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The Influence of Service Failures on Customer Emotions amongst Banking Customers in Gauteng

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Abstract

There has been an increase in the demand for services in South Africa due to poor service delivery. Service providers in sectors such as the banking industry are recognised as those that deliver poor services. Customers' demand for better services has increased the level of interaction required between banking service providers and customers, but this interaction could lead to increased levels of frustration and negative emotions if the service is not provided correctly. This study therefore aims to identify the influence of a service failure on the emotions experienced by customers following service failure in the banking industry which could assist banks in developing more strategic marketing strategies focused on customer satisfaction, service recovery and customer retention. Data were gathered amongst customers of the Big 5 banks who had experienced a service failure with the bank using convenience sampling in the Gauteng area of South Africa. Results from the 281 useable questionnaires analysed using factor analysis and correlation testing reveal that any service failure significantly increases the negative emotions customers' experience. In most cases, customers experienced both external and situational emotions after experiencing the service failure by their bank such as anger, frustration and unhappiness. The study provides empirical evidence to bank marketers that a service failure will cause negative emotions amongst customers. This could then negatively impact the satisfaction levels of customers. Bank marketers therefore need to consider the negative emotions experienced by customers in their service recovery strategies such as apologising, providing compensation or ensuring the failure does not occur again in the future.

Key phrases

Banking industry; Customer emotions; Service failure; Service marketing and South Africa

1. INTRODUCTION

The banking sector in South Africa has experienced a high level of vigour in competing for banking customers' hearts and minds, since an estimated six per cent of banked South Africans switched to other banks (Schreuder 2016). This means that an estimated 2.3 million customers of the current estimated 38.2 million South Africans with bank accounts have switched to another bank (Mutsonziwa, Khumalo & Motsomi 2016). Reasons for switching mainly include service failures (Sullivan 2018; Thaichon, Quach, Bavalur & Nair 2017). New technology is providing new opportunities, and customer expectations around innovation and technology failures that are not met may encourage customers to leapfrog and move quickly to competitors (Finweek 2018; Cotton 2018; Redda, Surujlal & Leendertz 2017). Service failures also include impolite and rude behaviour or disinterested staff (Chigamba & Fatoki 2011; Techcentral 2015). Furthermore, inexperienced staff, poor responsiveness, low levels of assurance, and low levels of empathy shown to customers, as well as long waiting times and poor physical appearance of the bank, all contribute to dissatisfaction (Brink & Berndt 2004; Deborah, Jordaan, Shaw & Isaac 2016; Sullivan 2018; Syenap 2017). Despite the developments and improvements that have occurred in the South African banking industry to increase customer satisfaction levels, including initiatives such as increasing the services and product portfolios they offer and the introduction of technology applications, customers within the banking industry still experience service failures (Cotton 2018; Lapre 2011; Redda *et al*. 2017).

A service failure can be experienced as a result of customer expectations not being met, the nature of the service, customer involvement, recovery action, and the customers' perception of what actually occurred (Singhal, Krishna & Lazarus 2013). The outcome of the service failure is customer dissatisfaction, resulting in customer anger, negative word-of-mouth intentions, complaint intentions (Albrecht, Walsh & Beatty 2016) and negative emotions (Balaji, Roy & Quazi 2017). Ladhari (2009) agrees that emotions play a role that cannot be overlooked in consumer service evaluations. Furthermore, negative emotions can result in negative word-of-mouth communication, possible repurchase intentions, and third-party action. Bank marketers need to understand the influence of service failure on emotions in order to devise recovery evaluations that encourage positive post-recovery emotions to retain customers and to manage positive word-of-mouth (Balaji *et al*. 2017; Ozkan-Tektas & Basgoze 2017).

Although there has been an increase in service failure research (Coetzee 2018; Piha & Avlonitis 2015; Varela-Neira, Vázquez-Casielles & Iglesias-Arguelles 2008), not much is known about the influence of service failure on customer emotions in the South African banking environment. The aim of this study, therefore, is to determine the influence of service failure on emotions experienced after the occurrence of a service failure in the South African banking industry. The literature review provides background on the South African banking industry and on the emotions experienced after a service failure. The problem statement and research methodology are then discussed. Finally, recommendations, limitations, and managerial implications are derived from the results of the study.

2. LITERATURE REVIEW

2.1 Service marketing

Services' marketing is a growing phenomenon in the marketing field that aims to satisfy customers' needs and wants through the provision of quality services (Furrer, Sudharshan, Tsiotsou & Liu 2016). To provide quality services, service providers must ensure that customers' expectations are met from the very beginning of the service encounter. Due to the inseparability of services (i.e., the customer is part of the service encounter and the delivery), service providers do not have direct control over mistakes or defects before the customer is involved. This inseparability of services is also the reason that marketing literature has associated service offerings with higher perceived risk (Fox, Deitz, Royne & Fox 2018). For this reason, service providers must ensure that they constantly provide quality services that meet or exceed customer expectations, so as to prevent service failures from occurring (Boshoff 2014). It is imperative that banks approach service delivery improvement from both the operational and the customer experience levels (Gregson 2018). Banking customers expect their service providers to provide reduced waiting time, competitive charges, friendly staff, fast complaint resolution systems, relevant advice about complex products with a human advisor, and tailored personalised services (Accenture 2017:5; KPMG 2013). If service providers are unable to deliver or exceed customer expectations, one of the greatest problems in services marketing is experienced: service failure (Kim & Jang 2016).

2.2 Service failure

A service failure is a problem a customer encounters with a service (Colgate & Norris 2001). It is unexpected and unwanted (Sharma, Gangwar & Krishna 2016), and can lead to dissatisfaction when there is a discrepancy between the service received and the service expected to be received (Petzer, De Meyer-Heydenrych, Svari & Svensson 2012; Moorhouse & Roberts-Lombard 2016; Ozgen & Kurt 2012). A service failure causes customers to experience real or perceived economical (time and money) and social loss (esteem and image) that make them feel undervalued (Sullivan 2018; Qiu, Li, Mattila & Yang 2018). This dissatisfaction can result in customers either remaining or leaving (i.e. exiting/switching) their service provider (Colgate & Norris 2001; Petzer *et al*. 2012; Zongchao & Stacks 2017) complaining or grouching, voicing negative word-of-mouth, or taking revenge by engaging in extreme actions to punish the company (Petzer *et al*. 2012; Zongchao & Stacks 2017). Ozkan-Tektas and Basgoze (2017) argue that it is the customers' emotions that influence their ultimate decisions and actions. Customers' actions all depend on the magnitude of the perceived service failure: also referred to as service severity (Fox *et al*. 2018). Reasons for service failure in the banking sector, although briefly mentioned in the introduction, are summarised as follows.

The nature of a services' intangibility and inseparability contributes to the dissatisfaction of bank customers (Fox *et al*. 2018; Petzer *et al*. 2012), together with poor service and security issues, which lead to negative customer service experience. Singhal *et al*. (2013) divided banking industry service failures into four categories of which the first is machinery failure, comprising errors resulting from the use of electronic devices such as computers. The second category is hygiene and infrastructure failures, comprising problems encountered in the vicinity of banks or the service-scape, including a shortage of parking space. The third category comprises procedural failures caused by a failure to follow the service blueprint during the service-rendering process. The final category is information failure, which results from failure to provide the right information to customers at the right time and is caused by poor information administration. Kim and Jang (2016) agree that procedural failures occur because of the way in which the service was delivered, but added two categories to this. Firstly customers may experience a problem with the actual service or products, referred to as the core problem, and secondly they may experience interpersonal failures. Interpersonal failures may be due to the intangible nature of the service encounter or to the service employees themselves. Tran, Roswinanto, Yunus and Kurnia (2016) elaborate on these failure 'categories', arguing that service failures can be caused by external, individual and situational factors. External factors link to the interpersonal dimension where this failure occurs due to mistakes made by the service provider. Individual factors refer to customers blaming themselves for the service failure, also referred to as the attribution theory, where judgements are made about the cause-and-effect relationship (Baker & Kim 2018; Tran *et al*. 2016). Situational factors describe those occasions where neither the customer nor the service provider has caused the failure, but the failure has occurred due to the situation (Sharma *et al*. 2016; Tran *et al*. 2016). Sharma *et al*. (2016) agree that bank customers' behaviour (whether to switch, complain or remain) are affected by many factors, including the situation and the service providers' (interpersonal) mistakes. However, these authors have added that the past experiences of customers also play a role and that the magnitude at which the failure was experienced has an effect on their behaviour. A service failure may not be experienced as negatively in one setting as it is in another setting (Del Rio-Lanza, Vazquez-Cassielles & Diaz-Martin 2009; Moorhouse & Roberts-Lombard 2016; Sharma *et al*. 2016; Tran *et al*. 2016).

It is evident in literature (Table 1) that customers tend to experience and portray a range of emotions after a service failure has occurred (Balaji *et al*. 2017; Namkung & Jang 2010), and that these emotions influence customers' perceptions and behaviours (Petzer *et al*. 2012). When customers perceive a severe breach in an interpersonal service, they will most likely portray a stronger emotional response (Fox *et al*. 2018). Zourrig, Chebat, Toffoli and Medina-Borja (2014), Lim (2014) and Tran *et al*. (2016) stipulate that the more severe a failure is, the higher the negative emotions experienced by customers, leading to higher levels of customer dissatisfaction. A service firm can assist in determining recovery strategies if it recognises that emotions do occur (Baker & Kim 2018). Service recovery is essential in a marketing strategy as it provides the service provider with the opportunity of rectifying the damage caused by a service failure. If service recovery strategies are not correctly implemented, even further (and sometimes irreparable) damage to the relationship between the customer and the service provider will ensue (Lee 2018). Some recovery strategies that service providers can implement include i) ensuring the problem is fixed quickly; ii) making amends for the service failure such as providing compensation; iii) providing an explanation and apology to the customer and accept responsibility for the failure; iv) enable customers to lodge complaints; v) ensure the service is correctly provided the second time around; vi) showing the customer empathy during the recovery process; vii) provide regular feedback during the recovery process (Berndt & Boshoff 2018; Lee 2018; Sengupta, Ray, Trendel & Van Vaerenbergh 2018).

Table 1: Summary of recent studies linking service failure and negative emotions

Authors	Context	Constructs
Balaji *et al*. (2017)	Hospitality, Malaysia (been on holiday)	Service failure, emotions, emotion regulation, negative word-of-mouth
Baker & Kim (2018)	Hospitality	Service failure, emotions (impacts and attributions)
Chen & Lee (2018)	In general any service failure experienced	Service failure, fairness, service recovery and emotion
Fox *et al*. (2018)	Online consumer reviews (tourism and hospitality)	Service failure, consumer arousal and emotions
Ozkan-Tektas and Basgoze (2017)	Banking	Service failure, pre-recovery emotions, perceived justice
Padin and Svensson (2017)	Airline	Service failure, negative emotions, critical incidents
Qiu *et al*. (2018)	Hospitality (hotels)	Service failure, behavioural responses (complaint intention, negative word-of-mouth, switching and negative online reviews), face concern
Thaichon *et al*. (2017)	Banking	Service failure, negative responses (complaining, negative word-of-mouth)
Zongchao and Stacks (2017)	On-line survey to any participant who experienced a service failure with a company	Service failure, motive antecedents, anger and dissatisfaction

Source: Compiled from the literature review (2018)

2.3 Negative emotions after a service failure

The study of emotions encompasses various fields, including psychology, industrial relations, health sciences, and social exchange theory. The marketing field has drawn from these fields, since it has been determined that customer emotions have an influence on loyalty, satisfaction, and profitability (Antonetti 2016; Balaji *et al*. 2017; Kazi & Prabhu 2016). Although there is no consensus in the literature on how to define emotions (Padin & Svensson 2017), it is proposed that an emotion is a feeling that guides perception, thought and action; it organises as well as motivates the behaviour of individuals (Izard 1991). The feelings that customers experience during and following a service encounter, whether positive or negative are to do with their emotions (Padin & Svensson 2017). A good service encounter that meets customers' expectations would elicit a positive emotion (Positive WOM, increasing share of wallet, learning more about the brand); while the opposite would prompt negative emotions (Kazi & Prabhu 2016; Shin, Ellinger, Mothersbauch & Reynolds 2017).

Service failure leads to dissatisfaction, triggering negative emotions (Balaji *et al*. 2017; Chen & Lee 2018; Padin & Svensson 2017). Dissatisfaction is an example of high arousal and unpleasant feelings that result in various emotions (Ahn, Sung & Drumwright 2016; Balaji *et al*. 2017; O'Donohoe & Turley 2007). In the 1980s, Russell (1980) identified displeasure and boredom as negative emotional responses to service failure; however, Smith and Ellsworth (1985) added anger, disgust, contempt fear and sadness. More studies on negative emotions added; shame and guilt (Westbrook 1987), surprise (Westbrook & Oliver 1991), bad moods (Mano & Oliver 1993), gloom, nervousness and sluggishness (Oliver 1994), tension, anxiety, worry, depression, discouragement, distraught, frustration, loneliness, neglect, suspicion (Dube, Belanger & Trudeau 1996), humiliation (Liljander & Strandvik 1997), embarrassment, irritation (Edwardson 1998), nervous, scared (Brown & Kirmani 1999), regret (Zeelenberg & Pieters 1999), critical, offended, sceptical (Philips & Baumgartner 2002), rage (De Witt, Nguyen & Marshall 2008), and annoyance (Schoefer & Diamantopoulos 2008). Based on Oliver (1993); Svari, Slatten, Svensson and Edvarsson (2011) and Svari and Olsens' (2012) studies, Petzer *et al*. (2012) as well Padin and Svensson (2017) further grouped the different types of emotions into three dimensions labelled external, situational and internal emotions, linking these with the service failure categories with reference to the banking industry discussed earlier in this article namely i) machine failure, ii) hygiene and infrastructure failure, iii) procedural failure and iv) information failure (Singhal *et al*. 2013).

External emotions are those emotions experienced as a result of a service providers' error during the service rendering process. Customers are likely to experience emotions such as anger, rage and frustration, irritation, discouragement, distress and disempowerment which are the hostility or displeasure experienced after a service failure (Moorhouse & Roberts-Lombard 2016; Petzer *et al*. 2012). Internal emotions include shame, guilt, regret, loneliness, unhappiness, embarrassment, or sadness, and are experienced when customers accept the blame for the service failure, or when customers feel that the service failure was a result of their own shortfall in giving attention to detail provided by the service provider during the service rendering process (Petzer *et al*. 2012; Svari & Olsen 2012). Situational emotions are emotions experienced when customers blame neither themselves nor the service provider for the service failure, but believe that the failure was a result of undesirable and uncontrollable situational conditions (Padin & Svensson 2017; Petzer *et al*. 2012). The types of situational emotions experienced by customers include fear and anxiety, worry and nervousness (Moorhouse & Roberts-Lombard 2016; Petzer *et al*. 2012). Antonetti (2016) and Padin and Svensson (2017) explain that the service provider should aim to reduce the negative emotion experienced by customers so as to prevent a second (or more intense) service failure that may be irreparable.

According to several authors (Antonetti 2016; Fox *et al*. 2018; Padin & Svensson 2017; Zongchao & Stacks 2017), service providers employ certain strategies when dealing with a service failure and with the negative emotions that consumers then experience. Some service providers use 'denial strategies', where the problem and the service failure are ignored, or the problem is deflected to another party (Antonetti 2016). This is often unproductive, and can cause a second, often more severe, service failure. Another strategy is to explain why the service failure occurred (Fox *et al*. 2018; Kahle 2017; Ross, Goldberg, Scanlan, Edwards & Jamison 2013:123; Tschohl 2014). In many cases this is a better strategy to use, and can often lead to improved emotions on the part of the customer. A third strategy is to reprimand the employee who caused the service failure – although this strategy does not reduce the negative emotions experienced by the employee, and therefore only deflects the problem (Antonetti 2016). An apology strategy is seen as being effective when dealing with a service failure, especially when negative emotions are experienced. This is where the service provider takes responsibility for the service failure (Fox *et al*. 2018; Kahle 2017; Ross *et al*. 2013; Tschohl 2014). Although this strategy may have some negative consequences in the short term (for example, having to provide compensation to the customer), it may be the most effective in the long term as it can repair and enhance relationships. In respect of the negative emotion of anger, providing compensation seems to be the best service recovery strategy (Antonetti 2016; Ross *et al*. 2013; Zongchao & Stacks 2017).

Marketing theory has neglected to determine the importance of the way in which customer emotions (especially negative emotions such as anger) link with the goals of service providers, such as the goal of building long-term relationships with customers in order to develop their loyalty and repurchase intention (Antonetti 2016). Previous studies have indicated that customers experience negative emotions during and after a service failure; however, little research has been conducted into the effect of negative emotions within a service failure context (Balaji *et al*. 2017). Tran *et al*. (2016) and Balaji *et al*. (2017) explain that service providers need to understand how customer emotions following a service failure affect the service recovery strategy that they employ. For example, a customer may not experience just one emotion; they may first feel angry about a failure, then move on to being disappointed and then regret their decision to even engage with the service (Chen & Lee

2018). For this reason, service providers need to ensure that they not only develop a service recovery strategy, but also consider consumers' progressing emotions during that process.

3. THE PROBLEM STATEMENT

Intense competition in the South African banking industry, together with technological advances implying 'always on, any time, any place, anywhere,' have increased customer expectations and suggest a need for banks to consider strategies to retain customers and survive in the industry (Finweek 2018; Cotton 2018; Passey 2018; Petzer & Mostert 2012). Retail banking is considered the most competitive component of a banks' business (PWC 2017; PWC 2013). Customers can choose from the five big retail banks operating in South Africa (FNB, Standard Bank, Absa, Nedbank, and Capitec), not to mention new entrants such as Bank Zero, Thyme Bank, and Discovery that are planning to enter the banking market (Banking Association of South Africa 2016; Finweek 2018; Gregson 2018). Customers have choice, and they do not hesitate to switch if they are unhappy, or to spread negative word-of-mouth (Mutsonziwa *et al*. 2016).

Unfortunately, service failure does occur, especially in an industry with high levels of human interaction (Singhal *et al*. 2013). These interactions can be seen from either the employees' or the customers' perspective, so in the banking industry there is a high chance of error occurring, which means that service failure is inevitable. Failure to meet customers' expected service quality levels may result in the development of negative emotions towards a service provider, which in turn influences customer satisfaction levels. Customers may avoid or switch between service providers after service failure, especially when they perceive the service failure to be severe. This may result in customers spreading negative word of mouth about the service provider which leads to the loss of business by the service provider. It is therefore important for banks to know which emotions are likely to be experienced by customers after service failure. Only once banks understand the emotions involved during a service failure, can applicable service recovery strategies be developed (De Matos, Vieira & Veiga 2012; Thaichon *et al*. 2017). From previous literature (Table 1), the effects of service failure severity on the emotions experienced by customers have been researched internationally, but these are mainly from a tourism or hospitality perspective. From the two studies identified in the banking industry, the studies focussed mainly on the perceived justice experienced after recovery, or the effect on word-of-mouth. As far as the authors could determine, at the time of the research, no study in South Africa had purely considered the effect of service failure severity and the negative emotions experienced. This study is there for important to consider as only once a bank identifies the actual negative emotions experienced, can they develop targeted recovery strategies based on the effect of the negative emotion.

4. RESEARCH OBJECTIVES

The primary objective of this study is to determine the influence of service failure on the emotions that customers experience when suffering a service failure with their bank.

The following secondary objectives were formulated:

- To ascertain the overall severity of the service failure experienced by respondents after suffering a service failure with their bank.
- To determine the overall negative emotions respondents experienced after suffering a service failure with their bank.
- To determine whether a relationship exists between service failure and the emotions that customers experience when suffering a service failure with their bank.

5. RESEARCH HYPOTHESIS

H_1: There is a significant relationship between service failure and the emotions customers experience when suffering a service failure with their bank.

6. RESEARCH METHODOLOGY

6.1 Research approach and sampling

A descriptive research design was used for this study, since it aims to provide a detailed understanding of the populations' characteristics after a service failure in the banking industry has occurred, and the effect this has on emotions (Hair, Celsi, Ortinau & Bush 2013). The descriptive design also enables researchers to make precise forecasts about the customers' behaviour (Wild & Diggines 2009). The study was quantitative in nature, and data were collected via the distribution of self-administered questionnaires outside the major malls of all municipalities of Gauteng, South Africa. The Gauteng area of South Africa includes five municipalities including Johannesburg, Tshwane, Ekurhuleni, Sedibeng and West Rand municipality (Gauteng Provincial Government 2019). Gauteng was selected for the study as over 70 banks' headquarters is located within the province, and it is the economic hub of South Africa (Gauteng Tourism 2019). As no list of individual customer names was available, a non-probability sampling method was adopted, using convenience sampling, which entails choosing respondents based on their availability and readiness to provide information (Hair *et al*. 2013). All respondents completed questionnaires anonymously, and no personal details were obtained. 300 questionnaires were distributed to respondents as Pallant (2016) suggests for statistical analysis a sample size of between 250 and 300 is sufficient, with 281 questionnaires being usable for the statistical analysis. A summary of the sampling plan is presented in Table 2.

Table 2: Summary of sampling plan

Target population	All individual bank account holders of the five major banks in South Africa
Sampling method	Convenience
Sampling technique	Non-probability
Sampling units	Customers of the five major banks who have experienced service failure at their bank
Time frame	Trained fieldworkers distributed the questionnaires over a two-week period, which included weekdays and weekends and various times of the day
Area	Gauteng (Johannesburg, Tshwane, Ekurhuleni, Sedibeng and West Rand Municipalities), South Africa
Sample size	300 respondents

Source: Compiled by the author

6.2 Measuring instrument and data collection

The self-administered, structured questionnaire was adapted from a study done by Petzer *et al*. (2012) which was conducted in the Tourism and Hospitality field. The introductory section comprised a detailed short description of the study objectives. Two screening questions were included which identified individuals who were account holders at any South African bank and who had experienced banking service failure within the previous six months. Section A of the questionnaire included six questions and gathered demographic information about the respondents, Section B included four questions that focused on their patronage behaviour. Sections A and B were measured using nominal and ordinal scales. Section C gathered information on respondents' experiences of service failure. Section D captured information on their emotions experienced after a banking service failure had occurred. The service failure construct consisted of seven items, and the emotions construct of 20 items (Table 3). These constructs were adopted from the study by Petzer *et al*. 2012, which indicated that the scales were reliable and valid. A five-point unlabelled Likert-type scale, where 1 represents 'strongly disagree' and 5 represents 'strongly agree', was used in Sections C and D.

6.3 Data collection

Self-administered questionnaires were distributed at the major malls in all five municipalities in Gauteng. Mall intercepts were used because they result in the effective co-operation of respondents (Malhotra 2010). Trained field-workers were used to distribute the questionnaires over a two week period in July 2016, which included weekdays and weekends as well as different times during the day.

6.4 Data analysis

Data were prepared and analysed using SPSS version 24. Normality of data distribution was determined through skewness and kurtosis, where all the data fell within the parameters of skewness below 2.00 and kurtosis of less than 7.00 (Kim 2013). After normality was confirmed, parametric testing could be conducted.

Exploratory factor analysis (EFA) was conducted to identify correlations between the set of underlying statements of the service failure and emotion scales (Malhotra 2010). The EFA used the principal component extraction method. Factor analysis was suitable for the study, as the sample size of 281 was large enough, and the strength of the inter-correlations was suitable. The Kaiser-Meyer-Olkin Test (KMO) of both service failure and emotions indicated that the factor analysis was adequate and appropriate to support factorability of the correlation matrix. This was further supported by the Bartletts' test score of above 0.6 and a p-value of Sig. that was less than 0.05 (Malhotra 2010; Pallant 2016). Two factors were identified from the EFA, namely 1) service failure and 2) negative emotions. All Factor loadings of less than 0.3 were omitted for the analysis. These two factors explained 52.9% of the variance, with service failure explaining 37.2% and negative emotions explaining 15.7%.

See the component matrix in Table 3.

Table 3: Component Matrix of the EFA

Item	Factor 1 (Service Failure)	Factor 2 (Negative emotions)
I considered this service failure in a serious light	.551	
This service failure was an unpleasant experience for me	.572	
I believe that this service failure was inexcusable	.498	
This service failure cannot be ignored	.532	
I feel that this type of service failure should not occur again	.534	
This service failure was a big problem for me	.682	
This service failure was very inconvenient for me	.590	

Item	Factor 1 (Service Failure)	Factor 2 (Negative emotions)
Fear		.653
Worry		.636
Anxiety		.646
Nervousness		.656
Anger		.638
Irritation		.542
Rage		.652
Shame		.604
Guilt		.503
Regret		.612
Embarrassment		.607
Sadness		.645
Loneliness		.506
Unhappiness		.599
Depression		.632
Discouragement		.616
Frustration		.647
Disempowerment		.687
Distress		.709

Source: Compiled by the author

Cronbachs' alpha value was used to determine the reliability of the measurement scales. According to Pallant (2016), a Cronbachs' alpha value greater than 0.7 is acceptable, but values higher than 0.8 are more desirable and show high levels of scale reliability. As indicated in Table 4, the reliability scores of the service failure and negative emotions scales were 0.731 and 0.928 respectively, showing that the scales were reliable.

Table 4: Reliability scores of the measurement scale

Scale	Cronbachs' alpha value
Service failure	0.731
Negative emotions	0.928

Source: Compiled by the author

7. Results

This section provides the outcomes obtained from the demographic profile of the respondents, the service failure experienced by the respondents in the banking industry, and the negative emotions respondents experienced after banking service failure.

7.1 Demographic profile of respondents

Of the 281 respondents who participated in the study, 45.9 per cent were male and 54.1 per cent were female, with 47.0% being single. Most of the respondents had a university degree (41.3 per cent) or had completed matric (28.8 per cent). The majority of respondents were English-speaking (39.2 per cent), followed by Nguni-speaking (22.4 per cent); 54.5 per cent were employed full-time in organisations; and 67.7 per cent fell within the generation Y age group. Table 5 shows the demographic profile of the respondents.

Table 5: Respondents' demographic profile

Demographics		Frequency	Percentage
Age	Generation X (1930-1979)	91	32.3
	Y (1980-2000)	190	67.7
	Z (2001-2014)	0	0
Education level	Some primary school	3	1.1
	Some high school	7	2.5
	Matric/Grade 12	81	28.8
	Technical College diploma	29	10.3
	University of Technology diploma	34	12.1
	University degree	116	41.3
	Post-graduate degree (masters'/doctorate)	11	3.9
Gender	Female	152	54.1
	Male	129	45.9
Language	Afrikaans	41	14.6
	English	110	39.2
	Nguni (isiZulu, isiXhosa, isiSwati, isiNdebele)	63	22.4
	Sotho (Sepedi, Sesotho, Setswana)	43	15.3
	Venda and isiTsonga	20	7.1
	Other	4	1.4

Demographics	Frequency	Percentage	Demographics
Employment	Self-employed	35	12.5
	Full-time employed by an organisation	153	54.5
	Part-time employed by an organisation	20	7.1
	Full-time student	45	16.0
	Part-time student	12	4.3
	Housewife/househusband	2	0.7
	Retired	6	2.1
	Unemployed	6	2.1
	Other	2	0.7
Marital status	Single	132	47.0
	Married/living with a partner	94	33.4
	Living with parent	44	15.7
	Divorced	11	3.9

Source: Compiled by the author

7.2 Patronage behaviour

Of the 281 respondents who contributed to the study, the majority experienced failure at the following banks: Absa (27.0 per cent), FNB (27.0 per cent) and Standard Bank (26.0 per cent). Respondents were allowed to identify more than one account when answering the questionnaire. Of all the accounts they held with their banks, the majority were savings accounts (55.2 per cent) and cheque accounts (54.1 per cent). The majority of respondents were with their banks for more than six years (43.8%) and paid between R100 and R300 in bank charges monthly (48.4%). (See Table 6).

Table 6: Patronage behaviour of respondents

Patronage behaviour		Frequency	Percentage
Bank name	Absa	76	27.0
	African Bank	1	0.4
	Capitec	21	7.5
	FNB	76	27.0
	Nedbank	34	12.1
	Standard Bank	73	26.0

Patronage behaviour	**Frequency**	**Percentage**	**Patronage behaviour**
Type of account	Savings	155	55.2
	Cheque	152	54.1
	Credit card	76	27.0
	Home loan	24	8.5
	Personal loan	13	4.6
	Investment	13	4.6
	Vehicle finance	18	6.4
	Insurance	9	3.2
	Other	5	1.8
Period with the bank	<3 years	73	26
	3-6 years	85	30.2
	6<	123	43.8
Monthly bank charges	<100 Rand	90	32.1
	100-300 Rand	136	48.4
	301-500 Rand	30	10.6
	500< Rand	25	8.9

Source: Compiled by the author

7.3 Services failure and the perceived failure severity

Table 7 reflects the standard deviation and mean scores of the extent to which respondents were in agreement with statements about their severity perceptions towards a service failure. The statements were measured on an unlabelled five-point Likert scale, where 1 = strongly disagree and 5 = strongly agree. From Table 6 it is evident that most of the respondents strongly agreed with the statements, as shown by their mean value. “I feel like this type of service failure should not occur again” (mean = 4.11, standard deviation = 1.039); “The service failure was very inconvenient for me” (mean = 4.05, standard deviation = 1.165); “This service failure should not be ignored” (mean = 4.01, standard deviation = 1.137). The overall level of service failure for the study realised a mean of 3.88 (standard deviation = 1.155), indicating that customers ranked the service failures as moderately severe.

Table 7: Respondents' service failure severity perceptions

Service failure severity	Standard deviation	Mean
I consider this service failure in a serious light	1.228	3.62
This service failure was an unpleasant experience for me	1.134	3.86
I believe this service failure was inexcusable	1.183	3.77
This service failure cannot be ignored	1.137	4.01
I feel like this type of service failure should not occur again	1.039	4.11
This service failure was a big problem for me	1.203	3.75
This service failure was very inconvenient for me	1.165	4.05
Overall service failure	1.155	3.88

Source: Compiled by the author

7.4 Negative emotions

From Table 8 it can be noted that most of the respondents experienced negative emotions such as anger (mean = 3.80, standard deviation = 1.233), frustration (mean = 3.52, standard deviation = 1.407), worry (mean = 3.02, standard deviation = 1.356), and unhappiness (mean = 3.01, standard deviation = 1.427). Respondents experienced these negative emotions more strongly during the service failure than the rest of the emotions as per Table 6. The overall level of negative emotions experienced after service failure had a mean value of 2.75 indicating that respondents leaned towards disagreeing with experiencing the majority of negative emotions.

Table 8: Emotions respondents experienced after a service failure

Emotions	Standard deviation	Mean
Fear	1.357	2.40
Worry	1.356	3.02
Anxiety	1.362	2.88
Nervousness	1.470	2.94
Anger	1.233	3.80
Irritation	1.288	3.74
Rage	1.398	2.96
Shame	1.323	2.16
Guilt	1.305	2.07
Regret	1.461	2.59
Embarrassment	1.338	2.19

Emotions	Standard deviation	Mean
Sadness	1.319	2.28
Loneliness	1.332	2.15
Unhappiness	1.427	3.01
Depression	1.434	2.24
Discouragement	1.467	2.78
Frustration	1.407	3.52
Disempowerment	1.481	2.79
Distress	1.461	2.77
Overall emotions	0.910	2.75

Source: Compiled by the author

8. HYPOTHESIS TESTING

The Pearson product-moment correlation coefficient was used to determine whether there was a significant relationship between service failure and emotions experienced after a service failure (see Table 9). As the p-value, presented in Table 9, was less than the 0.05 significance level ($p \geq 0.000$), it can be stated that there was a significant relationship between service failure and the emotions developed after a service failure, and H_1 can therefore be accepted. According to Pallant (2016), the strength of a relationship between two continuous variables can range from -1 to 1 and a range between r = 0.30 and 0.49 shows a medium strength relationship. From Table 9 it is noted that the correlation value observed in this study was 0.435, which indicates that there is a medium strength relationship between service failure and emotions.

Table 9: Pearson Product-Moment Correlation

		Overall service failure	Overall emotions
Overall service failure	Pearson Correlation	1	.435
	Sig. (2-tailed)		.000
	N	281	281

Source: Compiled by the author

9. IMPLICATIONS AND RECOMMENDATIONS

Despite new technologies employed by banks and alternative digital ‘banking’ channels, customers still value customer service and security as the most important factors that keep them coming back (Sullivan 2018). Service failure is inevitable (Shin *et al*. 2017), and when a service failure does occur, customers do not want to be ignored. Customers expect banks to notify them in real-time, and do not expect to have to notify the bank. Aligned with social account theory, which proposes that consequences of interactions and activities should be accounted for (Gray 2000), it is furthermore apparent that customers expect the bank to provide an explanation for the failure, or to convince them that the failure was not intentional (Chen & Lee 2018; Baker & Kim 2018; Sullivan 2018). These elements should therefore be included as part of the banks recovery strategy as mentioned in the literature review.

Consistent with the literature, this study confirms that South African banking customers experience negative emotions after experiencing a service failure with their bank, as indicated in the hypothesis testing. The study aims to inform bank managers about the different types of emotions experienced by customers so that they can implement different recovery strategies. Service recovery is an opportunity not only to fix the service, but also to rebuild the relationship (Baker & Kim 2018). This study has indicated that South African bank customers most commonly experience emotions such as anger, frustration, worry and unhappiness when a service failure has been experienced. Literature provides some suggestions for dealing with angry customers, suggesting that the service provider, in this instance the bank, should listen, empathise, apologise, solve the problem as quickly as possible, and then follow up. By implementing these strategies, customer emotions will be managed and the recovery process will have commenced which can increase satisfaction (Balaji *et al*. 2017; Kahle 2017; Passey 2017; Tschohl 2014).

Not much has been written about ‘frustration’, and how to deal with this emotion in a services marketing situation. According to Brecher and Hantula (2005) frustration is specifically experienced in a service failure context where the customer feels that he/she has invested into the process. Negative feedback from the service provider escalates the experiences of frustration. Bank marketers and managers can deal with frustration by providing prompt feedback to the customer as to why the failure occurred and by not blaming the customer. Customer service is essential. By training employees to handle failures and complaints, and by providing customers with a channel through which to complain, frustration can be alleviated (Schepers & Nijssen 2018). Shin *et al*. (2017) place emphasis on proactive interaction, recommending that service customers be pre-prepared for the possible occurrence and effects of service failure.

Specifically when a security breach or fraudulent behaviour is expected or experienced, customers suffer worry and anxiety (Kates Smith 2015; Martin, Borah & Palmatier 2017). It is suggested that banks should anticipate these problems by continuously scanning the environment, preparing for change or disruption and responding quickly (Passey 2018). It is important that banks warn customers about cyber risks and communicate extensively on social media, websites and in the press about ‘phishing’ and other clever behaviours that cyber terrorists may indulge in. In most instances, banks should assume responsibility for a service failure, and it is recommended that bank managers implement effective and efficient service provision systems, meaning that systems are maintained, updated and service provider staff are trained to operate these systems. Although there is a huge drive in ‘self-service’, customers still need easy, clear and accessible information as well as a 24 hour operated customer- and crime helpline to assist should a problem occur. Customer trends and customer preferences should be monitored, as smart phones are increasingly used for electronic bank transactions and to access information via mobile applications. Automated machine services and chatbots (a bot is a software that will perform automatic tasks) are designed in such a way as to enhance communication with human users through the internet (Elupula 2018) and are also useful fourth industrial revolution technology advancements that could assist in smoothing the banking experience in decrease the effect of negative emotions in assisting the service to be performed right the first time.

Negative emotions such as anger, frustration, unhappiness and worry were evident in the experiences of the respondents to this study. Bank managers should put policies and systems in place that empower their customers so that they feel they are in charge or in control of situations. These can include allowing customers to say how they want services to be delivered to them; and social network applications, such as online communities, that allow customers to access and share information about the brand amongst themselves. Bank managers must ensure that specific types of service failure do not recur. This can be done through continuous follow-up on customer service evaluations, so as to address service failure causes as they unfold. Banks must also introduce periodic customer service training for their employees, during which they share solutions to specific service failure problems.

Respondents to the questionnaire also showed a high level of agreement about the statements: “The service failure should not be ignored” (mean = 4.01) and “I feel like this type of service failure should not occur again” (mean = 4.11). In line with this, bank managers are advised to have systems and procedures in place that encourage and guide customer complaint behaviour and that respond to customer complaints in real time. It is important for South African banks to provide customer-friendly complaint channels, and to plan and implement specific service recovery strategies to respond to these complaints (Petzer *et al*. 2012). Recovery tactics include anticipating, inviting and listening to complaints; establishing recovery standards, guidelines and tracking systems; responding quickly to problems; and informing customers of progress and developments. This should also be addressed in recruitment and training (Balaji *et al*. 2017; O'Donohoe & Turley 2007). Specifically, for 'always on' technologies it is important that banks listen to customers and try to understand their expectations (Passey 2017). Banks can use technology to update their records as to whether a reported service failure has been addressed, and the system could set a daily reminder to customer service liaison officers regarding pending service failure issues.

Simply reducing negative emotions may not be sufficient to enhance customer satisfaction. Ozkan-Tektas and Basgoze (2017) suggest that positive justice perceptions may be a strategy to reduce the negative emotions felt after a service failure, and could generate satisfaction. They also suggest that a firms' reputation could moderate the effect of emotions with post-recovery satisfaction via distributive justice, which means customers want to be treated equally, and they want to be acknowledged by providing them with the opportunity to complain (Chepkwony, Korir, Lagat, Mumbo & Odera 2012).

10. LIMITATIONS AND FUTURE RESEARCH

This research used convenience sampling, which means that participants were limited to those who were within close proximity of the researcher. This method discounts the generalisability of the results across the entire South African population. Future research should be undertaken in different provinces of South Africa. This research also did not specify the range of service failure severity experienced by customers, identifying only the emotions experienced. Future research should identify the range of service failure severity experienced. There is paucity in literature around how to deal with specific emotions, such as strategies on anger, strategies on frustration and so forth. Future research should focus on identifying the best recovery strategies for specific emotions that customers experience and how these could relate to satisfaction and service recovery.

11. CONCLUSION

This research investigated the influence of service failure on the emotions experienced by customers in the banking industry of South Africa. The study identified the extent to which customers evaluate the service failure they have experienced. It also uncovered the negative emotions which are most experienced by bank customers, and can therefore help managers to devise service recovery strategies relating to those specific emotions such as apologising, compensating for the failure and ensuring the failure is corrected quickly.

The study significantly contributes towards understanding the relationship between service failure and negative emotions experienced after a service failure. It also allows managers to see clearly the importance of empowering front-line employees and customers within the service rendering process, to maintain high service quality levels.

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