CUSTOMER PERSPECTIVES ON SERVICE FAILURES
IN THE TOURISM AND HOSPITALITY INDUSTRY

By Beverley Sparks
Technical Reports
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Chapter 1

Introduction

This project focuses upon the topic of service failure and recovery processes in the tourism sector. This report investigates the consumer thought processes and responses associated with service failure/recovery events. Thus, the perspective of the customer, including the assigning of meaning to outcomes and actions associated with the service failure/recovery process, is paramount in this report. As a result, an overall aim of this research was to achieve a better understanding of how customers think and feel about service failures and subsequent recovery process.

Background

In order to sustain a business it is important to have satisfied customers. Satisfied customers are more likely to return, as well as recommend the product to others. On the other hand, dissatisfied customers are more likely to engage in behaviours that negatively impact upon a business. For instance, negative word of mouth or switching to another product. In addition, a dissatisfied customer is more likely to also experience negative emotions such as anger and frustration, which can also impact directly onto service personnel. In many cases customer dissatisfaction arises because of some failure in the service system. The impact of this failure will vary as a result of what, if any, service recovery tactics are implemented.

Why does service fail?

The tourism and hospitality industry offers a range of services, including accommodation, food and beverage, transport, tours and attractions. Like all service industries, the services provided within the tourism and hospitality sector have several things in common, which distinguish them from the products offered by manufacturing and other commercial sectors. For example, services are relatively intangible, and they are characterised by simultaneous production and consumption. Thus, it is difficult to observe tourism and hospitality services in advance and even harder to ‘try before you buy’. The provision of services is often immediate and spontaneous. Successful service provision requires a matching of expectations and behaviours, a task that is difficult to achieve under conditions of time pressure and inter-customer variability. For all these reasons, achieving a situation of zero defects is quite difficult and inevitably service failures sometimes occur.

The approach of this research

This research draws upon ideas and knowledge that has been built up using what is known as justice or fairness theories. A wide range of past research has been conducted in this area but in the past it has primarily investigated justice issues within legal and organisational settings. More recently, there has been a growing interest in applying some of these principles to the area of service failure. Here, the idea is that customers’ levels of satisfaction and their future loyalty depend upon their views as to whether or not they were treated fairly, that is, whether justice was done.

Distributive justice

Distributive justice is generally understood to focus on the actual objective outcome of the service recovery. This could include financial compensation such as a refund or discount off the service that was defective. Research primarily undertaken in the organisational behaviour field and based on equity theory reveals that an outcome will be evaluated in terms of its perceived equity (Adams 1963). It is argued that a person will evaluate the outcome based upon a ratio of inputs to outputs. It is possible that an outcome may even be perceived as too high, or too different from what others receive and, as a result, be perceived as inequitable (Adams 1963). Similarly other research has suggested that
the form and value of the compensation should match the explanation given for service failure (Sparks & Callan 1996).

**Procedural justice**

Another form of justice is referred to as procedural justice. This form of justice primarily addresses ‘means’ used to achieve an outcome. It is argued that procedural justice will affect satisfaction and fairness judgements independently of outcomes. Issues of procedural justice can include actions such as process control and decision control. Process control refers to whether a customer has an opportunity for input into how the situation is dealt with and is often referred to as ‘voice’. Decision control refers to the extent to which a customer has control over the actual outcome. Procedural justice can also be influenced by factors such as perceived fairness of organisational policies, waiting time, flexibility and efficiency of the recovery process. Thus, the actions that have been discussed as possible service recovery responses may be evaluated differently depending upon how they are perceived by customers in terms of procedural fairness.

**Interactional justice**

A third type of fairness is referred to as interactional justice. That is how the firm manages its response to a customer who experiences a service failure is likely to be a key determinant of the customer’s satisfaction levels and perceptions of the company (Bitner, Booms & Tetreault 1990). As many services are largely intangible it is the perceived quality of the interaction between customer and service provider that influences judgments about satisfaction with a service. A key determinant of service quality and customer satisfaction evaluations is service provider empathy, that is, concern demonstrated on the part of the service provider (Johnston 1995). Similarly, Hocutt, Chakraborty and Mowen (1996) found that following a service failure incident, customers were most satisfied when service personnel displayed high levels of empathy and responsiveness. Similarly, in a scenario study of hotels, it was found that the amount of concern a service provider displayed was especially important to perceptions of satisfactory service recover.

**A fairness theory approach**

Recently, Fairness Theory has been proposed as a way of integrating much of the justice research (Folger & Cropanzano 1998). This theory can also be helpful for investigating service failure and recovery processes within the tourism and hospitality sector. This theory can be understood in the following terms. First, there will be an event that will trigger emotional responses in the customer. For instance, a delayed flight, a rude service attendant or a meal that is not cooked as requested. Second, how this situation is handled can lead to the customer feeling the same, better or worse. In dealing with the service failure situation, a service provider might use actions that are classifiable under the distributive, procedural or interactive justice banners.

Fairness Theory proposes that, following a negative event, people engage in a process referred to as ‘counterfactual thinking’ (Roese 1997). Put simply, counterfactual thinking is concerned with those thoughts about the service incident that are contrary to the fact (imagined things that didn’t actually happen). At he core of Fairness Theory is moral accountability for actions or events, which may impact on a person’s material or psychological well-being. A key to determining moral accountability is discretionary conduct, that is, the choice of actions taken from a range of feasible alternatives (coulds). Importantly, Folger and Cropanzano (1998) propose that in trying to determine moral accountability, a contrast process will be undertaken using counterfactual reasoning (that is, people will contrast what was done with what could have been done and assess how they would feel if the contrasted action was taken). Central to Fairness Theory is the notion that some party is accountable for the action or inaction of the focal event. Hence, when a negative event occurs people may invoke counterfactual thinking by considering what could have happened, what should have happened and how it would have felt had that action been taken. The answers given to these questions enable the customer to assign moral accountability for the negative event. Figure 1 presents a diagrammatic view of the processes associated with Fairness Theory. As can be seen the role of counterfactual thinking
and the assignation of moral accountability is central to the model. Importantly, the assignation of moral accountability will depend upon the feasibility of the counterfactuals generated.

Figure 1: Generalised model of Fairness Theory applied to a service failure

This study explored service failure and service recovery processes by focussing upon the idea of counterfactual thoughts as a way to better understand what people think of the way they are treated.
Chapter 2

Method

Participants

This study was primarily exploratory in nature. As a result, a qualitative method was chosen as a means to gain further insight into customer experiences with the tourism product. Three focus groups were conducted with a total convenience sample of 18 drawn from general staff, academic staff, and postgraduate students at a large public university. Inclusion in focus groups was based on recent (within the last 12 months) personal experience with some aspect of the tourism industry. There were 14 female and four male focus group participants. The first focus group comprised six participants (one male), the second seven participants (one male), and the third five participants (two male). Participation in the focus group was voluntary, and an incentive prize of dinner for two at the university’s training restaurant was drawn at the conclusion of each focus group.

Materials and Procedure

The semi-structured focus groups were conducted over a period of around two weeks. The focus groups were tape-recorded, and took between 40 and 90 minutes to complete. As agreed at the commencement of a focus group, when the results are reported, participants will remain anonymous at all times. Prior to the commencement of each focus group, the group facilitator explained the research objectives (in broad terms) and the format of the focus group. Participants were then asked to describe the service failures that they had personally experienced as either a domestic or international tourist. For each service failure incident described, a series of questions guided the discussion, ranging from questions ‘tapping into’ the Fairness Theory dimensions (‘woulds’, ‘coul ds’, and ‘shoulds’), to specific questions concerning any counterfactual thinking engaged by participants relevant to the incident (for a detailed description of the format of the focus groups, see Appendix A).
Chapter 3

Results

Data were transcribed and content analysed with the assistance of computer software. Examples of service failures were divided by six tourism and hospitality industry related sub-groups: transport–airlines, transport–other, accommodation, restaurants, tour operators, and government departments. Service failure examples ranged from delayed flights, service staff technical incompetence, poor service staff interpersonal skills, faulty or absent amenities from accommodation, incorrect restaurant meals, and poor communication of governmental travel-related requirements (visas etc). Table 1 shows a summary of the service failures discussed in focus groups.

Table 1: Summary of Service Failures Discussed by Focus Groups

<table>
<thead>
<tr>
<th>Group</th>
<th>Industry</th>
<th>Scenario Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Airline</td>
<td>Passengers were told there would be a one-hour delay in the international terminal, which in fact turned out to be 24 hours. No communication to passengers about reasons for delay. This ruined the end of the holiday. Participant states that they should have been better informed, should have better hospitality in transit lounge, and should have been at least a letter of apology as some from of compensation.</td>
</tr>
<tr>
<td>2</td>
<td>Airlines (slow check-in &amp; sugar bags)</td>
<td>Passenger almost misses flight due to slow check-in procedures at airport, then is covered in sugar by a happy go lucky steward on the plane, but receives a bottle of Champagne from the steward as a service recovery tactic. The airline should have done something to get people through check-in by opening the business class queue where there was no queue left, and should have called people through earlier than 20 minutes prior to departure.</td>
</tr>
<tr>
<td>2</td>
<td>Airlines</td>
<td>Daughter stranded in customs with wrong passport. Someone should have taken responsibility, not pass the buck, get a supervisor.</td>
</tr>
<tr>
<td>2</td>
<td>Airlines (Lost luggage)</td>
<td>Luggage did not arrive at destination and no one there from the airlines to take the complaint except someone from another company. Needed more explanation about the process, when to expect luggage, more clear instructions.</td>
</tr>
<tr>
<td>2</td>
<td>Airlines (Missed flight)</td>
<td>Passenger flew to Sydney to catch connecting flight to overseas, but was not advised of the time difference, so consequently missed his flight. Should have been warned by the travel agent.</td>
</tr>
<tr>
<td>3</td>
<td>Airlines (Visa and Tickets)</td>
<td>Passenger is advised unable to travel, as there is no return ticket. Visa does not arrive at hotel as promised by government agency. They should have sent the passport when they said they would. Lack of responsibility. Could have rung and said the post went late, and given a timeframe.</td>
</tr>
<tr>
<td>3</td>
<td>Airlines (Lost baggage)</td>
<td>Baggage lost on the runway. Bad attitude of baggage master. More information and communication needed about when to expect luggage.</td>
</tr>
<tr>
<td>1</td>
<td>Catering (Restaurant)</td>
<td>5 Star restaurant, silver service disaster, waitress splashes sauce on guest, gets bills mixed up. Supervisor should have intervened.</td>
</tr>
<tr>
<td></td>
<td>Catering (Convention)</td>
<td>Vegetarian guest gets meat dish, and is then presented with a main meal sized entrée of trout when a complaint was made. Should have made some effort to making a vegetarian meal.</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Catering (Waitress)</td>
<td>Limited time for a meal, waitress brings the wrong meals late, customers pay and leave. Return again and next time get meal for free.</td>
</tr>
<tr>
<td>2</td>
<td>Hospitality (Accommodation)</td>
<td>International guest has to wait 3 hours in the lounge room of hotel foyer whilst room is being made up. They could have put guest into a room, given a free meal.</td>
</tr>
<tr>
<td>2</td>
<td>Hospitality (Camping)</td>
<td>Camper gets tent rained out, as the campsite is right in the middle of a field and badly positioned for drainage. Has to sleep in the car. Camper gets compensation.</td>
</tr>
<tr>
<td>2</td>
<td>Hospitality (Hotel shower and noisy room)</td>
<td>Shower runs out of hot water in the middle of the shower, and the room is very noisy. Constant interruptions by tour operators trying to sell tours. This was management’s fault, needed to be more professional, not allow people to your room, and make sure showers work, and move to a less noisy room.</td>
</tr>
<tr>
<td>1</td>
<td>Shopping</td>
<td>Shopping in Surfers Paradise for authentic Australian souvenirs is almost impossible as just about everything is made in China.</td>
</tr>
<tr>
<td>3</td>
<td>Tour Operator</td>
<td>Internet booking for tour in Alaska never booked, but customer was charged full amount on credit card. Tourist got even by sending letters of complaint to American Express and Visitors bureau, but has never heard anything since.</td>
</tr>
</tbody>
</table>

**Service Recovery Typology**

As we were interested to identify what service recovery tactics customers were exposed to, we sought this information in the focus group. Service organisation attempts to recover the failure were classified under the broad headings of either *tangible* or *intangible* recovery efforts, and appear in Table 2 and Table 3. As can be seen in Table 2, these efforts are actions that primarily contain something more tangible or concrete, such as a replacement meal or a voucher to be used sometime in the future.

**Table 2: Summary of Service Recovery Typology – Tangible Recovery Efforts**

<table>
<thead>
<tr>
<th>Recovery Tactic Performed</th>
<th>Number of Examples a</th>
<th>Sample Participant Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core service replacement</td>
<td>5</td>
<td>“The guy who made the mistake had made such a fuss, coming over [saying] ‘….. all the pizza is on the house, we’ll get you another one. They brought out another one, but ……bigger’.</td>
</tr>
<tr>
<td>Food &amp; beverage</td>
<td>3</td>
<td>“He came up to me and asked if I like red wine, white wine or champagne, and I said champagne, and then he came back with two bottles of really nice French champagne”.</td>
</tr>
<tr>
<td>Discount/ refund</td>
<td>2</td>
<td>“So it worked out reasonably OK – we got a refund in the end”.</td>
</tr>
<tr>
<td>Vouchers</td>
<td>2</td>
<td>“They actually sent us a little coupon to use again, another free flight to Hong Kong in that year”.</td>
</tr>
<tr>
<td>Damage repair</td>
<td>1</td>
<td>“She …brought over a bit of water on a linen serviette and sort of … (mimes wiping spilt food from clothes)”.</td>
</tr>
</tbody>
</table>

a An example refers to an individual incident raised by participants, regardless of the number of text units (amount of participant speech) associated with that incident
In addition to tangible forms of compensation for service failures, we found that many organisations offered what might be termed intangible recovery efforts. These actions are characterised by more procedural or interactional efforts on behalf of the organisation.

Table 3: Summary of Service Recovery Typology – Intangible Recovery Efforts

<table>
<thead>
<tr>
<th>Recovery Tactic Performed</th>
<th>Number of Examples *</th>
<th>Sample Participant Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor intervention</td>
<td>3</td>
<td>“They called in the people who were in charge”.</td>
</tr>
<tr>
<td>Explanations</td>
<td>2</td>
<td>“We get this phone call, and he said that he had found [the missing luggage], it was on the tarmac …. in between it coming off the plane and getting to the terminal part, it had just flown off the back of one of those little carts”.</td>
</tr>
<tr>
<td>Effort</td>
<td>2</td>
<td>“They did everything they could”.</td>
</tr>
<tr>
<td>Apologies</td>
<td>1</td>
<td>“He apologised and of course everything was OK”.</td>
</tr>
<tr>
<td>Interpersonal issues</td>
<td>1</td>
<td>“He was courteous, and he didn’t acknowledge that he knew there was a problem, but he was courteous ….and quite helpful.”</td>
</tr>
</tbody>
</table>

* An example refers to an individual incident raised by participants, regardless of the number of text units (amount of participant speech) associated with that incident.

Affective Responses to Service Failures and Recovery Processes

A key issue with service failures and subsequent recovery processes is the impact on customers’ affective or emotional responses. Participants’ emotional (affective) responses to the service failure and subsequent recovery attempts are summarised in Table 4. As illustrated, there was a high degree of emotional feelings about the failures and the manner in which failures were handled. In relaying their stories participants seemed to still have a strong range of emotional responses. The most common emotion reported in the focus groups was a sense of anger or outrage felt toward the service organisation.

Table 4: Summary of Affective Responses to Service Failure & Recovery

<table>
<thead>
<tr>
<th>Affect Description</th>
<th>Number of Examples *</th>
<th>Sample Participant Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angry or outraged</td>
<td>7</td>
<td>“Oh, I was extremely angry because I was trying to be patient ….. but to leave me sitting there for three hours in total, I just felt was really negligent on their behalf”.</td>
</tr>
<tr>
<td>Concerned or worried</td>
<td>5</td>
<td>[discussing missing luggage] “Like I would have been willing to not worry about [my missing clothes], if I had nothing else to worry about either, but when you start like, when they make you worry about one thing, all of a sudden you put a great sense of value on what you’re worried about”.</td>
</tr>
<tr>
<td>Annoyed or irritated</td>
<td>5</td>
<td>“You’ve got yourself so worked up and irritated and, because of course everyone was irritated, so all you do in your conversations is [growls]&quot;.</td>
</tr>
<tr>
<td>General negative effect</td>
<td>4</td>
<td>“The whole room’s negative, so it really builds that up”. “Oh, it was like the end of the world”.</td>
</tr>
<tr>
<td>Frustrated</td>
<td>4</td>
<td>“At that time, that night, I had no other option, so I was frustrated, because I had no choice, but to take his word, or take the actions that he had”.</td>
</tr>
<tr>
<td>Disappointed</td>
<td>3</td>
<td>“It was ….really disappointing because your whole holiday was ruined right at the end”.</td>
</tr>
</tbody>
</table>
CUSTOMER PERSPECTIVES ON SERVICE FAILURES IN THE TOURISM & HOSPITALITY INDUSTRY

| Dis(satisfied) | 3 | “I was really dissatisfied with this baggage master’s pathetic attitude”.
| Cheated | 1 | “[I felt] ripped-off; honestly I felt that the travel agent should have had up to date information. They said it’s been like this for months”.
| Laughed incident away | 1 | “I was steaming and puffing, but in the end you know I was making a joke about it”.
| Exhausted | 1 | “The plane was right on the other side of the airport …it was such a long time to walk and it was really a long way to go … I got back on the plane feeling exhausted”.

*One example may have multiple ‘affect descriptions’.

Thinking About Service Failures and Recovery Processes

In response to the questioning concerning counterfactual thinking, participants suggested a variety of activities and approaches for service recovery that tourist and hospitality organisations could and/or should have used. Participants also shared how they thought they would have felt if such activities and approaches had actually been used.

Issues related to distributive justice

Data that relate to issues of distributive justice are outlined in Table 5. The information reported in Table 5 illustrates the kind of thoughts that ran through customers’ minds in response to either service failures or poor service recovery processes.

Table 5: Summary of Content Relating to Counterfactual Thinking of Potential Service Provider Actions & Approaches – Distributive Justice

<table>
<thead>
<tr>
<th>Description of Imagined Alternative</th>
<th>Number of Associated Participant Examples</th>
<th>Sample Participant Comment (shoulds or coulds)</th>
</tr>
</thead>
</table>
| Core service replacement            | 6                                        | “All I needed was the towel! There was nothing else. I didn’t want compensation …. I mean it was really, really simple”.
| Apologies                           | 5                                        | “There should have been at least a letter of apology that said, ‘Sorry you were stuck in the transit lounge for 24 hours…!’”.
| Accommodation                       | 2                                        | “Accommodation – put them up overnight. Once they knew that [the delayed flight] was going to be more than three or four hours delay, they should have at least given them some good facilities”.
| Damage repair                       | 1                                        | “They should be the person who steps in and says, you know, ‘Send me your dry cleaning bill’ …”.
| Refund                              | 8                                        | “He could have said, in fact, that the simplest thing for him was to refund the money we had paid, and he would have no obligations, we’d go and set it up ourselves. That would have been the simplest thing”.
| Beverages                           | 1                                        | “They should be the person who steps in and says, you know … ‘here, have a free drink…’ ”.
| Food                                | 2                                        | “…but they could have given me a free meal or something like that”.
| Transport – bus                     | 4                                        | “Bus [stranded passengers] – yes [although] that would be a logistical nightmare”.
| Air travel voucher                  | 1                                        | “But airlines never give you back what you lost. What they do is they issue you with a warrant for further travel, valued
Issues related to procedural justice

Data pertaining to counterfactual thinking content about procedural issues are outlined in Table 6. The information reported in Table 6 illustrates the kind of thoughts that ran through customers’ minds in response to either service failures or poor service recovery processes.

Table 6: Summary of Content Relating to Counterfactual Thinking of Potential Service Provider Actions & Approaches – Procedural Justice

<table>
<thead>
<tr>
<th>Description of Imagined Alternative</th>
<th>No. of Associated Participant Examples</th>
<th>Sample Participant Comment (Shoulds or Coulds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention or Contingency plan</td>
<td>10</td>
<td>“They should make sure next time they organise a conference, so something like that doesn’t happen [again]. You know, maybe talk to people at the restaurant or something.”</td>
</tr>
<tr>
<td>Take responsibility</td>
<td>9</td>
<td>“The responsibility thing is huge. You know, if someone says, ‘Look you’re right, we screwed up’, that to me takes half the problem away. That takes all the stress and you go, ‘Okay, I don’t have to fight with you to get something.”</td>
</tr>
<tr>
<td>Supervisor intervention</td>
<td>4</td>
<td>“Sometimes you have an alternative, like if you’re not satisfied with somebody, you go their supervisor, and if you’re not satisfied with that you can go to their manager, and if you don’t like that, you can go to the managing director, you know what I mean? Like you can keep going up if you’re not satisfied, and you know that there’s a better option than what you’re getting”</td>
</tr>
<tr>
<td>Alternative operating procedures/ procedural flexibility</td>
<td>4</td>
<td>“They’re not flexible enough to bend the rules, and go around the rules, but there are like millions of tiny little stories of inconvenience when people are not willing …people just say I can’t do that, my manager says I can’t do that.”</td>
</tr>
<tr>
<td>Follow-up</td>
<td>2</td>
<td>“If [only] they had rung and let me know it would have given me a time frame. Sometimes you get that sort of follow-up and sometimes you don’t…”</td>
</tr>
</tbody>
</table>

As illustrated in Table 6, prevention or having an acceptable contingency plan together with taking responsibility were the most salient within focus group discussions.

Issues related to interactional justice

The next table relates to issues of interactional justice and illustrates two key approaches that participants viewed as vital to service recovery.
Table 7: Summary of Content Relating to Counterfactual Thinking of Potential Service Provider Actions & Approaches – Interactional Justice

<table>
<thead>
<tr>
<th>Description of Imagined Alternative</th>
<th>No. of Associated Participant Examples</th>
<th>Sample Participant Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide information or explanation</td>
<td>9</td>
<td>“If he said, ‘right, we screwed up because of reasons ABC’, then all of a sudden all of the emotion goes out of it because you go, ‘OK, I’m not angry.’ “</td>
</tr>
<tr>
<td>Interpersonal relations</td>
<td>7</td>
<td>“Even personal service, as in, you know, a person came out …. [instead] that sort of technological distance [i.e., using a loudspeaker] also made it worse …. [If a person had come out] it would have seemed that they cared more – which is what you want, you know, you’re stuck in a transit lounge, you want someone to know that you’re there and doing something about it.”</td>
</tr>
</tbody>
</table>

How customers would have felt if some alternative actions had been taken

One thing that was clear from the focus group discussions was that participants were quite vocal that “they would have felt better, if only…” some other action was taken. That is, participants indicated that the sorts of service failure management tactics they could think of were almost always superior to what they experienced. When reflecting upon the alternate action that could have been taken, typical comments included “I would have been just thrilled. You know it would have been so much better.” Or “If they’d done that, [I would have felt] a lot better”. Thus, these exploratory results do suggest service firms can improve customer satisfaction and emotional responses by paying closer attention to the service recovery processes.

Moral accountability

Who is seen as being responsible for the harm done in a service failure or poor recovery situation can impact upon levels of dissatisfaction or anger. It was found that in a service failure situation, the effort a provider seemed to exert in recovering the situation was especially important. That is, participants were often angry or frustrated when the provider did not appear to try hard to find a solution. Similarly, when participants discussed the types of ways a problem may have been dealt with they often spoke of “how easy” it would have been to do something to assist.

Table 8: Summary of Content Relating to Counterfactual Thinking of Potential Service Provider Actions & Approaches – Moral Accountability

<table>
<thead>
<tr>
<th>Description of Imagined Alternative</th>
<th>No. of Associated Participant Examples</th>
<th>Sample Participant Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgement of problem and/or effort</td>
<td>8</td>
<td>“I think they should have put a little bit more effort in making one of their important customers happy”.</td>
</tr>
<tr>
<td>Ease of alternative</td>
<td>3</td>
<td>“So the more easy it is to fix the situation, I think it’s easy to let ourselves get angry, the more difficult it is, perhaps, you know we pull back with the anger and other emotions”.</td>
</tr>
</tbody>
</table>

Other themes

Other themes that emerge from the research include customers indicating that they wanted to be treated with respect. Feeling that such respect has been accorded involves a customer’s perceptions of the service failure and recovery process, including whether the provider has acted in a morally accountable manner. A key to perceptions of status involves the intentions of providers, which is evidenced through the effort of action taken.
In addition to customers discussing a range of thought about how tourism organisations could have or should have done things differently, there was evidence that customers also sometimes spent time thinking about how they might handle the same sort of service failure situation in the future. That is, participants also viewed the events as learning experiences and indicated that these experiences provide future frameworks.
Chapter 4

Discussion and Recommendations

The results of this exploratory research in the service failure area have several implications for the management of service recovery processes in the tourism sector.

Improving Procedures

The evaluation of current policies may be warranted. In many circumstances policies seem to be poorly communicated or seemed illogical to the customers. Similarly allowing customers input into the recovery procedure may prove beneficial. One recovery tactic is to involve the customer in the service recovery such that the customer feels some control over the process. Researchers report that process control, or voice influences perceptions of the fairness of the recovery (Bies & Shapiro 1988; Lind, Kanfer & Earley 1990). Voice procedures involve customers having an opportunity to express their views or provide input to the decision, whereas, in contrast, customers who do not have this opportunity are said to be exposed to ‘mute’ procedures (Bies & Shapiro 1988). In the current study participants often mentioned the importance of communication processes and the desire to be able to influence recovery processes.

Tourism and hospitality firms can do several things to encourage customer input. First, service providers can be trained to encourage customers to provide feedback about their experiences on the spot. Second, it is possible to encourage customer input through less personal methods such as complaint or suggestion boxes, toll free customer service numbers or the provision of survey feedback forms. They key is to invite input from customers so as to recognise the source of their inconvenience, and to prevent its occurrence in future.

Furthermore, it has been found that customers are more likely to report a problem if it is clear the firm is willing to fix the problem (Blodgett, Wakefield & Barnes 1995).

Training and re-training approaches

The implementation of training and re-training programs which incorporate fairness examples and cases, illustrating key justice principles, could be undertaken. This may involve generating examples and using these in group training sessions. The advantage of this approach is that it can help staff to understand and appreciate how customers may think about a service failure event.

Management should ensure service personnel can take responsibility for the problems. Issues of staff empowerment and flexibility may come into action here. Some researchers argue the best way to recover from service failure is from frontline workers to identify and solve problems, even if this means breaking rules (Hart, Heskett & Sasser 1990). Hence, it is suggested that effective service recovery requires latitude in decision making and ultimately support from management to take whatever action is necessary to fix the problem. Evidence to support this contention comes from other research where it was found that fully empowered employees were clearly preferred over the other alternatives, but only when the service provider used an accommodating (personalised) communication style (Sparks & Bradley 1997). Hence, taking responsibility is important but it must be complemented by genuine concern on the part of the provider.

Using explanations

It is suggested that organisations should use explanations wisely. While explanations are useful when recovering service failures, this is only so if they are believable and logical (and not seen as an excuse). The effectiveness of explanations as a means of service recovery is still unclear, and to some degree under researched. It has been reported that the provision of information had both positive and negative outcomes for customer perceptions (Tax, Brown & Chandrashekaran 1998). It seems that manner in which the information is perceived makes a considerable difference. For instance, when information was perceived as an excuse to mitigate an organisation’s accountability, it was seen as a negative. In contrast, the information that increased understanding about the problem and led to a
quick resolution was perceived favourably. Similarly, it has been found that accepting the responsibility by providing an explanation and being prepared to back this up with some form of compensation was evaluated very favourably in a service failure situation (Sparks & Callan 1995). Similarly, participants wanted an explanation but not an excuse. Further understanding of the role of explanations in the service recovery process is warranted.

The importance of effort and communication

Service personnel could use demonstrations of effort to communicate caring and respect to customers. This is an easy to implement service recovery tactic, which if done in a genuine manner, can go a long way to making an aggrieved customer feel better. Similarly, an apology either spoken or written was often cited as a desired outcome for many customers. An apology can range from a simple statement of regret to more extended “confessions of responsibility of negative events which include remorse” (Tedeschi & Norman 1985). For most customers, an apology is the minimum requirement for recovering a service failure. Importantly, the manner in which an apology is delivered is relevant, and some expression of sincerity usually helps the recovery process. Hence, coupling an apology with statements of concern or empathy is important. Personal communication was also stated to be important and often seemed to signal a sense of being treated more respectfully to the customer.

Compensation issues

In many instances, customers desired some form of compensation as a service recovery action. However, as mentioned, in many of the discussions there was evidence that compensation worked best when combined with other recovery tactics, such as an explanation. This supports the research where it was found that customers preferred to receive a tangible outcome, even a token refund, when there was a breakdown in service delivery (Goodwin & Ross 1990). Research reported elsewhere has found that an offer of compensation was perceived more or less favourably depending upon other factors such as the explanation provided for the breakdown (Sparks & Callan 1996). Other research found that compensation only made a positive difference to satisfaction when accompanied by high levels of courtesy and respect (Blodgett, Hill & Tax 1997). This implies that if the recovery process involves a rude service provider, then no amount of financial compensation will make up for the services failure.
Chapter 5

Conclusions

This exploratory study has investigated how people perceive the service failure and recovery process when the provision of service is somehow deficient. It sought to better understand how people think about such events. The discussions revealed that there are a lot of opportunities for firms to improve the way they deal with service failure events. In particular, the results showed that people are easily able to think of better ways of being treated and this impacts upon their emotional status and level of (dis)satisfaction.
APPENDIX A: FOCUS GROUP FORMAT

INTRODUCTION

Welcome; introductions

Explanation of research objectives:

- Today will be looking at problems people have had as tourists (transportation, accommodation, entertainment, etc.)
- Understanding of when things fail:
  - what actually happens
  - what it feels like
  - what sorts of things that have happened to you
- Each one of you to explain a situation that has happened
- Then I’ll ask you some questions to try and understand things a little better
- At the end have more of a group discussion about some of the specific issues we are looking at in this research
- Prefer focus group not to be too formal – relax and enjoy!

INDIVIDUAL ACCOUNTS

Ask for first volunteer to raise situation (WHAT)

(Then go through the following process for each individual situation until ‘saturated’.)

- How did you FEEL in that situation? (baseline for comparisons with WOULD

- How significant/severe was this experience? (WOULDS – magnitude/degree of importance of event)

- Who was/is accountable for that experience? (COULDS – discretionary conduct)

- To what extent did they try to be fair? (i.e. did they try to be fair, and how hard did they try?) (COULDS – effort => intention)

- Did they have a choice? (COULDS – volitional acts)

- Was it feasible for them to act differently? (COULDS – note relational variables of trust, status recognition, neutrality with regard to intentional vs. accidental failure)

- What could have happened instead/what alternative scenario could have occurred? (COULDS – note role of those accountable)

- What should (or should not) have happened in this situation? (SHOULD

- What would most people have done in this situation? (both service provider and customer) (FAIRNESS/NORM THEORY)

Repeat for each breakdown situation.

COUNTERFACTUALS

Then:

- One of the concepts that we are looking at in this research is ‘counterfactual thinking’, which literally means ‘counter to the facts’. In this context, we use counterfactual thinking to mean bringing alternative versions to mind of what might have happened in the situation, as opposed to the reality of what actually is.

Some evidence that this occurs in service failures (FOR EXAMPLE….). So now have some questions to put to the group:
How common do you think that this kind of counterfactual thinking occurs when service fails? Do you do that often when service fails?

Do you think that you do it more when the situation is more severe?

Or, are you more likely to engage in this when it would be easy for the service provider to fix the situation?

How do you feel when it’s easy to think of lots of alternative things that might have happened?

Why do you think that you engage in counterfactual thinking? (Affective vs. preparative?) BENEFITS?

DEBRIEF

- Part of the larger study funded by the Sustainable Tourism CRC in the role of service recovery in sustaining tourism.

- Focus groups with customers to identify types of problems and tactics used by tourism operators to recover service failure situations.

- In addition, interviews will be conducted with industry representatives (management and staff) and later some of the issues raised and the theoretical constructs involved (e.g. organisational justice, counterfactual thinking) will be tested in experimental format using scenarios.

- RAFFLE!
References


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