection from semi-structured interviews and focus group interviews lasted eighteen months. In the constructivist ethnographic methodology utilised, each of these methods (interviews and focus groups) were used to observe the behaviour of the participants. Indeed, we acknowledge that this does not provide an ideal ethnographic position but observations in the specific situations attended by each respondent would have been extremely difficult, if not impossible. In this context, focus groups encompass two main techniques used by ethnographic researchers, namely participatory observation and individual interviews (Ravitch & Carl, 2015). 'Focus groups allow access to individual opinions and

life stories and overcome the problem of dealing with the “Self/Other” divide in the research process’ (Howell & Annasingh, 2013). Fundamentally, focus groups provide a suitable method for dealing with discourse in ‘which images of research subjects as “Other” are constantly reproduced’ (Madriz, 2000, p. 840). In addition, the interviews were semi-structured, which allowed for conversation and a level of participation for the respondent in the research process. Indeed, ‘ethnographers have realised [for] quite some time that researchers are not invisible neutral entities; rather they are part of the interactions they seek to study and influence those interactions ... Interviewers are increasingly seen as active participants in interactions with respondents’ (Fontana & Frey, 2000, p. 663). Overall, this supports the present study’s line of argument, which values customers’ perception as a fundamental reflection of the multi-realities of online banking failure-recovery, and online managers as the source to conceptualise those realities.

3.3 Sampling Technique

The sample consists of 10 bank managers and 32 online banking customers (Tables 1-1 & 1-2). This is in line with qualitative service failure-recovery studies, which suggest that a data saturation point is reached before the 30th interview (Holloway & Beatty, 2003; Ringberg et al., 2007). One of the researchers’ networks has been used to arrange bank manager interviews. With assistance from bank managers, online banking customers were contacted and asked to take part in interviews. Such a sampling technique corresponds with the snowball sampling method. Researchers initially reached participants by phone, followed by a reminder email closer to the interview date. Multiple communication methods were used as means to develop good relationships with participants and to make them feel relaxed during the interviews.

The study isolated a selection of each unit of participants using the criteria that bank managers should have been working with the bank for more than two years, whereas online banking customers should have experienced online banking failure and/or recovery strategies within the last two years prior to the interview. Other scholars studying service failure and recovery strategies have taken the same approach (e.g. Ringberg et al., 2007).

Interviews with bank managers and online banking customers lasted approximately 30 and 60 minutes respectively. This is in line with Robson's (2011) suggestions. Interviews with bank managers took place either in coffee shops/restaurants chosen by participants or in their places of work. Many of the managers offered an explanation for their choice of location for interviews and most explained that these were places in which they met stakeholders to discuss failure-recovery experiences. Tulving and Thomson (1973) explain that this resonates with the theory of encoding, which suggests that the surroundings help participants to recall past experiences. Focus group interviews were carried out in natural settings chosen by participants in, for example, offices outside the banking environment.

Interview questions were developed across the five process phases of failure-recovery strategy experiences. In this way the *episodic memory* was reached and complementary insight was induced (Maxwell, 2013). In identifying the episodic memory activation with one's 'neurocognitive memory system' (p. 103), Tulving defines its occurrence in interviews that ask about occasions that are specific and ordered (Maxwell, 2013) similarly to the failure-recovery process phases. Also, to ensure collection of complete data all interview questions were constructed in the past tense and tactical questions were used when necessary. The former takes orientation from Maxwell's (2013) suggestion to recall past events. Tactical questions are the recommended type of

questions when the management of participants is difficult (Diefenbach, 2009). Such questions are a rewording of initial questions to overcome the aforementioned risk. Subject to the shared culture and experiential knowledge of researchers with bank managers, the rewording of questions was not difficult.

Multiple forms of interview questions optimised customers' talk pertaining to internal generalisability (i.e. data generalisability across the research setting) (Howell, 2013). This study is also commensurate with social constructivists that acknowledge internal generalisability with the generated data from diverse participants in terms of gender, occupation, and age (Felix et al., 2017; Quach & Thaichon, 2017). The study is inclusive of both male (i.e. 25 male) and female (i.e. 7 female) participants, aged 18 to 52, with distinct occupation backgrounds. We acknowledge the higher number of males in the sample; however, no screening question that would intentionally affect the demographic diversity of the sample was used. This posits online banking customers and bank managers to be the representatives of the online banking failure-recovery experience (Ozuem et al., 2008). Verbatim transcripts were provided to participants for cross-examination to enhance data validity, which supports internal generalisability (Ravitch & Carl, 2015).

It is proposed that data are generalisable beyond the research setting if phenomena are examined across multiple units, and if one of units has similar conceptual foregrounds to other contexts (Maxwell, 2013; Yin, 2014). The banking sector in Kosovo and Albania operates under the macro-fiscal policies (World Bank, 2018), implying the similarity of Kosovan and Albanian bank managers' stance to those of other countries. Online banking customers in Kosovo and Albania are socio-economically different from informants in developed markets. With lower-middle income and limited experience with the online banking, they pursue online banking as the main sector to optimise the

open market opportunities and improve on their standard of living. As the main generator of economic development in Kosovo and Albania, the financial sector in general and online banking in particular are experiencing rapid development towards reaching the mature stage of this industry in developed markets (World Bank, 2018). However, the advent of the Internet acknowledges the influence that online customers have on the perception constructs of others (Weitzl & Hutzinger, 2017; Ruiz-Mafe et al., 2018; Zhuang et al., 2018), posing the similarity that Kosovoan and Albanian online banking customers have to those of other contexts.

Analysis and Findings

4.1 Thematic Analysis Approach

Data were synthesised using thematic analysis and leading papers on online services that have used social constructivism were consulted (Ozuem et al., 2016). Data were organised into 172 pages of verbatim transcripts, the analysis of which began as a three-phase process. First, researchers analysed the responses of bank managers, followed by those of online banking customers. The most repeated words throughout the interviews were identified, and an iterative visit of them resulted in grouping them into codes. The codes were then assigned to themes based on the meanings they revealed. Second, words have been further analysed relative to customers' diverse responses, the outcome of which is the threefold typology. Third, the themes and the threefold customer typology are integrated to reveal a holistic reflection of failure-recovery as a joint experience between the provider and the customer.

Researchers observed gestures, voice tone, and selection of words by participants. The approach embedded researchers within the phenomenon, providing deeper insight into how the failure-recovery strategy experience was developed inclusive of the five stages

(i.e. service failure awakening, recovery expectation, recovery strategy provision, recovery evaluation, post-recovery behaviour). With participants' permission, interviews were video-taped, and the researchers went back and forth in them to make sense of participants' nonverbal language supporting the analysis of the narrative generated from interview questions (Tedlock, 2000). As such, data from the researchers' observation was an integrative component of the analysis of participants' responses to the interview questions. This surpassed the conventional ethnographers' analysis approach in such a way that the analysis of the phenomena observation was not distinctive of the data generated from interviews. This is in line with Malefyt (2015) who posits that in ethnographic studies 'language throughout client documentation define[s]' the construct of the researched phenomenon (p. 2498). Thus, generated codes and themes are integrative of the researchers' observation and the data from interviews and focus groups. In line with social constructivism, we acknowledge no distinction between the failure-recovery phenomenon and customers' failure-recovery experience (Ozuem & Lancaster, 2014; Quach & Thaichon, 2017)

Categorisation of Codes

Phase 1: The grouping of the words assigned to each code and the naming of the code were influenced by both extant services failure-recovery literature and the researchers' experiential knowledge of the online banking industry (Maxwell, 2013). No new code was evident after the 5th interview and the 3rd focus group with bank managers and online banking customers respectively. This acknowledges the data sample saturation point suggested in qualitative studies in general, and in service failure-recovery studies in particular (i.e. before the 30th interview) (Guest et al., 2006; Ringberg et al., 2007; Ozuem & Lancaster, 2014). The other in-depth interviews with bank managers and

focus group interviews with customers played a role in the triangulation of data. Marshall et al.'s (2013) suggestion that data saturation is explained by the region where the research takes place supports the data saturation point that was reached at an early stage during this research. Kosovo and Albania are bounded within the context of emergent markets and this implies limited variety across social actors, with a particular focus on providers. Further, the limited time frame of the presence of online banking did not permit much variety.

An iterative review of the codes from bank managers led to further categorisation of codes into two themes, which are control and command (Table 2). The former refers to the provider's stance on the online failure-recovery strategy and the latter to the customer's point of view on the experience. This is the first indicator that failure-recovery is a joint experience between the provider and the customer. An identical approach was used to analyse customer data, and generated findings were organised into two themes, i.e. professionalism and promptness. Professionalism refers to the customer's perspective on the provider's stance, whereas promptness represents the stance of the consumer.

Control – mechanisms that the provider uses to manage online banking failure-recovery strategy experiences (Stevenson, 2007). The failure's origin is embedded in the provider's explanations of mechanisms, revealing that failure can be either technical or caused by the customer. The latter is mainly explained by the limited knowledge that customers have when it comes to using online banking, as noted by the following bank manager:

Information and education are two main reasons that make customers uncertain about online banking usage.

Alerts are signals that the provider receives in real time as part of the failure occurrence. Online banking providers seem to encounter limited technical capacity to follow alerts with a prompt recovery action. The following bank manager emphasises this:

Banks build early warning systems. Sometimes these systems don't have the uptime that could send the information.

Alerts seem to be activated only by specific failures. Customer-provider communication is thereby shifted from the online to the offline environment. Employees become the means of recovery. As noted by the following bank manager, employee recovery behaviours and decision power seem to be explained by the written rules of banks:

I deal with bigger clients. The branch manager and the customer service deal with individual clients. This is our written policy.

The findings reveal a threefold recovery strategy that includes apology, explanation and compensation. The following bank manager talks about this:

If the bank has caused the failure, we apologise. If not, we explain the cause of the failure. Compensation can be given when we cause the failure or the customer is completely responsible for the failure, but he/she is important.

The following interview excerpt implies the use of structured forms such as surveys to understand customer stances after the recovery experience. This might suggest a superficial understanding of customers.

We have a survey to identify how happy or unhappy customers are.

Command – online banking customers' requests to acquire a satisfactory failure-recovery experience (Stevenson, 2010). They actively initiate recovery, either through

phone calls or by physical visits to bank branches. The following bank manager emphasises this:

Customers either call or visit us.

According to online banking providers, customers are diverse in their behaviours. These include observable traits such as frustration, aggressiveness, requests for explanation, and requests for compensation. This is noted in the following interview excerpt:

Some customers are frustrated. Others are aggressive. Some ask for explanation and compensation.

Customer behaviours seem to be mediated by the necessity to use online banking. This is highlighted in the following response:

It all depends on the client and his/her necessity to use online banking.

Although all customers seek recovery, those for whom online banking is a necessity seem to seek prompt recovery more keenly and are willing to share experiences in online environments such as in written media and on Facebook. The following bank manager reveals that:

There are cases when customers talk about their experiences on Facebook or other media.

Professionalism – the provider's capability to control online banking failure-recovery strategy experiences (Stevenson, 2007). Customers suggest it is the provider that predominantly generates failure. A male cameraman customer illustrated the emergence of failure as follows:

I have made 2-3 online payments. The payment did not go through for a long period of time. Or, I did not get the product, and money was returned only after 2-3 weeks.

This reveals two types of failure: the prolonged payment time, which is a failure throughout the process of online banking, and cases in which the product was never received. Further, this respondent emphasises a failure in recovery, which is that of the delay in receiving money. A male executive director explains failure in the context of security measures and preferences for tokens:

Eh... token. If you do not have a phone with you, you cannot use online banking. If you are outside Kosovo's territory, you will have issues to receive the text from the bank.

It can be argued that the mobile network, rather than the bank, is responsible for SMS services. This is encapsulated in a female project assistant's response:

The problem may be the mobile network.

Regardless of the origins of failure, customers expect an immediate response, as emphasised by the following male project manager:

Our institution account got blocked because we tried to login with the wrong password. We had no support on Saturday. Employees directed us to call for help from one person to another.

The project manager respondent recalls an experience of failure caused by the customer. The bank employee he encountered had limited power to initiate service recovery. An additional explanation of the employee's behaviour as a response to a male programmer is illustrated in the following:

It is not my fault, but we have some technical issues. I don't care whose fault it is. No one gives an apology for the time spent.

In addition, another female customer, a graphic designer, perceives employee behaviour as follows:

The one who works in the bank wants to provide an immediate solution to the problem.

This respondent seemed to be more tolerant of employee behaviour. However, other respondents were very strict in their judgment. A male executive manager noted:

The bank stopped the online payment process. The initial ticket price was €620 and it went up to €690. No one took responsibility.

This customer's perception of unfair behaviour suggests that there should be a match between the loss and the gain of the failure, and recovery, respectively.

Promptness – the immediate involvement of customers in post-recovery activities as revenge against the provider (Stevenson, 2010). As a male art director added, customers get involved in the decline of online banking usage:

I reduced its usage by 50 per cent.

The emergent data implies that dissatisfactory recoveries direct customers towards new choices. This means that customers begin cooperating with new providers. However, they do not stop cooperating with current providers. The following customer, a salesman, speaks to this idea:

Banks are 90 per cent alike. Same services, same issues.

That online banking should be given immediate attention by the provider is further explained by a male programmer:

I need to use online banking or I end up without servers for work.

Additionally, findings suggest that customers get involved with negative word-of-mouth. The following male accountant illustrates this:

I have also complained to others quite a lot. I complain on Facebook and Twitter all the time. I get 2-3 re-tweets.

Facebook and Twitter are the online media used the most. The level of revenge varies across customers. A female graphic designer has a more tolerant stance:

Perhaps it was a moment when you got angry during the day and now you think that the employee is at fault.

This customer was not particularly dissatisfied since she had not experienced any major failure. This is perhaps down to the fact that she rarely interfaces with online banking, and she is not dependent on online banking services.

4.2 Threefold Customer Typology

Phase 2: An iterative data analysis divulged a customer's heterogeneous stance. They were organised into three groups named as exigent customers, solutionist customers, and impulsive customers (Table 3). The occupation status of the customer has been identified as the mediator of the customer's positioning in the typology. Exigent customers are gurus of digital marketing-related jobs (e.g. programmers), and are in higher managerial positions (e.g. CEO, executive managers). The function of their organisation depends on their use of online banking services. Impulsive customers are novice employees, released from organisational responsibilities related to online banking. Although infrequent users, subject to limited purchasing power, the 'personal want' explains online banking usage amongst impulsive customers. The job positions that are within the continuum of exigent and impulsive customer occupations are attributed to solutionist customers. They use online banking to facilitate the operation of their organisations (e.g. accountants). If the three customer types experienced the same failure and recovery, exigent customers would perceive a greater gap between what the company provides and their recovery request, compared to solutionist and impulsive customers. While online banking customers in Albania are identified more as

exigent customers, impulsive and solutionist customers dominate online banking customers in Kosovo.

4.3 2P2C Online Banking Failure-Recovery Strategy Model

Phase 3: Lastly, the researchers assigned meaning to the generated themes and the threefold customer typology as components of the joint failure-recovery strategy process. This is in line with thematic analysts and social constructivists (Weinberg, 2008; Ozuem & Lancaster, 2014) who suggest that separation of themes generates partial understanding. Such a data analysis standard led to the 2P2C Online Banking Failure-Recovery Strategy Model (Figure 1). The researchers' voice was an inclusive part of the model generation process. As Ozuem et al. (2008) suggest, rich knowledge is generated if researchers 'develop interpretations that [go] beyond the immediate voices of respondents' (p. 1065).

4.4.1 Providers' insight: Control and command within a continuum

The findings associate 'control' with seven mechanisms used by the provider to manage the failure-recovery experience, namely alerts, customer notifications, written standards, recovery sets, service enhancements, educating the customer, and evaluation methods. Additionally, providers explain online banking customers' requests for a satisfactory recovery experience (i.e. command) through the following features: customer notifications, customer behaviour, customer determination, and the mediator of the request, i.e. the necessity for customers to use online banking. Providers from both countries have identified online banking service failure-recovery strategies with sequential, mutually exclusive events. That is, service failure happens at a particular point in time, followed by the provision of recovery at another point in time. There is no

evidence of online failure and recovery occurring simultaneously. This accords with extant theoretical explanations, which suggest that providers seem to be more concerned with avoiding online failures than developing online recovery strategies (Holloway & Beatty, 2003; Tshin et al. 2014). Successful recoveries will be provided if ‘what is served’ from the provider (control) is absolutely in line with ‘what is requested’ by the customer (command). The highest point of interactivity between the provider and customer is the peak of the failure arising. This encapsulates technical issues or issues that are the customer’s ‘fault’, or both. The provider and the customer seem to be positioned in different directions. The provider is responsible for managing failure-recovery, suggesting that the greater the deviation of the provider’s recovery approach (i.e. control) from the customer’s recovery request (i.e. command), the higher the risk of unsuccessful failure-recovery experiences.

4.4.2 Customers’ enlightenment: Professionalism and promptness merge with the provider

Professionalism is a reflection of in-depth explanations about failure and recovery espoused by customers. Customers relate and respond to how the provider manages failure-recovery, offering factors that the provider should embed in failure-recovery management platforms. These factors are the origins of failure, employees’ decision power, employees’ adequate knowledge, employees’ adequate behaviour, and matching recovery. If they are used to manage failure and recovery, providers should be able to successfully control these experiences and meet customer recovery demands. Additionally, promptness refers to activities that the customer gets involved in, as revenge for a dissatisfactory experience. This is explained in the context of declining online banking usage, cooperation with new providers, and the spread of offline and

online negative word-of-mouth. It appears that promptness is a reflection of professionalism, since involvement in revenge is explained from the perception of the capability of providers to manage failure. For extant studies that advocate that not everyone is involved in post-recovery behaviour, the failure-recovery process ends with the recovery provision (Ringberg et al., 2007; Schoefer & Diamantopoulos, 2009). We suggest that failure-recovery is a continued experience and that the provider should use customer revenge activities as a source to develop recovery programmes. In such circumstances, the gap between control and command will be shortened.

5. Discussion

5.1 *Exigent customers* acknowledge their fault; however, for them, the failure-recovery responsibility is embedded within the provider. This explains their high sensitivity and criteria to define a failure. An example is the perception they form of the user experience as a possible generator of online banking failure. They advocate a threefold authentication set (i.e. token, SMS, and fingerprint), suggesting that if an authentication option fails to work, another option would be to seek a prompt recovery strategy, and they expect that the provider will facilitate usage of online banking in mobile devices. Exigent customers seek a prompt recovery and this seems to have its roots in expectation and blame theory. As Zhu et al. (2013) explain, the greater the knowledge of the service, the higher the expectation for recovery. Further, blame mediates the enhanced customers' recovery expectation (Balaji et al., 2018).

They become frustrated with failure occurrence, and undergo an increase of frustration with the transmission of the experience into the brick-and-mortar domain. The transcending of frustration into aggression is mediated by the employees' recovery

decision power, knowledge and behaviour. The source of aggression in exigent customers is the limited decision power of the first contacted employee. As Dollard et al.'s (1939) theory of aggression suggests, aggression emerges if harm is experienced. The harm caused by the delay of recovery responses, subject to limited employee knowledge, justifies the anger felt by exigent customers. A further increase of aggression occurs in the face of inappropriate employee behaviour. Interactional justice seems to be the dominant theory in existing literature to explain employee behaviours, which in the broadest terms is identified with a positive attitude towards customers (Wirtz & Mattila, 2004; Rio-Lanza et al., 2009; Wang et al., 2011). There are three recovery strategy types to develop a service recovery paradox for exigent customers, which are: the co-creation recovery strategy; customer recovery strategy; and prompt compensation recovery strategy. Explanation and downward social comparison strategies situate exigent customers into the double deviation scenario. The disapproval of the two strategies is explained by their extensive knowledge of the digital environment and online banking. Exigent customers perceive the two as techniques used by the provider to superficially overcome failure responsibility. If exigent customers are dissatisfied, they use both offline and online environments as a route to revenge. They use Twitter and Facebook to spread negative word-of-mouth, exhibiting a greater preference for the former.

5.2. Solutionist customers' typology includes: prolonged payment time; failure in terms of product provision; delays in money return; and failure of mobile networks. A synthesis of literature identifies a failure to receive online purchased products after problems with technology are experienced, including website design, as one of most frequent failure types in online services (Holloway & Beatty, 2003; Forbes et al., 2005). Further,

problems with money transfers have received scholarly attention (Holloway & Beatty, 2003), leaving the delay in money return and the failure of mobile networks wanting in terms of theoretical insight. Solutionist customers become frustrated with failure occurring and they experience relief with the employee's explanation that the recovery will soon be provided by the responsible person. The trust that they will soon be provided with a recovery solution seems to explain their relief. The awakening of aggression in solutionist customers in cases of inadequate employee knowledge and/or behaviour validates this. Having identified that solutionist customer satisfaction increases if, in addition to explanation, an apology is granted seems to enhance trust amongst customers. Compensation is the requisite recovery strategy to generate a service recovery paradox for solutionists. Within this phase, solutionist customers are similar to utilitarian customers and this can be explained with utility theory (Ringberg et al., 2007), suggesting that customers evaluate what they have lost from the failure against their gains from recovery. Service failure-recovery strategy literature has traditionally examined compensation on the basis of justice theory, revealing customer perceptions of compensation as a strategy of fairness (Wirtz & Mattila, 2004; Choi & Choi, 2014).

The double deviation scenario occurs if solutionist customers are dependent on self-recovery. They seem to lack knowledge about the usage of features within the online environment to recover from the incident. Customers get involved in self-recovery if they expect a successful recovery from their involvement (Zhu et al., 2013). When dissatisfied with recovery, solutionist customers spread both offline and online negative word-of-mouth. The former tends to dominate, implying some empathy towards the provider. They seem to understand the risk that online negative word-of-mouth has in

turning minor incidents into severe ones (Gruber et al., 2015; Ott & Theunissen, 2015). They prefer to complain through Facebook instead of Twitter and cooperate with new providers when facing dissatisfactory failure-recovery experiences. In such circumstances, they reduce the overall use of online banking, favouring offline means of transactions instead.

5.3. *Impulsive customers* utilise online banking for personal use. Their limited purchasing power due to their low-paid job positions explains their rare use of online banking. In line with Piff et al.'s (2010) implication that low-income people are more emotional, impulsive customers take the opposite stance to antagonist customers (Ringberg et al., 2007; Schoefer & Diamantopolous, 2009). The dominance of emotions is also supported by the limited knowledge that they have of online media, inclusive of online banking. This directs them towards identifying failure occurrences with a single failure type, i.e. inactive online banking accounts. Further, Sugathan et al.'s (2017) suggestion that customers who have limited knowledge of the service would even experience guilt and shame explain nuances of impulsives' stance in the experience.

Impulsive customers initiate recovery. This alone contradicts extant theoretical insight that highlights the existence of customers with absolute ignorance of failure-recovery (Schoefer & Diamantopolous, 2009). Impulsive customers are satisfied with employee explanations. The service recovery paradox is evident if they receive, together with an explanation, one or more of the three following recovery strategies: apology, empathy and downward social comparison recovery strategy. Extant theories suggest that apology leads to customer loyalty (Ringberg et al., 2007). However, impulsive customers are loyal to providers unless someone close to them, such as family or

friends, warns against switching to other online banking providers. The influence that others might have upon failure-recovery evaluation is explained by the social impact theory (Zhou et al., 2014).

6. Managerial Implications

The findings encounter a list of online banking failure types, the origin of which is either technical or is related to deviation from the customers' expected experience (i.e. the user experience). Thus, the online failure typology should be considered from the outset by the IT, Development, and Marketing departments to enhance online banking services from both technical and emotional aspects. It is suggested that customers evaluate the provider on the basis of employees' decision power, adequate knowledge, and adequate behaviour. This calls for the spreading of recovery power across different managerial levels inclusive of first-line employees. Employees should have adequate knowledge of online banking failure-recovery and this could be achieved through intensive training programmes. Online banking experts might be hired as key people to guide front-line employees and used to develop an online banking customer relationship department.

Post-recovery behaviour is linked to the decline of online banking usage, cooperation with new providers, and the spread of negative online and offline word-of-mouth. Providers might lack an understanding of revenge, since they seem to have monitored switching behaviour alone. Providers should examine customer failure-recovery experiences in cooperation with other banks. Further, providers emphasise online customer complaints on Facebook and customers highlight the use of both Twitter and Facebook. Such discrepancies suggest that the banks should develop into the digital

marketing sector, which will expand their presence in social media platforms and will offer a means to manage online customer communication through recovery.

The interface issues emphasised by exigent customers could be avoided through the provision of multiple authentication tools (i.e. SMS, token, and fingerprint) and by constructing the user experience. Work should also take place around online banking accounts and mobile banking should be provided. Banks could use customer recovery strategies as an effective recovery strategy to overcome financial expenses generated from compensation. When dealing with exigent customers, banks should avoid explanations and downward social comparison. Providers could avoid failure for solutionist customers if they provide platforms that permit a fast money transfer, a prompt money return, and if the product purchased is neither delayed nor cancelled. Explanation, apology and compensation are the recommended strategies when dealing with solutionists. Self-recovery should be completely avoided with this customer type. Explanation is the recommended recovery strategy for impulsive customers. Apology, empathy and downward social comparison recovery should be used to enhance the societal relationship with these customers. Having stated that the necessity for online banking explained by the customers' occupation status defines the stance of customers within the group, it is recommended that banks regularly follow their customers' job position. This will allow them to allocate how customers move from one group to another.

7. Future Research

Generalisability of the model would be further understood if future research tests the model and the customer typology in other developed and developing countries. Since the findings have suggested that online banking customers might move from one group

of customers to another, future research could examine customers in such a context. Further investigation on online banking customers' shift from one group of the typology to another in the context of 'comparative advantage' would reveal more about the rationale behind multiple realities and diverse behaviours that customers experience across time. Further research should test the 2p2c model inclusive of the threefold customer typology in the context of the 'professional specialisation' field. This develops guidelines that direct online banking employees' application of the findings, supporting their professional advancement and providing customers with a mutually satisfactory recovery experience.

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Table 1-1
Summary of sample and participant characteristics (bank managers)

| Country | Collection Technique | Managerial Position |
|---------------------------|--|----------------------------------|
| Case 1 Kosovo | In-depth interviews (5 bank managers) | (1) CEO |
| | | (2) Head of marketing |
| | | (3) Head of customer services |
| | | (4) Head of digital marketing |
| | | (5) Head of front-line employees |
| Case 2 Albania | In-depth interviews (5 bank managers) | (1) CEO |
| | | (2) Head of marketing |
| | | (3) Head of customer services |
| | | (4) Head of digital marketing |
| | | (5) Head of front-line employees |

Table 1-2
Summary of sample and participant characteristics (online banking customers)

| Country | Collection Technique | Occupation | Age | Gender |
|---------------------------|--|-----------------------|----------|--------|
| Case 1 Kosovo | Focus group 1 (8 online banking customers) | Art director | 25-35 | M |
| | | Manager | 25-35 | M |
| | | Programmer | 25-35 | M |
| | | Teaching assistant | 25-35 | F |
| | | Graphic designer | 25-35 | F |
| | | Project manager | 25-35 | M |
| | | Executive manager/CEO | 25-35 | M |
| | | Cameraman | 25-35 | M |
| | Focus group 2 (8 online banking customers) | Executive director | 36-50 | F |
| | | Executive director | 25-35 | F |
| | | CEO | 25-35 | M |
| | | Financier | 25-35 | M |
| | | Project manager | 25-35 | M |
| | | Field coordinator | 18-24 | M |
| | | Business owner | 25-35 | M |
| | | Graphic designer | 18-24 | M |
| Case 2 Albania | Focus group 3 (8 online banking customers) | Financier | 25-35 | M |
| | | Project manager | 25-35 | M |
| | | Account manager | 25-35 | F |
| | | CEO | 25-35 | M |
| | | Editor | 25-35 | M |
| | | Accountant | Above 50 | M |
| | | Engineer | 36-50 | M |
| | | Intern engineer | 25-35 | M |
| | Focus group 4 (8 online banking customers) | Secretary | 25-35 | F |
| | | CEO | 25-35 | M |
| | | CEO | 25-35 | M |
| | | Project assistant | 18-24 | F |
| | | Account manager | 25-35 | M |
| | | Programmer | 25-35 | M |
| | | CEO | 25-35 | M |
| | | Sales person | 25-35 | M |

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Table 2

Control & Command: Generated themes from providers/Professionalism & Promptness: Generated themes from online banking customers

| Themes | Codes | Respondents' Words |
|---|---|---|
| CONTROL (The mechanisms that the provider uses to manage online banking failure and the recovery strategy experience) | Failure's origin | Technical, Customer doesn't know, Inexperienced |
| | Alerts | Warning system, Early warning, Uptime |
| | Customer's notification | Call, Customer service, Information from client, Customer visit, Notification, Unexpected failure |
| | Written standards | Dealing with clients, Bigger clients, Corporate clients, Individual clients, Branch manager, Customer service |
| | Recovery set | Apology, Explanation, Compensation |
| | Service enhancement | New launches, Foreseen failures, Incidents, Upgrade systems |
| | Educating the customer | Information, Uncertain, Hesitated, Sceptic, Safe, Priority, Video, Teach, Stress |
| COMMAND (The request of online banking customers to acquire a satisfactory failure-recovery experience) | Evaluation methods | Customer comes back, Returns, Survey, Net promoter score |
| | Customer's notification | Call, Customer service, Information from client, Customer visit, Notification |
| | Customer's behaviour | Explanation, Frustration, Aggression, Ask for compensation |
| | Customer's determination | Pretend the loss, Inform media, Facebook, Comments, Messages |
| PROFESSIONALISM (Providers' capability to control the online banking failure and recovery strategy experience) | Customer's necessity to use online banking (i.e. mediator of request) | |
| | Failure's origin | Payment didn't go through, Didn't get the product, Delay in money return, No support of online banking in mobile devices, Irresponsive webpage, Fingerprint, SMS, Interface, Token, Dead battery, Wrong password, Mobile network, Inactive online banking account |
| | Employees' decision power | Directed to others, Wait, Long process, Visit the bank, Fraud issues |
| | Employees' adequate knowledge | Excuse, Explain, Ability/professionally to respond, Directed to others |
| | Employees' adequate behaviour | Apology, Communicative, Patient, Understandable |
| PROMPTNESS (Customers' immediate involvement in post-recovery activities as revenge against the provider) | Matching recovery | Responsibility, Penalty, Cost, Loss, Deserve |
| | Decline of online banking usage | Reduced, Need |
| | Cooperation with new providers | Banks are alike, Lot of work to switch, Cooperation agreement |
| | Spread of offline and online negative word-of-mouth | Complaining, Telling others, Twitter, Facebook |

Table 3

Threefold online banking customer typology: Exigent customers, solutionist customers, and impulsive customers

| | Definitions | Occupation Status – <i>generator of heterogeneity</i> | Explanations |
|------------------------------|---|--|---|
| Exigent customers | Customers for whom online banking is a necessity | Gurus of digital marketing-related jobs (e.g. programmers) Higher managerial position jobs (e.g. CEO, executive managers) Functioning of their organizations depends on online banking | <p>Emphasize customers' fault</p> <p>Twofold provider's failure: failures subject to interface (authentication and user experience – UX), and irresponsible accounts on mobile devices</p> <p>Notify the provider</p> <p>Seek recovery within the cyberspace/prompt recovery</p> <p>Knowledgeable on the digital environment (inclusive of online banking)</p> <p>High recovery expectation explained with (1) extensive knowledge and (2) blame to the provider</p> <p>Frustrated with failure occurrence, aggressive with employee's limited recovery decision power. Aggressiveness increases with employee's limited knowledge and inappropriate behaviour</p> <p>Co-creation recovery strategy, customer recovery strategy and prompt compensation generate service recovery paradox</p> <p>Apology recovery strategy is a supplementary recovery – it controls aggressiveness within a short period of time</p> <p>Explanation recovery strategy and downward social comparison strategy generate the double deviation scenario</p> <p>Involved in prompt online and offline negative word-of-mouth</p> <p>Prefer Twitter over Facebook as a medium to complain on</p> <p>When dissatisfied, decline of online banking usage from particular providers and cooperation with new providers are evident</p> |
| Solutionist customers | Customers for whom online banking facilitates operation | Job position: anything between exigent and impulsive customers' positions (e.g. accountants) They use online banking on overloaded days to finish tasks that are less important in monetary value for the organization | <p>Fourfold provider's failure: prolonged payment time, failure on product provision, delay in money return, and failure of mobile network</p> <p>Notify the provider</p> <p>Knowledgeable on online banking features</p> <p>Frustrated with failure occurring, relaxed with employee's explanation</p> <p>Aggressiveness emerges with employee's limited knowledge</p> <p>Aggressiveness increases with inappropriate behaviour</p> <p>Co-creation recovery strategy is used</p> <p>Explanation recovery strategy generates satisfaction</p> <p>Apology enhances satisfaction if granted with explanation recovery strategy</p> <p>Compensation recovery strategy generates service recovery paradox</p> <p>Customer recovery strategy generates double deviation scenario</p> <p>Involved in online and a prompt offline negative word-of-mouth (more offline)</p> <p>Prefer Facebook over Twitter as a medium to complain on</p> <p>When dissatisfied, decline of online banking usage in general and cooperation with new providers are evident</p> |
| Impulsive customers | Customers for whom online banking is a luxury | Novice employees, released from organizational responsibilities related to online banking The personal 'want' explains their online banking usage. Infrequent users of online banking due to limited purchasing power | <p>Single providers' failure – inactive online banking account</p> <p>Notify the provider</p> <p>Limited knowledge of online banking</p> <p>Patient with the recovery – evaluation from provider's perspective</p> <p>Co-creation recovery strategy is used</p> <p>Explanation recovery strategy generates satisfaction</p> <p>Apology, empathy, and downward social comparison recovery strategies used together with explanation generate service recovery paradox</p> <p>Double deviation not evident</p> <p>They begin cooperation with new providers if people close to them recommend them or tell of bad failure-recovery experiences</p> |

Figure 1

2P2C online banking failure-recovery strategy model: Emerged themes and threefold online banking customer typology

