

# SERVICE FAILURES AND RECOVERY STRATEGIES

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## INTRODUCTION

The service sector is one of the most important sectors for almost all the countries and is a key contributor to the GDP. In today's competitive environment, any service organization cannot survive successfully without delivering high-quality service. The services sector is not only the dominant sector in India's GDP but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction. Bitner (1993) argues that due to the unique nature of services it is impossible to ensure 100% error-free service. The retention of customers, for any business, can be a critical activity, promoting the long-term health of the business organization

## Definition of services marketing

*The American Marketing Association defines services as - "Activities, benefits and satisfactions which are offered for sale or provided in connection with the sale of goods."*

## Service Failures

If services are performed right at the first time, the question of deficiency or failure does not arise. But service firms often face problem of poor performance, delayed performance or part performance. These problems arise due to several reasons human error may be dominant reason.

Consumers have grievances against the service provider when they experience deficiency in service or service same manner. In services, failures are difficult to avoid due to their characteristics and service recovery has become one of the ingredients for firms in the restoration of customer satisfaction and in the reinforcement of customer loyalty

Even with the best service organizations, failures can just happen – they may be due to the service not available when promised, it may be delivered late or too slowly (some times too fast??), the outcome may be incorrect or poorly executed, or employees may be rude or uncaring. All these types of **service failures** bring about negative experiences. If left unfixed they can result in customers leaving, telling others about the negative experiences or even challenging through consumer courts. Research has shown that resolving the problems effectively has a strong impact on the customer satisfaction, loyalty, and bottom-line performance. Customers who experience **service failures**, but are ultimately satisfied based on recovery efforts by the firm, will be more loyal.

### **Service Recovery Strategy**

Zemke & Bell (2000) describe service recovery as a process for returning aggrieved customers to a state of satisfaction with the organization after a service or product has failed to live up to expectations. Schweikart et al. (1993) view service recovery as part of quality management and that the ultimate objective of it all is to maintain the business relationship with the customer. This contention is based on the premise that customer satisfaction ensures customer loyalty, repeat sales and positive word-of-mouth communication (Bearden & Teel, 1983). According to Tax and Brown (2000), service recovery is a “process that identifies service failure, effectively resolves customer

problems, classifies their root causes and yields data that can be integrated with other measures of performance to assess and improve the service system”.

When the company fails to stand for its promises made to the customer on the basis they build expectation, it's to be said that there is service failure. When the service failure occurs, there can be again severe ramification. Customer is considered to be the bread and butter, hence retaining them is the biggest challenge, and however service failure acts as an obstacle to it. Service efforts by the service provider are essential to settle the grievances of the consumer. No service provider can afford to have consumer grievance as that may result in sever customer loss.

### **REASONS FOR SERVICE FAILURE**

Berry & Parasuraman (1992) argue that organizations should consider failure as an opportunity to create satisfied customers and not as a problem and that a proper attitude leading to correct these situations will positively influence the long-term performance. In a study made by Johnston (1995) on services companies, it was found that most pleasantly surprising situations were the result of error correction actions. Service failure relates to events that can lead to unsatisfactory experiences from the point of view of the customer (Bitner et al., 1990). Chung & Hoffman (1998) mention three categories of failures in the case of services: ·

- Service system failure (eg unavailable services, unfriendly customer treatment policy etc.) ·
- Customer requests failure (eg employees are not able to meet individual customer needs) ·
- Failure on slow and inappropriate actions of employees (eg rudeness, wrong delivery, incorrect billing, etc.)

Lewis & McCann (2004) mention the following consequences of service failure dissatisfaction:

- low customer confidence
- transmission of negative information to other potential customers
- loss of customers
- loss of revenues
- increased costs
- decrease in employee morale and performance.

## SERVICE RECOVERY STRATEGIES

**1. Apologize and Ask for Forgiveness:** After a service failure, listen to the customers and don't interrupt. Apologize for the failure in a genuine and sincere tone. Also, provide them with the full information regarding the cause of the service failure.

**2. Go Over the Complaint with Your Customer:** Always go through the complaint as you might be missing something. This also helps us to actually understand who's at fault because sometimes the customers may also be wrong or

may give false complaint. We can also locate the expectations of the customers after the failure has occurred.

**3. Fix the Problem and Then Follow Up:** In the service recovery, try to fix the problem with the best alternative and follow-up with the customer. In the case of Southwest Airlines, a man had paid \$8 for the Wi-Fi services in the flight but didn't get the service. Later, the amount was refunded by the airline, and this helped to develop a loyal customer for Southwest Airlines.

**4. Document the Problem in Detail:** The last service recovery is recording the complaints and problems and training the staff members for similar problems that may occur in the future. The only way to prevent serious problems from recurring is to document the problem for careful analysis later.

**5. Be patient:** Before performing any sort of service recovery, your support team should carefully try and piece together the complete picture of the customer. Ask the right questions so you can get to the crux of the issue faster, but allow customers to take their time when it comes to answering. If you don't take your time with understanding the problem it may lead to the wrong course of action.

**6. Go the extra mile:** A rule of thumb when it comes to service recovery is always going the extra mile for the customer. A Service Recovery scenario requires you to put the need of the customer first. This means sometimes you have to deviate from the normal way of dealing

with issues. If that involves a significant compromise from your end, so be it because you have to compensate for the distress the customer has faced.

**7. Keep a recovery mindset :** Service recovery requires certain flexibility in mindset when it comes to problem-solving. Empathy and understanding is an important part of this mindset. It's not enough to just fix a customer issue. Service recovery requires support teams to approach every customer problem as an opportunity to win them over.

**8. Prioritize speed of recovery:** The distress customers go through when things aren't working for them can quickly turn into frustration. To avoid these situations your support team needs to act quickly when working on service recovery. Speed in both initiating the service recovery process and completing it is essential to taking advantage of that window of opportunity.

## REVIEW OF LITERATURE

**1. Ramachandran, N (2014)** revealed in his study that the switching behaviour among the customers in the mobile phone service market is higher. It is relatively very high among the urban customers than the rural customers. The switching resistance, perceived justice on service failure, service quality gap, antecedents for exit and factors leading to customer churn are noticed as higher among the urban customers than the rural customers. The above said determinants are significantly increasing the switching intention

among the customers whereas the rate of impact of these determinants is higher among the urban customers than that among the rural customers. Hence, the service providers are advised to concentrate on the determinants of switching behaviour among the customer carefully and design suitable strategies for their market segment in order to retain their customer and have consistent market share.

**2. Masud Ibrahim, Ssendiwala Abdallahamed (2014)** their research focused on examining the relationship between Service recovery based on firm's understanding of customer complaints, as well as service recovery based on firm's fair treatment of customer complaints and customer satisfaction. Service recovery based on firm's understanding of customer complaints was positively related to customer satisfaction. The use of assurance, apology and explanation enables telecommunication firms to ensure that quick responses are met immediately after service failures. In the sense, service failures cannot completely avoidable, Service recovery based on firm's understanding of customer complaints and Service recovery based on firm's fair treatment of customer complaints have been proven as an effective strategy for satisfying customers after service failures in services marketing settings

**3. Don and Bailey (2012)** showed that phone service quality, customers service quality and phone plan quality are three major motivators in terms of causality with regard to brand image,

customer service quality and complaint management.

#### 4. **RoshanKazi, SandeepPrabhu(2016)**

discussed literature topic in services marketing is service failure, and service recovery as a proactive measure. Three service failure effects are identified as; negative emotions generated in service consumer, the effect of emotional labor faced by service employees, and emotion contagion exchanges between service employees and consumers. The literature also suggests customer reactions to service failure like; expectations of justice & fairness, consumer forgiveness, possibility of consumer revenge, opportunistic claiming, recovery satisfaction, and switching behaviour of consumers. Lastly, literature themed around management of service recovery is discussed as; compensation & apology speed of response & positive ending, and customer relationship.

5. **AbdulGhafoorAwan (2016)** study concludes that reason behind switching is caused by factors such as price, inconvenience, customer services, customer satisfaction, and service failure. As concerns to preferences of customer excluding existing services dissonance they have other priorities of innovative VAS and new technological attractiveness. Switched customers have used to switch from one network to another for many times and their attitude regarding switching is arbitrary and not persistent. In spite of that companies should focus on the causes mentioned in our study to reduce customer switching by creating strong customer

relationship and more attractiveness to retain customer at existing network that will produce long term profitability for companies.

#### **Conclusion**

We understand there is no perfect service system and so failures happened by time to time whereas customers are satisfied as long as service providers are able to meet or exceed their service expectations. Service recovery plays an important role in nowadays relationship marketing. Today, many organisations are facing challenges in the area of customer service and service delivery. It has been found that as the cost of attracting a new customer is more expensive than retaining an existing customer, therefore, organisations are striving to build long-term relationship with existing customers. This approach helps the organisations to keep their existing customers higher the loyalty level towards their businesses and also benefit the customers in enjoying a high level of customer service which is provided by the organisations.

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