

British Academy of Management 2025 Conference

Title:- Service recovery strategy in aggregator business: A moderated-moderation model with compensation, punishment, and aggregator's effort

Track:- Marketing and Retail Track (Services Marketing)

Summary

Purpose: - Service failure and recovery in aggregator businesses are under-researched. This study investigates how aggregators' recovery actions impact customer satisfaction, negative word-of-mouth (nWOM), and repurchase intention when service failures are caused by actual service providers (ASPs).

Design/methodology/approach: - An experimental study with 299 complainers with 2 (Complaint: Yes, or No) $\times$ 2 (Compensation: Yes, or No) $\times$ 2 (Intimation of punishment: Yes, or No) orthogonal design has been conducted, and the model is validated using partial least squares structural equation modelling.

Findings: - Recovery measures such as compensation, punishment, and aggregator efforts influence consumer satisfaction, nWOM, and repurchase intention. However, the effects of recovery measures are interdependent.

Research limitations/implications: - This study substantially contributes to academic understanding concerning service recovery, particularly emphasizing the dynamics within the aggregator-ASP-consumer triad.

Practical implications: - The findings offer managers valuable insights for developing effective service recovery strategies for aggregators by combining compensation, punishment, and effort.

Originality/value: - To the best of the authors' knowledge, this is probably the only study that focuses on the comparative effectiveness of various recovery strategies in an aggregator business context where ASP is responsible for service failure.

Keywords: - Aggregators, Actual Service Providers, Service recovery measures, satisfaction, nWOM, repurchase disinclination

Introduction

With the rise of the aggregator business model, service failures in such business contexts have become a key area of focus. An aggregator is an e-commerce firm that uses a platform to bring consumers looking for services (e.g., cabs, rides, food, and rooms) and the actual service providers (ASP) to ensure a service transaction. Precisely, aggregators in the service context act as intermediaries or platforms that connect customers with various service providers. Customers typically turn to the aggregator for a resolution when a service failure occurs because of their direct relationship with the aggregator rather than the individual ASPs. Often, aggregators must take a stand for the service failure caused by the ASP, whereby the consumer holds the aggregator liable for imperfect service recovery (Chatterjee 2018). Today, such problems have become both rampant and relevant.

Aggregators take an interest in maintaining a positive customer experience because they build their brand around the promise of convenience and reliability (Kapoor and Vij 2018). When a service provider does not meet its commitments, it can negatively impact the aggregator's brand image. Another possible reason for maintaining a high level of service quality is to ensure a competitive advantage for aggregators, as the customers are more likely to choose platforms based on consistency and hassle-free experience. On the other hand, the ASPs are also highly important for the aggregators. ASPs directly deliver the services to the customers who access them through the aggregator's platform, and the ASPs are the backbone of the services offered. Hence, the aggregator plays a crucial role in mediating and maintaining the equilibrium in the relationships between customers and ASPs, particularly when service failures occur due to the ASPs' actions, which can add complexity to these dynamics. Thus, exploring the consumer-aggregator-ASP triad is an essential and interesting area to study.

ASPs are not employees of the aggregators but rather operate as independent contractors or partners. ASPs maintain a significant degree of autonomy and control over their work. They are not subject to the same level of direct supervision and management as employees. The partnerships are often based on contractual agreements that outline the terms and conditions of their collaboration, including payment structures, service quality standards, and other relevant details. Thus, ideally, the aggregator should not be liable for the actions of the ASPs. However, in practice, the consumers always consider the aggregator liable for the ASP's negligent actions (Chatterjee 2018). Therefore, aggregators must operate on a double-edged sword and take action to recover from service failures and maintain customer satisfaction. The above argument drives towards exploring the importance of aggregator efforts in service recovery, which is still embryonic in extant literature.

It is crucial to differentiate between traditional service-oriented businesses and aggregator-based models, representing lateral exchange markets (Ketron and Mai 2020). A service failure in traditional service settings may require distinct levels and combinations of recovery actions for a successful service restoration compared to a service failure in an aggregator-based service environment. Another differentiation required is how customers respond after service failures. When a service fails, consumers typically respond in one of three ways: (i) they may voice their complaints and feel satisfied with the resolution provided by the service provider; (ii) they may voice their complaints but remain dissatisfied with the resolution; or (iii) they may choose not to complain at all (Xu, Liu, and Gursoy 2019). Non-complaining but dissatisfied consumers are quite common, and their actions are often less visible than those who complain (Sharma et al. 2010; Voorhees, Brady, and Horowitz 2006). Consequently, it becomes crucial to understand the distinct

behaviors of complainers and non-complainers. The existing literature does not address this differentiation within the relationship between the service provider, aggregator, and customer.

In this article, we explore how various service recovery strategies taken by the aggregator firm and the interaction among these recovery strategies help influence customer satisfaction and recommendation intention in the context of ASP failure. We explore the importance of compensation, punishment, and aggregators' efforts in recovering services after the failure in the aggregator-ASP-consumer triad, an important but understudied area, and focus on their comparative effectiveness. We have not included recovery strategies such as apology or explanation separately because they are generic and often part of aggregator efforts to resolve the issue in the ASP-aggregator-customer triad.

The paper's structure is organized as follows. First, we delve into the relevant literature, identifying areas that require further investigation. Subsequently, we discuss the theoretical underpinnings and methodologies for data collection, analysis, and interpretation. Next, we discuss the findings in detail. The paper concludes by highlighting the theoretical contributions, managerial implications, limitations, and future research directions.

Literature review

Service failures are often acknowledged as an intrinsic facet of the service sector, with instances where failures remain beyond preventive measures (Ketron and Mai 2020). Consequently, a crucial component of service strategy involves retaining customers while minimizing expenses. A firm's strategy and process to resolve consumers' complaints after service failure affects overall consumer satisfaction, repurchase disinclinations, and word-of-mouth (WOM) (Borah et al. 2019). If the firm responds effectively, addresses the issue promptly, and provides a satisfactory resolution, the consumer is more likely to feel valued, instilling confidence and trust, ultimately resulting in satisfaction. On the other hand, if the firm mishandles the complaint, delays the resolution, or fails to acknowledge the issue, it can lead to increased dissatisfaction. Poor complaint resolution processes can lead to negative reviews and bad publicity, potentially deterring new customers and damaging the company's reputation (Smith and Bolton 1998; Chang et al. 2015). Therefore, the correct service recovery strategy is paramount.

Service failures frequently engender feelings of dissatisfaction (Sarkar et al., 2021; Choi, Mattila, and Bolton 2021), and a sense of powerlessness that can erode customer relationships (Rayburn, Mason, and Volkers 2020; Popelnukha et al. 2021), and can even lead to customers seeking remedies or compensation (Xu et al. 2019; Harrison-Walker 2019a). Consequently, effective service recovery is crucial for maintaining strong customer relationships (Ketron and Mai 2020). Companies facing service failures can offer verbal apologies and monetary compensation (Ketron and Mai 2020). Chatterjee (2018) investigates the diverse recovery expectations that customers hold when it comes to the actions of the ASPs, which can vary depending on the specific context. For instance, A consumer's sense of empowerment may lead them to seek punitive actions against the service provider instead of monetary compensation. The satisfaction consumer

experiences after the service recovery hinges on the alignment between their expectations and their actual perception of the service recovery efforts (Chen et al. 2018). Several factors can influence these recovery expectations. These include the consumer's relationship with the service organization (Hur and Jang, 2016), emotions, and switching costs (Augusto de Matos, Luiz Henrique, and de Rosa 2013). The above-mentioned elements collectively shape how customers anticipate and respond to service recovery efforts in different scenarios.

The degree of consumer participation can also play a critical role in shaping their service expectations and their overall engagement (Dong and Sivakumar 2017). Hence, to enhance consumer participation levels and engagement, it is beneficial to involve them in co-creation activities conducted by service firms (Chatterjee 2018) or at least inform them about the process from time to time. A sense of empowerment significantly contributes to greater consumer engagement. In the context of the aggregator-ASP-consumer relationship, it's crucial to examine how shifts in consumers' perceived power during service failures and recovery situations can impact their tendency to penalize the ASP. Existing research indicates that service failures often induce a sense of powerlessness among consumers, which, in turn, prompts them to seek punitive actions (Sweetin et al. 2013).

Numerous studies in the extant literature highlight the expectation of consumers in terms of apologies and monetary compensation as part of the recovery process (Swanson and Kelley 2001; Wei, Liu, and Keh 2020). These factors can significantly affect consumers' intentions to penalize the ASP. Many researchers consider punishment, apologies, and monetary compensation to be common recovery expectations of consumers (Swanson and Kelley 2001; Wong, Newton, and Newton 2016). However, the after-effects of the punishment given to ASP and informed to

consumers and how it leads to consumer satisfaction is another interesting unexplored area of study and needs to be explored in depth in the aggregator-ASP-Consumer triad.

The existing body of literature also falls short in clarifying the significance of aggregators' contributions or efforts in the service recovery process within the aggregator-ASP-consumer triad. While some studies have examined the individual impacts of apology and explanation (Suri, Huang, and Sénécal 2019; Radu et al. 2020), these components often constitute only part of the aggregator's comprehensive efforts to resolve service failures. Consequently, it becomes imperative to grasp the holistic role of aggregators' actions in the recovery process. Furthermore, the current literature also lacks an exploration of the relative effectiveness of compensation, punishment, and aggregator efforts, and their respective influences on customer satisfaction during service recovery.

Our study aims to fill the above-mentioned research gaps. Based on the theory of perceived justice, we test how aggregator effort, compensation, and punishment of ASP can influence consumer satisfaction, WOM and recommendation intention in the service failure in the ASP-consumer-aggregator service context. In contrast to Chatterjee (2018) work, our primary focus is on failure scenarios where the primary attribution for the failure lies with the ASP, and customer satisfaction with the aggregator hinges significantly on the effectiveness of its recovery actions rather than the attribution of blame for the failure. In the subsequent section, we will delve into the formulation of hypotheses.

Theoretical framework

Consumers' decision to lodge complaints can be attributed to the concept of equity theory (Kolodinsky 1995). The equity theory proposes that individuals assess the fairness of exchange by comparing their inputs and outputs to those of the other party involved, in this case, the service provider (Hoffman 1961; Adams 1963). When consumers perceive an imbalance in this ratio, they experience inequity, leading to negative emotions, and a propensity to engage in retaliatory actions such as complaining or spreading nWOM (Bunker and Bradley 2007; Nazifi et al. 2022; Arsenovic et al. 2023). The above correlation implies that complaining consumers are more likely to perceive inequity and dissatisfaction compared to non-complaining consumers (Voorhees et al. 2006; Huang, 2010). The perception of inequity acts as a trigger for complaining behaviour and nWOM as a means of restoring fairness and balance. So, regardless of the reason, a complaint is a sign that the customer has not had a positive experience with ASP.

Thus, we posit:

H1: Customers' complaint in the event of ASP- failure will have a negative relationship with customers' satisfaction.

According to Smith, Bolton, and Wagner (1999), compensation plays a significant role in shaping customer satisfaction following a service failure. Fair compensation helps customers perceive the situation as equitable, enhancing their overall satisfaction (Wirtz and Mattila 2004; Albrecht et al. 2019). Additionally, compensation has been shown to reduce customer churn (Hoffman, Kelley, and Rotalsky 1995) and nWOM (Davidow and Leigh, 1998; Arsenovic et al. 2023). Thus, offering compensation serves to appease disgruntled and frustrated customers (Wirtz and Mattila 2004). Studies have demonstrated that dissatisfied customers view a service failure experience more

favourably if they receive some form of compensation, considering it a satisfactory outcome (Bitner, Booms, and Tetreault 1990). Thus, we posit:

H2a: Compensation from aggregator in the event of ASP- failure will have a positive relationship with (i) customers' satisfaction

The consumer's evaluation of fairness in service recovery can be defined by the concept of perceived justice which directs consumer's reactions to service failure instances as well as firm's responses to recovery (Tax, Brown, and Chandrashekar, 1998; De Ruyters and Wetzels 2000; McCollough, Berry, and Yadav 2000). This concept of perceived justice can be explained through its three dimensions: First, distributive justice refers to tangible outcomes (Martinez-Tur et al. 2006). Second, procedural justice denotes the fairness perceived by consumers in the process through which a service recovery response is delivered (Tax et al. 1998; Smith et al. 1999; Martinez-Tur et al. 2006). Third, interactive justice refers to how a consumer perceives an employee's behaviour (Clopton, Stoddard, and Clay 2001; Martinez-Tur et al. 2006). Distributive justice which may represent compensation in the case of service failure by ASP, creates a perception of fairness in the tangible outcomes received by the customer following a service failure. It assesses whether the compensation or resolution provided adequately addresses the severity of the issue and aligns with the customer's expectations. When distributive justice is achieved, the customer may feel that the company has acknowledged their concerns and taken appropriate action to rectify the situation which may reduce the risk of nWOM.

The compensation also helps customers recognize the inconvenience or frustration they have experienced is admissible and aggregator is willing to make amends (Joireman et al. 2013). This perception can help to rebuild trust and goodwill with the customer (Desmet, De Cremer, and van Dijk 2011), which may reduce their disinclination to repurchase from the company in the future.

Thus, we posit:

H2b: Compensation from aggregator in the event of ASP- failure will have a negative relationship with (i) nWOM. (ii) repurchase disinclination.

When customers perceive that the compensation offered for a service failure is fair and reasonable, it enhances their satisfaction with the outcome (Wirtz et al. 2004; Albrecht et al. 2019). This elevated satisfaction, in turn, influences customer behaviour, decreasing the reluctance of repeat purchases and reducing the propensity for nWOM publicity (Liu et al. 2020). Reduced reluctance towards repurchase reflects the customer's willingness to continue doing business with the company despite the service failure. Hence, satisfaction stemming from fair compensation may reduce negative attitudes towards the aggregator. Similarly, nWOM, the behavioural outcome of dissatisfaction, is less likely to occur when customers are satisfied with the compensation received. Fair compensation addresses the customer's concerns, reducing negative emotions and fostering a sense of fairness thus mitigating the inclination to engage in nWOM publicity.

Hence, we posit:

H3: Customers' satisfaction will negatively mediate the relationship between (i)compensation-nWOM (ii)compensation-repurchase disinclination

A one-size-fits-all solution, such as compensation, proves ineffective, especially in cases of severity of service failures (Huang, 2009). Numerous studies indicate the interplay among various recovery measures and the consequential impact on consumer satisfaction levels (Blodgett, Hill, and Tax 1997; Smith et al. 1999; Bahri-Ammari and Bilgihan 2017). Yet, in the context of the ASP-aggregator-consumer triad, recovery measures take on a non-conventional form of interaction. Within this dynamic, consumers might attribute responsibility for a service failure to either the ASP, the aggregator, or both. In such cases, they look for justice from either party or

both. For instance, if the customer perceives that the aggregator is responsible for the service failure, the customer may seek compensation or distributive justice.

On the other hand, when the customer perceives the ASP as accountable for a service failure, such as rude behaviour, they may seek punitive measures as a part of fairness i.e. procedural justice (Darley and Pittman 2003; Zoghbi-Manrique-de-Lara 2011). When customers are satisfied with the steps taken for the resolution of a service issue, they may perceive that their concerns have been effectively handled, and their expectations for justice whether punitive or compensatory have been fulfilled. In such instances, customers may form a positive perception and sense of gratitude for the aggregator. They may believe that openly sharing negative experiences could jeopardize future business-customer relationships because of which customers will be less likely to share negative experiences.

Hence, we posit:

H4a: Punishment to ASP moderates the compensation-satisfaction-nWOM relationship. Among customers who receive an intimation about punishment, the above relationship gets weaker.

As explained above, the implementation of either punitive or compensatory justice may lead to a reduction in the necessity for additional recovery measures associated with the alternative form of justice. This reduction may enhance customer satisfaction and influence their expectations regarding compensation (Gamma et al. 2021). Specifically, when customers anticipate punitive measures, their satisfaction may increase, which subsequently diminishes their perceived need for compensation. Consequently, this decreased expectation for compensation may alleviate customer reluctance towards repurchasing, fostering a more positive customer experience overall. Thus, we expect:

H4b: Punishment to ASP moderates the (i) compensation-satisfaction-repurchase disinclination relationship. Among customers who receive an intimation about punishment, above relationship gets weaker.

Brockner and Wiesenfeld, (1996) suggest individuals' responses to different recovery mechanisms can be frequently influenced by the combined impacts of distributive and procedural justice. Precisely, different combinations and varying levels of recovery measures associated with distributive, procedural and interactional justice can affect the consumer's satisfaction/dissatisfaction and intent/reluctance to repurchase, along with favourable/negative word of mouth, in a typical service recovery scenario (Sparks and McColl-Kennedy, 2001; Lin, Wang, and Chang 2011). In our case as well, we expect the distributive, interactional, and procedural justice recovery measures to interact with each other, and thereby affect the consumer's satisfaction levels.

In an aggregator-ASP-customer triad context, if the consumer holds both the aggregator and the ASP responsible for the service failure, they may look for both procedural and distributive justice and not getting any one of these will reduce the impact of other. Extant literature while supporting the same suggests that compensation's (distributive justice measure) positive impact decreases in the absence of good interpersonal conduct (interactional justice) (Tax and Brown, 1998), whereby consumers tend to feel aggrieved and bribed in the presence of compensation without any compassion and understanding (McCollough et al. 2000; Chatterjee 2018). Hence, in such a scenario, interactional justice functions as a hygiene factor that cannot be overlooked, even though it may not provide any additional utility. Hence, we can expect that when aggregator tries their best (interactional justice) to resolve the issue, the combined interaction effect of compensation

(distributive justice) and punishment (procedural justice) will be more positive or less negative.

Thus, we propose:

H5a: The moderation effect of punishment on the compensation-satisfaction-nWOM relationship is further moderated by the aggregator's efforts indicating moderated moderation. For high aggregator's efforts, the moderation effects of a punishment get stronger on the compensation-satisfaction-nWOM relationship

H5b: The moderation effect of punishment on the (i) compensation-satisfaction-repurchase disinclination relationship is further moderated by the aggregator's efforts indicating moderated moderation. For high aggregator's efforts, the moderation effects of a punishment get stronger on the (i) compensation-satisfaction-repurchase disinclination relationship

The conceptual framework of above hypotheses is represented in figure 1.

<Insert Figure 1 here>

Empirical study

Design, Stimuli, and Procedure

We conducted an experiment on complainers with 2 (Complaint: Yes, or No) $\times$ 2 (Compensation: Yes, or No) $\times$ 2 (Intimation of punishment: Yes, or No) orthogonal design. The stimuli-based experimental design is common in marketing and consumer behaviour research in spite of their limitations. Both the stimuli and the procedural aspects closely resemble those employed by Huang (2010). We used convenience sampling for our experiment and the data collection was done in between September 2022 to April 2023 in India by authors. The respondents were told that the objective of the experiment was to study consumer reactions to service failures during travel. They were given USD 2\$ each as an incentive to participate in the experiment. Two hundred ninety-nine respondents between the age of 20-48 were randomly assigned into eight groups based on the above-mentioned experimental design. First, we inquired about their familiarity with business models and 81.3% of respondents responded that they know about aggregator knowledge. We then provided a brief explanation of the aggregator business to the participants and requested them to share examples from their own experiences. All the respondents gave correct examples. Next, we asked them to imagine that they booked a cab from a cab aggregator for travelling to the airport. During their travel, we asked them to imagine the following common situation.

“Imagine that you booked a cab from a cab aggregator for a travel to airport. While you were travelling, the driver behaved rudely with you as you objected to his choice of route. At the end of the travel, you complained to the aggregator about the rude behaviour of the driver and his wrong choice of route”

After this common situation, we manipulated the complaining behaviour by asking them to imagine the following: "At the end of the travel, you rated the travel low in the feedback form but

did not complain" (non-complaining) and *"At the end of the travel, you complained to the aggregator about the rude behaviour of the driver and his wrong choice of the route"* (complaining). We further manipulated the aggregator effort by asking to imagine the following: *"The customer service person from the aggregator tried to connect you to the driver to mutually solve the issue. She tried once to make the driver apologize but failed."* (Low effort); and *"The customer service person from the aggregator tried to connect you to the driver to mutually solve the issue. She tried thrice to make the driver apologize but failed"* (High effort). Moreover, the respondents in the 'compensation=yes' condition received compensation later, unlike the respondents in 'compensation=no' condition. Further, in terms of punishment intimation, the respondents were given options of: 'yes,' whereby they received an email informing them that the driver has been punished; and 'no,' wherein they did not receive any intimation as to whether the driver was punished. Further, they were asked two sets of questions: the first was to check the success of the manipulation. We asked the respondents if, based on the scenario, they had actually complained about the event, then if they received any compensation and got any intimation of the driver being punished.

Following Huang (2010), we also asked the respondents how much they agree to the following four statements describing the level of efforts given by the employee: *"The employee of the aggregator exerted a lot of energy"*, *"The employee of the aggregator spent a lot of time trying to resolve the situation"*, *"The employee of the aggregator tried very hard"*, and *"The employee of the aggregator put a lot of effort"* (Cronbach's $\alpha=0.93$). Further, following Wirtz and Mattila (2004), we also asked about customer satisfaction (Cronbach's $\alpha=0.80$), nWOM (Cronbach's $\alpha=0.88$), and repurchase disinclination (Cronbach's $\alpha=0.92$) by using the respondent's agreement with the statements given in Table 1.

We also measured how realistic the situation was by the following statements: "*The scenario is realistic,*" and "*This scenario can happen with anybody*" (Cronbach's $\alpha=0.753$).

<Insert Table 1 Here>

Mitigating Common Method Bias

To mitigate the risk of common method bias, we implemented procedural precautions. Precisely, we did not disclose the study's purpose to our participants. We also prioritized the assurance of confidentiality and anonymity for their responses. This deliberate approach played a crucial role in diminishing response bias (Podsakoff et al. 2003). Furthermore, we communicated to participants that there were no inherently right or wrong answers, emphasizing that their responses would greatly contribute to the research. This approach aimed to enhance the quality of responses. Moreover, we took care to use clear and straightforward language in our experiment, avoiding unnecessary, unusual, and ambiguous words that could potentially cause confusion (Podsakoff et al. 2003).

Measurement Model

We adopted a two-step approach in accordance with the recommendations of Anderson and Gerbing (1988). In the initial step, we evaluated the reliability of our measures. Table 1 presents the results of our assessment, wherein we employed Cronbach's alpha to gauge the construct's reliability. It is noteworthy that all item loadings met the requisite criteria, surpassing the recommended threshold of 0.7, as suggested by Hair *et al.* (2010). Consequently, the obtained Cronbach's alpha values are not only significant but also indicative of the robust reliability of the measures. Furthermore, our investigation revealed that the average variance extracted (AVE) for each latent construct exceeds 0.5, aligning with the criteria proposed by Hair *et al.* (2010) fulfilling the necessary requirement and highlighting satisfactory captured variance by each construct in the

study. To check possible discriminant validity, we screened the Heterotrait– Monotrait ratio (HTMT) of the correlations. No HTMT values exceeded the threshold of 0.90 (Hair, Sarstedt, and Ringle 2019; Henseler 2020). Table 2 indicates HTMT values.

< Insert Table 2 Here>

Structural Model

We employed PLS-SEM using smartPLS 4.0 for assessing measurement and structural model (Shmueli *et al.*,2019). PLS-SEM provides an ability to derive inferences based on the strength of relationships between constructs and variance (Hair *et al.*, 2014). Another advantage is PLS-SEM operates without being constrained by normality assumptions.

We tested our results in four models as shown in Figure 2. In Model 1, we checked the effects of control variables and independent variables on satisfaction, nWOM and repurchase disinclination. We chose gender (Male 1/Female 0) and knowledge about aggregators (Yes 1/No 0) as our control variables. We identified a positive relationship between Gender-Satisfaction ($\beta=0.26$, $p<0.01$) and a negative relationship between aggregator knowledge–repurchase disinclination ($\beta= -0.46$, $p<0.01$), both of which were controlled for in all models. While testing hypothesis H1, we observed a significant negative relationship between complaint-satisfaction ($\beta=-0.27$, $p<0.01$), thus supporting H1. Next, to assess H2a, we examined the relationship between compensation-satisfaction. We found a positive relationship ($\beta= 0.25$, $p<0.01$), supporting H2a. To investigate H2bi, we analyzed the relationship between compensation – nWOM ($\beta= -0.45$, $p<0.001$) and found strong support. However, the relationship between compensation- repurchase disinclination ($\beta= -0.14$, NS) was insignificant, leading to the rejection of H2b (ii).

Next, to check the mediation effect of satisfaction in compensation-nWOM and compensation-repurchase disinclination relationship, we checked model 2. We found no significance in

relationship between satisfaction-nWOM ($\beta = -0.11$, *NS*) and satisfaction-repurchase disinclination ($\beta = -0.05$, *NS*). Hence, we did not find support for compensation-satisfaction-nWOM and compensation-satisfaction-repurchase disinclination relationship thereby rejecting H3i and H3ii. However, we found the nWOM-repurchase disinclination ($\beta = 0.56$, $p < 0.001$) relationship positive.

In examining the moderation effect of punishment, we assessed model 3. We discovered that punishment significantly moderates the relationship between compensation-satisfaction ($\beta = -0.66$, $p < 0.01$). This relationship weakened in the presence of punishment, indicating a partially moderated moderation. Similarly, we observed a significant influence of punishment on the compensation-nWOM relationship ($\beta = -0.19$, *NS*). In the presence of punishment, the compensation-nWOM relationship became non-significant, suggesting a full moderated moderation.

To assess the moderation effect of aggregators' efforts on the moderation effects of punishment, we examined model 4. With both moderators present, we observed a significant negative relationship between compensation-satisfaction ($\beta = 0.53$, $p < 0.001$) and satisfaction-nWOM ($\beta = -0.19$, $p < 0.05$), which was not evident earlier, thereby suggesting partial support for H4a. Furthermore, we found that under the presence of aggregators' efforts, the moderation effects of punishment were further moderated on the compensation-satisfaction relationship ($\beta = -0.76$, $p < 0.001$), indicating a moderated moderation effect. Additionally, although initially there was no relationship between satisfaction-nWOM, we discovered a negative relationship between satisfaction-nWOM ($\beta = -0.19$, $p < 0.05$) in the presence of punishment and strong aggregator efforts, highlighting the moderated moderation effect once again.

Finally, with both moderators, punishment, and aggregator efforts present, we observed that the relationship between compensation-satisfaction ($\beta = 0.66$, $p < 0.01$) strengthened, while the relationship between compensation-nWOM ($\beta = 0.43$, NS) became insignificant, suggesting a moderated moderation of compensation-satisfaction-nWOM relationship which was not present in earlier models. Therefore, we found partial support for H5a. Surprisingly, we also found a positive relationship between compensation-repurchase disinclination ($\beta = 0.49$, $p < 0.01$) in the presence of both moderators, however no relationship between satisfaction-repurchase disinclination ($\beta = -0.11$, NS). Hence, we found no support for H5b. The results of the structural models and hypotheses are presented in Table 3 and Table 4.

<Insert Table 3 here>

<Insert Table 4 here>

Multi-group Analysis

We conducted a multi-group analysis to gain further insights into the effects of punishment and aggregator efforts under severe and minor cases, as perceived by customers in the given scenario. We identified a total of 205 severe cases and 94 minor cases for further analysis. While comparing the model of severe cases with model 4, we observed a weaker relationship between compensation-satisfaction ($\beta = 0.59$, $p < 0.05$) and a stronger relationship between compensation-repurchase disinclination ($\beta = 0.58$, $p < 0.01$) in the presence of moderators (punishment and aggregator efforts). Conversely, for minor issues, we found both compensation-satisfaction ($\beta = 0.44$, NS) and compensation-repurchase disinclination ($\beta = 0.17$, NS) to be insignificant in the presence of moderators. The result of multi-group analysis is given in Table 5.

<Insert Table 5 here>

Discussion

In today's digital landscape, aggregators play a pivotal role in facilitating convenience, efficiency, and choice for consumers (Chatterjee, 2018). The internet has revolutionized the role of aggregators, turning them into indispensable gateways. They offer a vast array of goods, services, and information readily accessible at our fingertips. However, there's a downside: when things go awry, customers often point the finger at the aggregator, even if the fault lies with the service provider. This blame shift occurs because customers typically interact directly with the aggregator. Acting as the intermediary, aggregators bear the brunt of service provider shortcomings. Therefore, it's crucial for aggregators to implement effective service recovery strategies. Such strategies enable them to address customer issues swiftly and uphold satisfaction levels, even in the face of problems caused by the service provider. The existing literature lacks sufficient evidence regarding the exploration of the aforementioned topic, creating a gap in comprehending the dynamics of service recovery strategies within aggregator platforms. Our study addresses this gap by contributing insights into aggregator-ASP-customer triad explaining the effects of recovery strategies in the context of ASP-failure.

We've discovered that compensation plays a crucial role in enhancing overall satisfaction and minimizing nWOM (Noone 2012; Arsenovic et al. 2023). In instances of service failure, customers frequently experience disappointment, frustration, or a sense of betrayal. Providing compensation, whether through refunds, discounts, or complimentary offerings, signifies the company's recognition of the error and dedication to rectifying the situation. Yet, our research uncovered a negative correlation between compensation and satisfaction when customers perceive punitive actions alongside it. This could be attributed to the perception that coupling compensation with punitive measures implies an attempt to placate them, while simultaneously suggesting that the

service providers are at fault or deserving of punishment. Another possible interpretation is that customers perceive the service providers as being penalized for something not entirely their fault, potentially implicating aggregators as well. In both scenarios, rather than feeling satisfied with the compensation, customers may become more dissatisfied or resentful due to the punitive nature of the interaction.

However, we found that coupling compensation with punitive measures helps to reduce nWOM of a customer even if they are dissatisfied. This implies that combining compensation with punitive actions creates a balance between addressing customers' immediate concerns and discouraging them from resorting to harmful behaviours. Thus, by taking swift action and offering compensation alongside punitive measures, a company can mitigate the damage to its reputation caused by negative word-of-mouth.

We also found that the aggregator efforts moderate the effects of punishment on compensation-satisfaction and compensation-nWOM relationships. The results indicate that perceived aggregator efforts act as a decisive factor in helping customers assess the overall service failure and recovery situation (Bitner et al. 1990; Mohr and Bitner 1995; Cambra-Fierro, Melero-Polo, and Javier Sese 2016). While the primary goal of a company should always be addressing concerns and resolving issues, demonstrating empathy, and understanding towards customers, and showing sincere commitment to resolving problems become essential components.

Our findings reveal that there is no direct relationship between compensation and repurchase disinclination. However, in the presence of moderators such as punishment and aggregator efforts, we observed a significant positive relationship between compensation and repurchase disinclination. This suggests that even when compensation is offered, punitive actions are taken and communicated, and aggregators make substantial efforts to address the issue, there can still be

instances where the customer is not interested in purchasing again and the service provider faces repercussions. The possible reasons for such thinking might lie in erosion of trust along with the perception of a risk (Elangovan, Auer-Rizzi, and Szabo 2007). The negative experience of the initial service failure can linger in the customer's memory, impacting their future purchasing decisions (Jean Harrison-Walker 2012; Harrison-Walker, 2019b). Even if corrective actions are taken and the issue is resolved satisfactorily, customers may still fear a recurrence of the service failure or question the reliability and consistency of the service, prompting them to seek alternatives (Komunda and Osarenkhoe, 2012). Rebuilding trust can be a challenging process, especially if the customer perceives risk for future purchase decisions. Another possible reason can be that if the aggregator appears to be overly eager or persistent in resolving the issue, the customer may wonder whether there are undisclosed problems or systemic issues within the service. This suspicion may lead customers to believe that the company is prioritizing its reputation and customer retention over genuinely addressing underlying issues. Consequently, such perceptions can erode confidence in the company and result in a disinclination to repurchase.

Finally, we did a multi-group analysis to understand the difference between severe service failure vs minor service failure issues. Surprisingly, we found that in cases of severe issues, complaints had a negative relationship with nWOM. Conversely, in instances of minor issues, complaints exhibited a positive relationship with nWOM, contrary to our expectations. Severe issues typically exert a more pronounced impact on customer satisfaction. When confronted with severe issues, customers' primary motivation for lodging complaints may be to seek resolutions rather than engaging in nWOM. Moreover, complaints regarding severe issues may stem from a belief that the company possesses the capability to improve and address the root causes of the problem. Customers might view their feedback as an opportunity for the company to learn and

evolve, fostering positive changes that benefit not only them but also other customers in the long term. The results also suggest that intimation of punishment in severe cases along with aggregator's efforts have a strong negative relationship with repurchase disinclination. This suggests customers facing severe issues may value the genuine efforts made by aggregators in service recovery further indicating that strategies for satisfaction following a service failure may differ from those aimed at maintaining loyal customers.

The results of minor issues suggest that when customers encounter minor issues, their motivations for complaining may lean towards expressing their viewpoint rather than solely seeking solutions. Sharing negative experiences with others may provide social validation and solidarity, particularly if others have had similar experiences or share similar grievances with the company. Customers may look for a sense of camaraderie or empowerment in speaking out against perceived injustices or shortcomings. We have also observed that the relationship between compensation and satisfaction is weak compared to severe issues, thereby suggesting that customers do not look for compensation for minor issues.

Theoretical contributions

The paper has a number of theoretical contributions. First, largely, the service failure and recovery literature revolves around the failure caused by service firms and related consumer satisfaction with firms. Nevertheless, very few researchers have touched upon failures caused by entities other than service firms (Huang, 2008; Chatterjee, 2018). This study majorly contributes to service recovery literature by focusing on the aggregator-ASP-consumer triad while exploring multiple recovery strategies and searching for the optimal one. This is probably the only study that focuses on the comparative effectiveness of various recovery strategies in an aggregator business context where ASP is responsible for service failure.

Second, in contrast to existing literature which typically emphasizes the positive or negative relationship between satisfaction/dissatisfaction and repurchase intention/repurchase disinclination (Sparks and McColl-Kennedy 2001; Lin et al. 2011), our findings challenge this notion. We discovered that following a service failure, post-recovery satisfaction does not inherently correlate with repurchase disinclination (Han, Back, and Kim 2011) unless supported by robust aggregator efforts. Furthermore, excessive efforts toward service recovery can create uncertainty in customers' minds, ultimately leading to repurchase disinclination once the recovery process concludes (Dixon *et al.*, 2010). The significance of aggregator efforts in this context has not been previously explored in service literature.

Third, the extant literature lacks an exploration of the relative effectiveness of compensation, punishment, and aggregator efforts, and their respective influences during service recovery. Our study is possibly the first to explore the interaction effects of intimation of an ASP's punishment (procedural/retributive justice), aggregator effort (interactive justice), and compensation (distributive justice) on post-ASP failure consumer's satisfaction, nWOM and repurchase

disinclination. While exploring such a relationship, we found that the effects of punishment on satisfaction, nWOM and repurchase disinclination are moderated by aggregator efforts thereby indicating a moderated moderation effect. Moreover, the moderation effects of punishment on a path of compensation-satisfaction-nWOM is further moderated by aggregator efforts thereby showing serial moderated mediation. These findings are unique and create newer theoretical understandings.

Fourth, extant literature showcases a dilemma on the relationship between complaining behaviour and customer satisfaction. While some have shown a negative relationship (Voorhees et al. 2006; Huang, Lin, and Wen 2010), others found either no such relationship or a positive relationship (Hirschman 1970; Halstead 2002; Namkung, Jang, and Choi 2011). We contributed to this literature by exploring the complaining behaviour in the ASP-customer-aggregator context where the complaining behaviour is targeted towards the ASP, however, the customer satisfaction is formed on the aggregator.

Furthermore, our investigation into the distinctions between severe and minor issues revealed that complaining behaviour has a negative impact on nWOM in severe cases, whereas it has a positive impact on nWOM in minor cases. This suggests that in severe cases, customers are inclined to give the service provider a chance to recover from the failure, whereas in minor cases, complaining may serve as a means to express their viewpoint. Our exploration of the impact of complaining behaviour, case scenario and its outcomes within this triad context is novel, unique, and important, thus contributing significantly to the existing literature.

Managerial implications

The paper carries several managerial implications. First, our study suggests that aggregators have to accept responsibility for an ASP's failure and should develop strategies to manage the same because the consumer's satisfaction with an aggregator largely depends on their immediate and effective management skills when faced with an ASP failure encounter. Managers should prioritize transparent communication with customers following a service failure. compensation plays a crucial role in enhancing overall satisfaction and minimizing nWOM. Tailored compensation offerings to match the severity of the service failure and the individual needs of the affected customers through refunds, discounts, or complimentary offerings can be helpful. However, managers should avoid coupling compensation with punitive measures, as this may exacerbate customer dissatisfaction. Instead, focus on demonstrating understanding and a willingness to make amends without attributing blame.

Second, managers should understand that compensation alone may not directly impact nWOM or repurchase disinclination. It is essential to reassess how compensation is offered and perceived in conjunction with other factors. Managers should consider revising compensation strategies to ensure they are not perceived as punitive measures or attempts to placate customers. Instead, they should focus on demonstrating genuine concern and commitment to resolving the issue. However, if the goal is to deter customers from engaging in harmful behaviours and spreading nWOM, managers should prefer combining compensation with punitive measures as a quick remedy.

Third, while it's crucial to address service failures promptly and effectively, excessive efforts may inadvertently create uncertainty among customers (Dixon et al. 2010). Instead of overwhelming customers with too many recovery actions, focus on targeted and meaningful resolutions that address the core issue without overwhelming the customer.

Fourth, even when businesses offer compensation, take punitive actions, and engage aggregators to address service failures, customers may still hesitate to repurchase due to trust erosion and perceived risks. Negative experiences linger, leading customers to doubt service reliability and fear future failures. Despite satisfactory resolutions, these concerns may prompt them to explore alternatives, impacting the service provider's reputation and future sales. Managers should recognize that trust is a fundamental component of long-term relationships and hence they should build trust by addressing customer perceptions of risk associated with future purchasing decisions.

Finally, managers should understand that customers lodging complaints for severe issues primarily seek resolutions and believe the company can improve. They view feedback as an opportunity for positive change, valuing genuine efforts by the company or aggregators. Whereas, for minor issues, customers aim to express viewpoints and seek social validation indicating customers don't prioritize compensation for minor issues. Hence, managers should decide priorities and provide weights for the scenarios based on severity. For medium and highly severe concerns, managers should promptly provide solutions thereby fostering commitment and trust. Whereas, managers should preferably avoid reacting to minor cases.

Future research and limitations

While our study provides valuable insights, it is subject to several limitations. Firstly, we utilized convenience sampling, which may restrict the generalizability of our findings. However, this method is commonly used in marketing studies to gather data that may be challenging to obtain through probability sampling techniques. Additionally, our research focuses solely on ASP failures with the scenarios created for cab aggregators for simplicity, limiting the scope of our conclusions. Future researchers can create multiple scenarios in different contexts to check the consistency of the results. Furthermore, data was collected within a single country, hence cultural differences across regions can impact consumer perceptions and responses to failures and recovery efforts. Therefore, further research is needed to explore ASP failures and recovery strategies across multiple cultures through comprehensive cross-cultural studies.

References

- Adams, J. S. (1963). Towards an understanding of inequity. *The Journal of Abnormal and Social Psychology*, 67(5), 422.
- Albrecht, A. K., Schaefers, T., Walsh, G., & Beatty, S. E. (2019). The effect of compensation size on recovery satisfaction after group service failures: the role of group versus individual service recovery. *Journal of Service Research*, 22(1), 60-74.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological bulletin*, 103(3), 411.
- Arsenovic, J., Edvardsson, B., Otterbring, T., & Tronvoll, B. (2023). Money for nothing: The impact of compensation on customers' bad-mouthing in service recovery encounters. *Marketing letters*, 34(1), 69-82.
- Augusto de Matos, C., Luiz Henrique, J., & de Rosa, F. (2013). Customer reactions to service failure and recovery in the banking industry: The influence of switching costs. *Journal of Services Marketing*, 27, 526–538.
- Bahri-Ammari, N., & Bilgihan, A. (2017). The effects of distributive, procedural, and interactional justice on customer retention: An empirical investigation in the mobile telecom industry in Tunisia. *Journal of Retailing and Consumer Services*, 37, 89-100.
- Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). The service encounter: diagnosing favorable and unfavorable incidents. *Journal of Marketing*, 54(1), 71-84.
- Blodgett, J. G., Hill, D. J., & Tax, S. S. (1997). The effects of distributive, procedural, and interactional justice on postcomplaint behavior. *Journal of retailing*, 73(2), 185-210
- Borah, S. B., Prakhya, S., & Sharma, A. (2019). Leveraging service recovery strategies to reduce customer churn in an emerging market. *Journal of the Academy of Marketing Science*, 1-21.

- Brockner, J., & Wiesenfeld, B. M. (1996). An integrative framework for explaining reactions to decisions: interactive effects of outcomes and procedures. *Psychological bulletin*, 120(2), 189.
- Bunker, M. P., & Bradley, M. S. (2007). Toward understanding customer powerlessness: analysis of an internet complaint site. *Journal of consumer satisfaction, dissatisfaction and complaining behavior*, 20, 54.
- Cambra-Fierro, J., Melero-Polo, I., & Javier Sese, F. (2016). Can complaint-handling efforts promote customer engagement?. *Service Business*, 10, 847-866.
- Chang, H. H., Tsai, Y. C., Wong, K. H., Wang, J. W., & Cho, F. J. (2015). The effects of response strategies and severity of failure on consumer attribution with regard to negative word-of-mouth. *Decision Support Systems*, 71, 48-61.
- Chatterjee, S. (2018). Impact of actual service provider failure on the satisfaction with aggregator. *Journal of Strategic Marketing*, 26(7), 628-647.
- Chen, T., Ma, K., Bian, X., Zheng, C., & Devlin, J. (2018). Is high recovery more effective than expected recovery in addressing service failure?—A moral judgment perspective. *Journal of Business Research*, 82, 1-9.
- Choi, S., Mattila, A. S., & Bolton, L. E. (2021). To err is human (-oid): how do consumers react to robot service failure and recovery?. *Journal of Service Research*, 24(3), 354-371.
- Clopton, S. W., Stoddard, J. E., & Clay, J. W. (2001). Salesperson characteristics affecting consumer complaint responses. *Journal of Consumer Behaviour: An International Research Review*, 1(2), 124-139.
- Darley, J. M., & Pittman, T. S. (2003). The psychology of compensatory and retributive justice. *Personality and Social Psychology Review*, 7(4), 324-336.

- Davidow, M., & Leigh, J. (1998). The effects of organizational complaint responses on consumer satisfaction, word of mouth activity and repurchase intentions. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 11.
- De Ruyter, K., & Wetzels, M. (2000). Customer equity considerations in service recovery: a cross-industry perspective. *International Journal of Service Industry Management*, 11(1), 91-108.
- Desmet, P. T., De Cremer, D., & van Dijk, E. (2011). In money we trust? The use of financial compensations to repair trust in the aftermath of distributive harm. *Organizational Behavior and Human Decision Processes*, 114(2), 75-86.
- Dixon, M., Freeman, K., & Toman, N. (2010). Stop trying to delight your customers. *Harvard business review*, 88(7/8), 116-122.
- Dong, B., & Sivakumar, K. (2017). Customer participation in services: domain, scope, and boundaries. *Journal of the Academy of Marketing Science*, 45(6), 944-965
- Elangovan, A. R., Auer-Rizzi, W., & Szabo, E. (2007). Why don't I trust you now? An attributional approach to erosion of trust. *Journal of Managerial Psychology*, 22(1), 4-24.
- Gamma, K., Mai, R., Cometta, C., & Looock, M. (2021). Engaging customers in demand response programs: The role of reward and punishment in customer adoption in Switzerland. *Energy Research & Social Science*, 74, 101927.
- Hair Jr, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European business review*, 26(2), 106-121.
- Hair, J.F., Anderson, R.E., Babin, B.J. and Black, W.C. (2010), *Multivariate Data Analysis: A Global Perspective*, Vol. 7.

- Hair, J.F., Sarstedt, M. and Ringle, C.M. (2019), "Rethinking some of the rethinking of partial least squares", *European Journal of Marketing*, Vol. 53 No. 4, pp. 566-584.
- Halstead, D. (2002). Negative word of mouth: substitute for or supplement to consumer complaints?. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 15, 1.
- Han, H., Back, K. J., & Kim, Y. H. (2011). A multidimensional scale of switching barriers in the full-service restaurant industry. *Cornell Hospitality Quarterly*, 52(1), 54-63.
- Harrison-Walker, L. J. (2019a). The critical role of customer forgiveness in successful service recovery. *Journal of Business Research*, 95, 376-391.
- Harrison-Walker, L. J. (2019b). The effect of consumer emotions on outcome behaviors following service failure. *Journal of Services Marketing*, 33(3), 285-302.
- Henseler, J. (2020), *Composite-Based Structural Equation Modeling: Analyzing Latent and Emergent Variables*, Guilford Publications.
- Hirschman, A. O. (1970). Exit, voice, and loyalty: Responses to decline in firms, organizations, and states (Vol. 25). Harvard university press.
- Hoffman, K. D., Kelley, S. W., & Rotalsky, H. M. (1995). Tracking service failures and employee recovery efforts. *Journal of services marketing*.
- Huang, W. H. (2008). The impact of other-customer failure on service satisfaction. *International Journal of Service Industry Management*, 19, 521–536.
- Huang, W. H. (2010). Other-customer failure: Effects of perceived employee effort and compensation on complainer and non-complainer service evaluations. *Journal of Services Management*, 21, 191–211.
- Huang, W. H., Lin, Y. C., & Wen, Y. C. (2010). Attributions and outcomes of customer misbehavior. *Journal of Business and Psychology*, 25, 151–161.

- Hur, J., & Jang, S. (2016). Toward service recovery strategies: The role of consumer-organization relationship norms. *Journal of Services Marketing*, 30, 724–735.
- Jean Harrison-Walker, L. (2012). The role of cause and affect in service failure. *Journal of services marketing*, 26(2), 115-123.
- Joireman, J., Grégoire, Y., Devezer, B., & Tripp, T. M. (2013). When do customers offer firms a “second chance” following a double deviation? The impact of inferred firm motives on customer revenge and reconciliation. *Journal of Retailing*, 89(3), 315-337.
- Kapoor, A. P., & Vij, M. (2018). Technology at the dinner table: Ordering food online through mobile apps. *Journal of retailing and consumer services*, 43, 342-351.
- Ketron, S., & Mai, S. (2020). Blame and service recovery strategies in lateral exchange markets. *Journal of Strategic Marketing*, 1-19.
- Kolodinsky, J. (1995). Usefulness of economics in explaining consumer complaints. *Journal of Consumer Affairs*, 29(1), 29-54.
- Komunda, M., & Osarenkhoe, A. (2012). Remedy or cure for service failure? Effects of service recovery on customer satisfaction and loyalty. *Business Process Management Journal*, 18(1), 82-103.
- Lin, H. H., Wang, Y. S., & Chang, L. K. (2011). Consumer responses to online retailer's service recovery after a service failure. *Managing Service Quality: An International Journal*.
- Liu, J., Zhang, H., Sun, J., Li, N., & Bilgihan, A. (2020). How to prevent negative online customer reviews: the moderating roles of monetary compensation and psychological compensation. *International Journal of Contemporary Hospitality Management*, 32(10), 3115-3134.

Martínez-Tur, V., Peiró, J. M., Ramos, J., & Moliner, C. (2006). Justice perceptions as predictors of customer satisfaction: The impact of distributive, procedural, and interactional justice 1. *Journal of applied social psychology*, 36(1), 100-119.

Martínez-Tur, V., Peiró, J. M., Ramos, J., & Moliner, C. (2006). Justice perceptions as predictors of customer satisfaction: The impact of distributive, procedural, and interactional justice 1. *Journal of applied social psychology*, 36(1), 100-119.

McCollough, M. A., Berry, L. L., & Yadav, M. S. (2000). An empirical investigation of customer satisfaction after service failure and recovery. *Journal of service research*, 3(2), 121-137.

Mohr, L. A., & Bitner, M. J. (1995). The role of employee effort in satisfaction with service transactions. *Journal of Business Research*, 32(3), 239-252.

Namkung, Y., Jang, S. S., & Choi, S. K. (2011). Customer complaints in restaurants: Do they differ by service stages and loyalty levels?. *International Journal of Hospitality Management*, 30(3), 495-502.

Nazifi, A., Roschk, H., Villarroel Ordenes, F., & Marder, B. (2022). Bad intentions: Customers' negative reactions to intentional failures and mitigating conditions. *Journal of Travel Research*, 61(8), 1808-1827.

Noone, B. M. (2012). Overcompensating for severe service failure: Perceived fairness and effect on negative word-of-mouth intent. *Journal of Services Marketing*, 26(5), 342-351.

Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of applied psychology*, 88(5), 879.

- Popelnukha, A., Weng, Q., Ali, A., & Atamba, C. (2021). When do low-power customers complain? The joint effects of chronic sense of personal power and complaint success on complaining intentions. *Journal of Consumer Behaviour*, 20(1), 101-118.
- Radu, A., Surachartkumtonkun, J., Weaven, S., & Thaichon, P. (2020). Examining antecedents of reconciliation following service failure and recovery. *Journal of Strategic Marketing*, 28(5), 417-433.
- Rayburn, S. W., Mason, M. J., & Volkers, M. (2020). Service captivity: no choice, no voice, no power. *Journal of Public Policy & Marketing*, 39(2), 155-168.
- Sarkar, A., Sarkar, J. G., & Sreejesh, S. (2021). Managing customers' undesirable responses towards hospitality service brands during service failure: The moderating role of other customer perception. *International Journal of Hospitality Management*, 94, 102873.
- Sharma, P., Marshall, R., Alan Reday, P., & Na, W. (2010). Complainers versus non-complainers: a multi-national investigation of individual and situational influences on customer complaint behaviour. *Journal of Marketing Management*, 26(1-2), 163-180.
- Shmueli, G., Sarstedt, M., Hair, J. F., Cheah, J. H., Ting, H., Vaithilingam, S., & Ringle, C. M. (2019). Predictive model assessment in PLS-SEM: guidelines for using PLSpredict. *European journal of marketing*, 53(11), 2322-2347.
- Smith, A. K., & Bolton, R. N. (1998). An experimental investigation of customer reactions to service failure and recovery encounters: paradox or peril?. *Journal of service research*, 1(1), 65-81.
- Smith, A. K., Bolton, R. N., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of marketing research*, 36(3), 356-372.

- Sparks, B. A., & McColl-Kennedy, J. R. (2001). Justice strategy options for increased customer satisfaction in a services recovery setting. *Journal of Business Research*, 54(3), 209-218.
- Suri, A., Huang, B., & Sénécal, S. (2019). I can forgive you, but I can't forgive the firm: An examination of service failures in the sharing economy. *Journal of Marketing Theory and Practice*, 27(4), 355-370.
- Swanson, S. R., & Kelley, S. W. (2001). Service recovery attributions and word-of-mouth intentions. *European Journal of Marketing*, 35(1/2), 194-211.
- Sweetin, V. H., Knowles, L. L., Summey, J. H., & McQueen, K. S. (2013). Willingness-to-punish the corporate brand for corporate social irresponsibility. *Journal of Business Research*, 66(10), 1822-1830.
- Tax, S. S., Brown, S. W., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: implications for relationship marketing. *Journal of marketing*, 62(2), 60-76.
- Voorhees, C. M., Brady, M. K., & Horowitz, D. M. (2006). A voice from the silent masses: an exploratory and comparative analysis of noncomplainers. *Journal of the academy of marketing science*, 34(4), 514-527.
- Wei, C., Liu, M. W., & Keh, H. T. (2020). The road to consumer forgiveness is paved with money or apology? The roles of empathy and power in service recovery. *Journal of Business Research*, 118, 321-334.
- Wirtz, J., & Mattila, A. S. (2004). Consumer responses to compensation, speed of recovery and apology after a service failure. *International Journal of service industry management*.
- Wong, J., Newton, J. D., & Newton, F. J. (2016). Powerlessness following service failure and its implications for service recovery. *Marketing Letters*, 27, 63-75.

Xu, X., Liu, W., & Gursoy, D. (2019). The impacts of service failure and recovery efforts on airline customers' emotions and satisfaction. *Journal of Travel Research*, 58(6), 1034-1051.

Zoghbi-Manrique-de-Lara, P. (2011). Predicting nonlinear effects of monitoring and punishment on employee deviance: The role of procedural justice. *European Management Journal*, 29(4), 272-282.

Tables and Figures

Figure 1: Proposed model

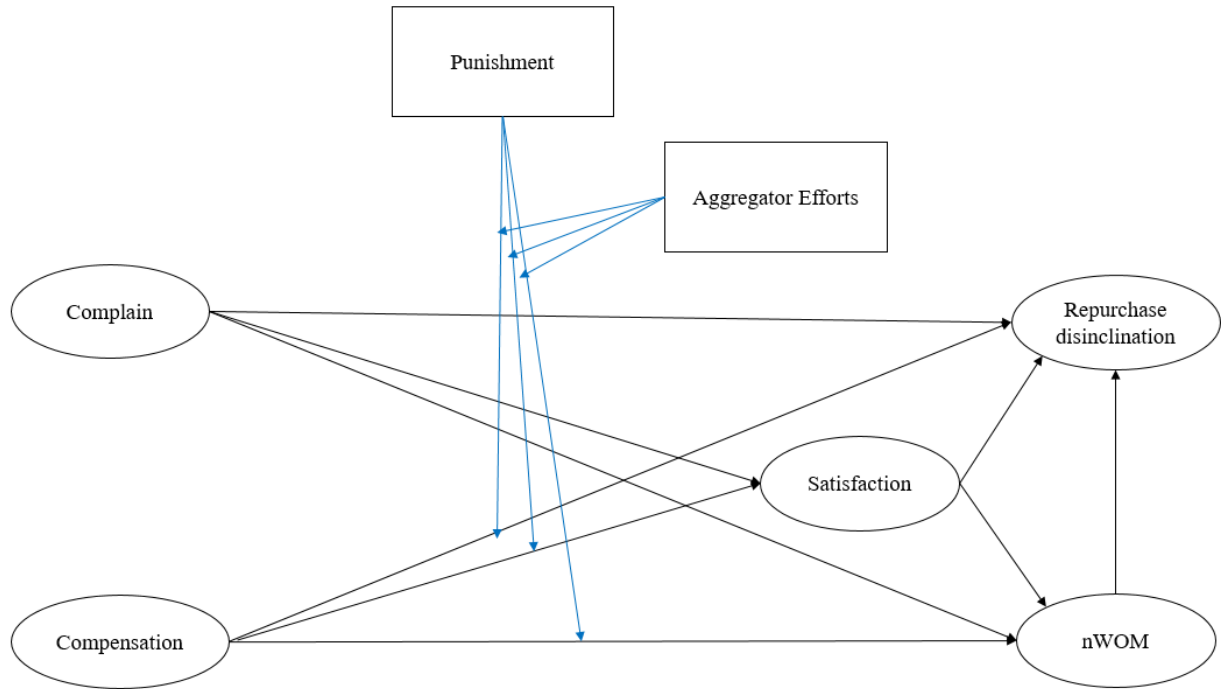


Figure 1: Proposed model for finding effects of perceived aggregator efforts in service recovery strategy

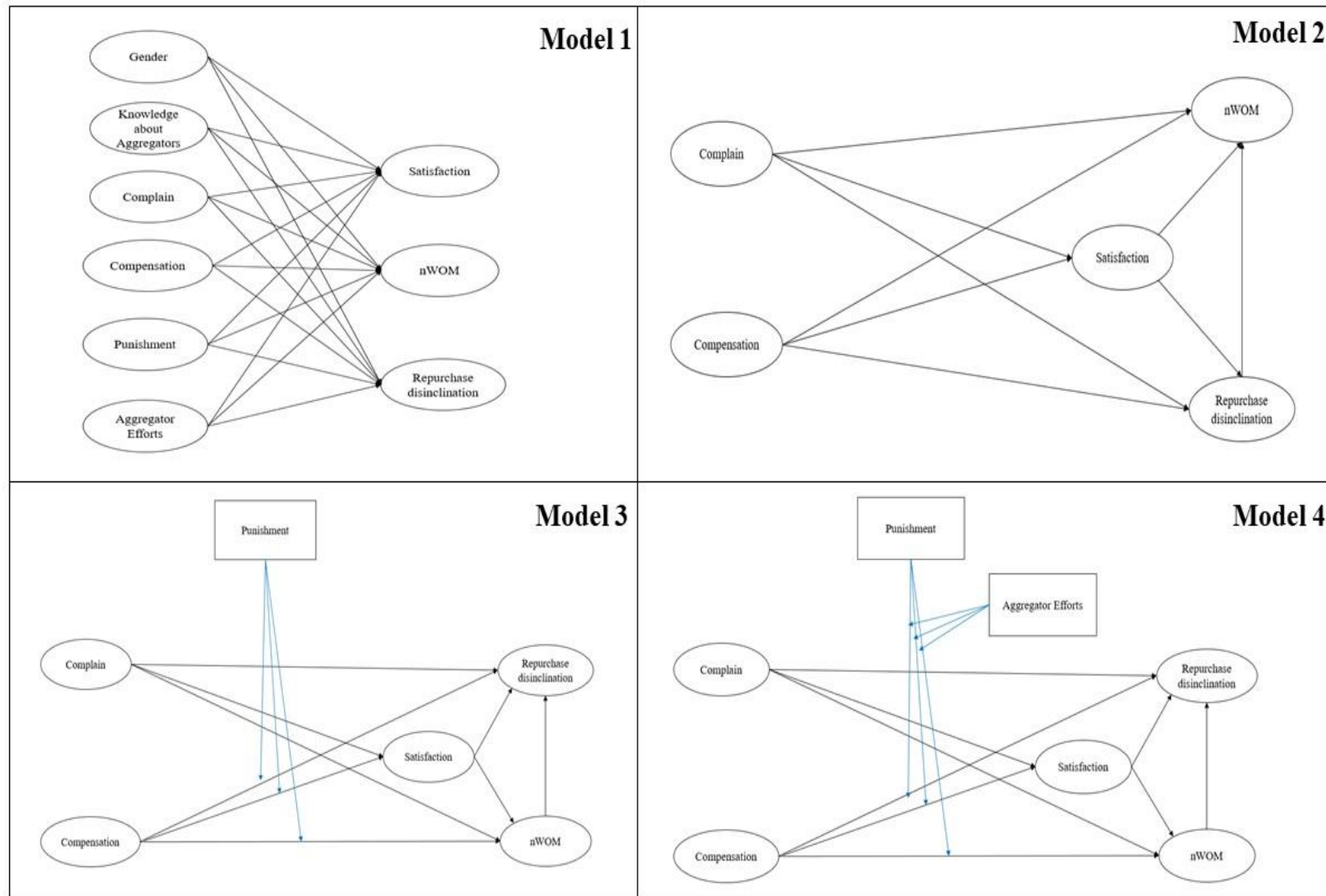
Figure 2: Representation of structural models

Table 1: Factor loadings and reliability and validity of the measures

	Statements	Loadings	Cronbach's Alpha	AVE
Complain	Did you complain for the event?	1.00	-	-
Compensation	Did you receive a compensation?	1.00	-	-
Punishment	Did the driver got punished?	1.00	-	-
Aggregator Efforts	The employee of the aggregator exerted a lot of energy	0.88	0.93	0.83
	The employee of the aggregator spent a lot of time trying to resolve the situation	0.91		
	The employee of the aggregator tried very hard	0.94		
	The employee of the aggregator put a lot of effort	0.92		
Satisfaction	I am very satisfied with the aggregator company	0.91	0.80	0.80
	I am happy how the aggregator handled the situation	0.91		
nWOM	Give what happened, I am going to complain to my friends and relatives regarding the aggregator company	0.88	0.88	0.81

	Give what happened, I am going suggest my friends and relatives not to use the aggregator company	0.90		
	Give what happened, I will warn my friends and relatives against the aggregator company	0.91		
Repurchase disinclination	After this incident, I will never book a cab from the aggregator company	0.93	0.92	0.88
	If this had happened to me, I will stop booking cabs from the aggregator company	0.95		
	Given what happened, I will never book a cab from the aggregator company	0.93		

Table 2: HTMT Values

	Aggregato r Efforts	Compensation	Complain	Gender	Aggregator Knowledge	Punishment	Repurchase disinclination	Satisfact ion	nWOM
Aggregator Efforts									
Compensation	0.21								
Complain	0.07	0.09							
Gender	0.02	0.04	0.005						
Aggregator Knowledge	0.05	0.03	0.107	0.007					
Punishment	0.08	0.08	0.02	0.082	0.021				
Repurchase disinclination	0.07	0.08	0.104	0.079	0.185	0.13			
Satisfaction	0.63	0.25	0.171	0.141	0.022	0.278	0.052		
nWOM	0.03	0.25	0.052	0.061	0.067	0.219	0.611	0.189	

Table 3: PLS-SEM Results

	Model 1			Model 2			Model 3			Model 4		
	Satisfaction	nWOM	Repurchase disinclination	Satisfaction	nWOM	Repurchase disinclination	Satisfaction	nWOM	Repurchase disinclination	Satisfaction	nWOM	Repurchase disinclination
Gender	0.26**	-0.13	-0.17	0.33**	-0.12	-0.12	0.26**	-0.10	-0.12	0.24**	-0.08	-0.14
aggregator knowledge	0.02	-0.15	-0.46**	0.08	-0.13	-0.36**	0.09	-0.14	-0.36**	0.11	-0.08	-0.32*
Complain	-0.27**	-0.05	-0.15	-0.37**	-0.08	-0.11	-0.33**	-0.07	-0.10	-0.09	0.02	-0.03
Compensation	0.25**	-0.45***	-0.14	0.49**	-0.41***	-0.11	0.73***	-0.31*	0.19	0.53***	-0.31*	-0.03
Punishment	0.38***	-0.39***	-0.25*				0.77***	-0.25	-0.03	0.70***	-0.20	0.00
Aggregator Efforts	0.50***	0.04	0.09							0.48***	0.19	0.28**
Satisfaction					-0.11	-0.05		-0.07	0.04		-0.19*	-0.11
nWOM						0.56***			0.55***			0.53***
Compensation x Punishment							-0.66**	-0.19	-0.19	-0.76***	-0.28	-0.18
Compensation x Aggregator Efforts										0.00	0.02	-0.23
Punishment x Aggregator Efforts										-0.28*	-0.33*	-0.44***
Compensation x Punishment x Aggregator Efforts										0.66**	0.43	0.49**
adj.R ²	0.07	0.38	0.09	0.10	0.07	0.34	0.17	0.10	0.34	0.45	0.13	0.37

*** Means p < 0.001; ** means p < 0.01; * means p < 0.05

Table 4: Hypotheses Results

Sr No.	Hypotheses	Result
H1	Customers' complaint in the event of ASP- failure will have a negative relationship with customers' satisfaction.	Full Support
H2a	Compensation from aggregator in the event of ASP- failure will have a positive relationship with (i) customers' satisfaction	Full Support
H2b	Compensation from aggregator in the event of ASP- failure will have a negative relationship with (i) nWOM. (ii) repurchase disinclination.	Partial Support
H3	Customers' satisfaction will negatively mediate the relationship between (i)compensation- nWOM (ii)compensation-repurchase disinclination	No Support
H4a	Punishment to ASP moderates the compensation-satisfaction-nWOM relationship. Among customers who receive an intimation about punishment, the above relationship gets weaker.	Partial Support
H4b	Punishment to ASP moderates the compensation-satisfaction-repurchase disinclination relationship. Among customers who receive an intimation about punishment, above relationship gets weaker	No Support
H5a	The moderation effect of punishment on the compensation-satisfaction-nWOM relationship is further moderated by the aggregator's efforts indicating moderated mediation. For high aggregator's efforts, the moderation effects of a punishment get stronger on the compensation-satisfaction-nWOM relationship	Partial Support
H5b	The moderation effect of punishment on the (i) compensation-satisfaction-repurchase disinclination relationship is further moderated by the aggregator's efforts indicating moderated moderation. For high aggregator's efforts, the moderation effects of a punishment get stronger on the (i) compensation-satisfaction-repurchase disinclination relationship	No Support

Table 5: Multi-group analysis

	Severe Issues			Minor Issues		
	Satisfaction	nWOM	Repurchase disinclination	Satisfaction	nWOM	Repurchase disinclination
Gender	0.19	0.06	-0.09	0.29	-0.37	-0.25
aggregator knowledge	0.02	-0.13	-0.38	0.00	-0.09	-0.27
Complain	0.00	-0.34*	-0.05	-0.18	0.79** *	-0.07
Compensation	0.57***	-0.34	-0.05	0.54*	-0.49	-0.26
Punishment	0.57***	-0.15	0.12	0.80***	-0.27	-0.28
Aggregator Efforts	0.46***	0.25*	0.30*	0.54***	-0.04	0.15
Satisfaction		-0.12	0.07		-0.14	0.06
nWOM			0.51***			0.53***
Compensation x Punishment	-0.76***	-0.31	-0.30	-0.22	0.00	-0.06
Compensation x Aggregator Efforts	-0.07	-0.06	-0.23	0.09	0.38	-0.35
Punishment x Aggregator Efforts	-0.08	-0.33	-0.64***	-0.61*	-0.26	-0.05
Compensation x Punishment x Aggregator Efforts	0.59*	0.37	0.58**	0.44	0.12	0.17
adj.R²	0.46	0.17	0.44	0.52	0.29	0.31