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CRC TOURISM WORK-IN-PROGRESS REPORT SERIES: 17

SERVICE PROVIDERS' PERSPECTIVE  
ON SERVICE FAILURES IN THE TOURISM  
AND HOSPITALITY INDUSTRY

*~An exploratory investigation*

By Dr Beverley Sparks and Dr Janet R. McColl-Kennedy

# CRC for Sustainable Tourism

## Work-in-progress report series

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# chapter one

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## *Introduction*

**T**his report discusses the topic of service failure and recovery from the service provider's perspective. Specifically, the report outlines the importance of recovery from the perspective of the service provider and the manner in which complaints and subsequent follow up to these complaints should be made. The key aim of this research was to investigate what service providers themselves thought were appropriate measures for addressing customer complaints.



## **Background**

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**T**he long term success of any business is dependent on having satisfied customers. However, it is difficult, if not impossible, to satisfy customers all the time. "Every organisation offering products or services to the public is likely to receive complaints at some time" (Goodwin & Ross, 1990, p39). Some organisations have received world attention through their management of product failures, for instance the Exxon Valdez oil spill disaster or Johnson and Johnson's Tylenol disaster. Although the impact may not be as great as that of a major disaster, complaints made by customers against tourism organisations can have a significant impact on the success of the business. Hence, there is a strong need to acknowledge complaints and endeavour to do something about the problem, by using appropriate recovery tactics.

Customers complain for a range of reasons, such as being dissatisfied with the service they have received, feeling that the service provider was rude to them, believing that they have had to wait too long for the service or that they did not get what they ordered. In research by Keaveney, (1995) evidence was found to suggest that both service failures and employee responses to failures were reasons for customers deciding to switch to another organisation. Employee responses that were likely to result in switching behaviour included reluctant responses, a failure to respond at all or negative responses such as blaming the customer for the failure.

It is well documented that the majority of disgruntled customers do not voice their complaint to the organisation (Best & Andreasen, 1977; Davidow & Dacin, 1997). Indeed, it may be that complainers are the exception rather than the norm (Hart, Heskett, & Sasser, 1990). However, rather than complain to the organisation customers may complain to friends and family, complain to a third party such as Consumer Affairs, or simply exit or boycott the organisation if they are unhappy. Therefore, complaints actually made directly to the organisation should be appreciated as it gives the organisation an opportunity to do something to turn the dissatisfied customer into a satisfied one.

Organisations can recover dissatisfied customers (Hart et al., 1990). But knowing how to go about addressing the complaint is vital to the success of turning a dissatisfied customer into a satisfied customer. It is particularly difficult with products such as those that characterise the tourism industry because of the many encounters the

customer engages in with the service provider, and also because they are interacting with a number of service providers. Furthermore, it is difficult to "try before you buy" with services, due to the simultaneous production and consumption of services. Knowing what to say, how much compensation to give and how to interact with the customer during the recovery process is very important.

While many studies have started to describe and build a better understanding of the service failure process from a customer viewpoint, little has been done to investigate how managers of service organisations understand the recovery process. Yet service employees are a critical source of information about the likes and dislikes of customers. This knowledge can be used to enhance service delivery and to shape strategic decision making (Bitner, Booms, & Mohr, 1994). Indeed, it has been reported Schneider, (1980) that service employees look for cues on how their service is being received by their customers and use this to adjust their service delivery.



# chapter two

## Method

### Background

A convenience sample of 16 practitioners (owners, and executive, senior and middle managers) from fifteen tourism and hospitality industry service organisations participated in the study. Participant organisations comprised eight categories of tourism and hospitality activities and these are summarised in Table 1. Participation in the interviews was entirely voluntary, although, soon after the interview, participants received small university marketing items as a token of appreciation for their support.

Table 1

SUMMARY OF PARTICIPANT ORGANISATION CATEGORIES		
Tourism & Hospitality Services Industry Category	No. of Organisations	No. of Participants
International hotel chain	4	5
Restaurants	4	4
Theme Park	2	2
International and Domestic Airline (Call Centre)	1	1
Time Share Resort	1	1
Tour Operator	1	1
Transport - Private Car Rental	1	1
Travel Company/Foreign Exchange Agent	1	1
TOTAL	15	16

### Materials and procedures

Semi-structured interviews were conducted with each participant at their work site. Interviews were tape-recorded, and took between 40 and 60 minutes to complete. It was agreed that participants in the study would remain anonymous at all times. Participants were asked to describe the service failures that typically happen in their industry. For each service failure incident described, a series of questions guided the interview, ranging from the seriousness of the incident, to a description of the relevant recovery process (for a detailed description of the interview questions, see Appendix 1).

# 3

## chapter three

### *Results*

#### *P*roblems identified

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The service providers interviewed identified a range of problems. These included rooms not being ready when guests arrived at the hotel for checking in, meals being too cold, or too slow, food not being cooked properly, inappropriate actions of service providers, and environmental factors such as inclement weather. As shown in Table 2 the problems can be classified into four categories. Category 1 includes problems associated with the service product itself such as the service being unavailable. Some specific examples include food being over or under cooked at a restaurant or not getting things which were booked such as jet skis not being available at a resort. Category 2 includes problems with service providers such as unsolicited responses. Specific examples includes a service provider telling a guest that they need to tuck their shirt in, or that a guest cannot use a particular room or that the customer felt that the service provider spoke in a rude way. Category 3 includes things outside the service provider's control, such as rainy weather or a show being cancelled, or that they could not go to the beach now as it was raining, there was a bomb scare, or a power cut. Category 4 includes customer related problems, such as the customer being ill, feeling tired, the guest injuring themselves, having a car accident, or the customer has their credit card declined.

#### *R*esponding to customer problems

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As illustrated by the examples shown in Table 3, service providers can handle customer complaints in many ways. In this study we sought to find out more about how tourism and hospitality firms approached this matter. Typical responses to service failures could be divided into two broad categories: tangible and intangible responses. Table 3 provides a summary of the twelve types of tangible measures reported to be typically used by the service providers, whilst Table 4 provides a summary of the six intangible responses.

Table 2

PROBLEMS IDENTIFIED BY SERVICE PROVIDERS	
<p><b>Category 1: Service</b></p> <ul style="list-style-type: none"> <li>· Unavailable service (Wrong product)</li> </ul> <p>(Wrong price)</p> <ul style="list-style-type: none"> <li>· Unreasonably slow service (Waiting too long)</li> </ul>	<p><b>Examples</b></p> <p>overcooked/undercooked meal meal too cold rat in room didn't get drinks overbooked (seats on plane) no jet skis, despite a booking had to pay more than expected having to pay extra for parking room not ready wait on meal delivery</p>
<p><b>Category 2: Service Providers</b></p> <ul style="list-style-type: none"> <li>· Unprompted and unsolicited employee actions (Truly out-of-the-ordinary employee behaviour)</li> </ul>	<p><b>Examples</b></p> <p>"tuck your shirt in" humor offensive humor/jokes rudeness other actions (e.g. things said, tone of voice) employee had an off-day</p>
<p><b>Category 3: Outside the service provider's control</b></p>	<p><b>Examples</b></p> <p>wet weather power cut height restrictions bomb scare delayed flight</p>
<p><b>Category 4: Customer related</b></p>	<p><b>Examples</b></p> <p>sick/heart attack too short for theme park ride guest injures themselves guest arrives early guest loses wallet credit card declined want car for another day but didn't book it forgot to bring something missed bus tired accidents (car rental)</p>

**Giving vouchers**

The provision of some sort of voucher was reported as a common practice among respondents. Some of the respondents commented that vouchers could go a long way to recovering a service failure situation and enticing the customer back to the tourism or hospitality firm. As illustrated by the following quote from a restaurateur the use of vouchers can be used to bring the customer back to experience the service again, thus restoring faith in the firm's product.

*"The guy had a steak and it was overcooked and we took the steak back and for some strange reason, a busy night, he got somebody else's steak a second time because they got mixed up in the kitchen. So he got his second one*

*that was overcooked so he ate half of it, so he's had two halves, and so he didn't really want anything else to eat, and he was okay but he wasn't really happy, he was just sort of pleasant. So I gave him a gift voucher for dinner for two and gave it to him when he left, with his change. I didn't charge him for his steak, and then he came back the next night with two other people, raving about how great we were, so he brought another two people with him. And they spent up big."*

**Complimentary drinks or replacement**

The next two categories were complimentary food and beverage or a core service replacement. At times these approaches were used independently but sometimes as a

Table 3

SUMMARY OF SERVICE RECOVERY TYPOLOGY: TANGIBLE		
Recovery Tactic Performed	# of Participants Mentioning Tactic	Sample Participant Comment
Vouchers	11	"... he was OK but he wasn't really happy ... so I gave him a gift voucher for dinner for two and gave it to him when he left, with his change ... he came back the next night [and] he brought another two people with him, and they spent up big 'cause I gave [the voucher] to the value of \$50 and they spent \$90 the two of them anyway, so I sort of got my money back, it was sort of an investment."
Comp. food & beverage	10	"So if they don't want it re-cooked or re-presented to them, [we ask] 'would you like an alternative dish with our compliments?'. If that doesn't pacify them, 'would you like a complimentary dessert and coffee?' "
Core service replacement	9	"[in] the fast food outlets, if they complain that something's wrong, then we'll take that hamburger off them and give them a fresh one"
Upgrade	5	"We may upgrade them to the next class of vehicle when we deliver the car, if it is running late."
External assistance	5	"[If someone has lost their traveller's cheques] sometimes we help them with the police, and (if) they have lost more than just their traveller's cheques. So if we can offer some support around finding a hotel, or whatever, we actually sometimes take it that next step."
Queue jump/fast delivery	4	"Now if the customer wants his steak replaced, that whole entire meal is taken away and a new one brought out. That can be anywhere between 30 seconds and 3 minutes, or 10 minutes. Because if we go back and we get one that's already cooking on the grill, we cook that one and bring that out to him. So basically [we] pinch it off another table."
Refund	3	"It doesn't happen very often, where we do give them their money back and escort them [from the theme park]. But if they are that adamant that they have had the worst day ever then we will issue them their money back."
Damage repair	2	"If their clothing was damaged by oil from one of our rides, we have the option to either have it cleaned in our laundry here and we would actually give them an article of clothing to wear while theirs was being laundered or we would ask them to have it dry cleaned and send us the bill."
Access to other facilities	2	"Free entry to the [brand name] club .... What is the loss in value of sending someone into the ... club if they get the prestige of just sitting there having a drink or something the next time they travel, and that costs us nothing, yet the customer acknowledgement that we care about them, is far greater than what it costs us."
Additional time	2	"Rather than let [problems] fester into something that just becomes an ongoing problem, or ongoing complaint, we would endeavor to possibly give extra time, if available, and extra day's hire, or allow them to keep it for five hours extra, to help."
Gift	1	"So the operator called his father, told him there's a problem, and that we'd bring him back, what can we do to recover? So his father said that he is crazy about Game Boy and hasn't got one. So we bought him a game boy. And we sent him back and sent the game boy to him. Well that [had] so much benefit [for] him, 'here we are, we care about you.'"
Waiver fees	1	"Another thing ... is frequent customer points - we can waiver points. We've got the ability to waiver 5000 points."

Table 4

SUMMARY OF SERVICE RECOVERY TYPOLOGY: INTANGIBLE		
Recovery Tactic Performed	# of Participants Mentioning Tactic	Sample Participant Comment
Apology	13	"I just really apologise. I think that more often than not people just want to feel heard. they don't necessarily want to hear excuses. Just say, 'I'm terribly sorry, dah, dah, dah' or 'It was my fault, I was meant to be looking after this section and I had to go over there, and look I'm really sorry' ...".
Follow-up	10	"We actually follow up with some communication, and it will depend on the situation ... within Queensland, that will always come from me [i.e., the state manager]. Sometimes I'll get the [national] General Manager to follow it up, and I'll give them a call just to make sure everything went OK ... and make sure, not just that they got what they want[ed], but that it did actually happen the way we planned it for them, and they were happy with what they got."
Explanation/justification	8	"[When a major ride is being serviced and inoperable] we'll tell them that it's like a car, you have to be off the road at certain times of the year to get your car serviced and what we're doing is servicing it, and it's just unfortunate that we have to do these maintenance things with rides and attractions and we've got enough other things to offer ...".
Acknowledge problem/take responsibility	8	"I think it's very important to acknowledge there is a problem, as opposed to try and hide it, or making excuses, because quite often if you try and do that, you just infuriate that person even more, so own up ... that's the best way."
Ask the customer	1	"The most important part is to find out what they want. 'Do you want that meal re-cooked?', or if it's something small like adding a tomato or a hash brown or whatever that can be fixed easily ... [That is,] find out their needs. Very important."
Do nothing	1	"A lot of time the best thing to do is nothing. Just let them go, because sometimes the more you try and talk about it, the more you try and do, you can just whip them up into a frenzy."

total recovery approach. As illustrated by the quote below, the combining of a product replacement with an added complimentary beverage can be a useful approach to recovering a poor service experience.

*"Now if the customer wants his steak replaced, that whole entire meal is taken away and a new one brought out. That can be anywhere between 30 seconds and 3 minutes, or 10 minutes. Because if we go back and we get one that's already cooking on the grill, we cook that one and bring that out to him. So basically pinch it off another table. If we go back and there's not one of those steaks on the grill, we have to start the whole process. So if it is a quick replacement, the customer is usually generally a hundred per cent happy because we replaced it and fixed the problem so instantly. When the problem occurs that we don't have another one on the grill and we do have to start the process again, we then return to the customer and say, 'We have to put another one on. We want to cook you a fresh one, and we want to cook it right, it will be a five to ten minute wait. Are you happy with that? Can I buy you a complimentary drink while your meals are happening?'*

*and then you go into that self-assessment process where you do anything you can to make him happy."*

**Upgrades**

The tourism and hospitality industry is in a unique position to recover service failures by providing an even better class of product to the customer. The interviews with service providers revealed that, where possible, this proved a good recovery tactic. But several respondents said that this approach, and others, needs to be personalised and appropriate to the customer to achieve the greatest impact. To illustrate this point, the following quote from a manager with the airline industry demonstrates the potential power of personal care coupled with a tangible outcome.

*"It's a matter of recognising who the customer is, and what is appropriate to them. So we would send little old ladies flowers and we'd send businessmen upgrade certificates and things like that... They're [customer information] put into a database and then we measure the failure and act accordingly... Then when it happens, when*

they do a recovery, the consultant gets to send a standard letter that we have, so the letter has come from the consultant not from the management. So it's a personal deal. See, the passenger was booked in wrong class, for first class redemption, ended up having to alter days in order to travel in a first class seat. Also she is missing out on a sleeper seat. One of the sectors she was upset about, so we sent her two movie passes... In this case it was two movie passes, and we sent the letter and the movie passes. And we do that with upgrade certificates, 'Please accept two upgrade certificates for next time you fly'. And people really love it... The main message that the organisation is trying to say is, 'We care about you, and we're sorry that this happened, and go to the movies on us' or 'have an upgrade!'

Another resort manager discussing personal service put it like this:

*"So you are personalising it to the guest. Like if you think that an upgrade [of room] will make their holiday then [do it], but if they don't care [for that], but if a dinner and champagne would make their night, then obviously it's much more valid for them."*

In summary, there is a range of service recovery tactics that appear to have valid and positive outcomes for the management of service failures in the tourism and hospitality industry.

### Using intangible responses

In addition to the tangible responses to service failures, many providers also discussed what might be classified as peripheral or intangible tactics for dealing with service failure. In many instances these tactics complemented the tangible examples given above. There were, nevertheless, some occasions reported where these intangible tactics stood alone. Table 4 provides illustrations of recovery tactics used that were classified as being more intangible. That is, the customer didn't take anything away with them.

### Apologies

As shown in Table 4, the most common response was an apology. One respondent put it... *"I think that more often than not people just want to feel heard. They don't necessarily want to hear excuses. Just say 'I'm terribly sorry ...It was my fault... and look I'm really sorry'".* Similarly, as one restaurant manager explained, *"Often you can get away with not giving anything away and just apologising and making a bit of fun ... it's really a PR job."*

### Follow up procedures

Another important and frequently given response was to follow up upon the service recovery process. Here the theme that emerged was the importance of making certain that the recovery process has worked out OK for the customer. For example, one of our interviewees stated that *"... it's very important to follow through. It can just be a verbal thing. I come back and check that everything's*

*all right. And even the day after when those people come back, just give them a bit extra."* Both follow up letters and phone calls were cited as common ways of dealing with the recovery in the final stage. As one respondent put it *"I think it's important to give them [customers] feedback, thanking them for their comments ... we use those to provide better service."* *In many instances, the follow up process was a signal to the guest that the firm had "...investigated it [the complaint]"*.

### Explaining the situation

Giving an explanation or a justification was another key category to be identified based on provider comments. Many of the managers interviewed discussed how they explain the service failure situation to the customer. Sometimes the explanation would detail why something had occurred, whereas other times it would be an explanation of the action taken to deal with the failure. As one hotel manager stated *"I'll pick up the phone and give them [the customer] a call and say we've done this because ...and maybe explain..."*. Quite often an explanation was offered as a means of calming the customer. As one resort manager illustrated *"...remove [them] from the situation when they're agitated, remove them from that, and then just really sit them down and calmly explain the process to them."* The nature of many explanations involved the use of an analogy to clearly illustrate why a problem may have occurred.

### Taking responsibility

Another approach that was commonly used was acknowledgement that there is a problem and taking responsibility for it. As one restaurant manager explained when discussing service failures, *"...it's more a philosophy of 'please make them happy'; remember most importantly that people want to be heard and acknowledged that they've got a problem, and don't argue with them."*

One manager, in discussing service failure management, relayed this story in an effort to highlight the importance of paying the customer attention and being seen to take responsibility for the service failure.

*"Basically I get their feedback, and what I actually do when I'm there, is I write down all their complaints. So they actually physically see me writing down their complaints, and listening to them, and I actually reiterate that to them, every single point that they've gone through with me. So I've got complete understanding. And that also, sometimes they just want someone to talk to. Sometimes people have just had enough, but they don't really want anything for free, they just want to have a say, they just want to be heard. And these two young ladies were really quite nice, and weren't aggressive, weren't upset, they were just saying 'Look, we've been here three times and it would be nice if you got it right, we just want to pass this feedback to you'."*

Similarly, an airline manager reiterated that acknowledgment and responsibility are vital to handling customer complaints. Using the words of the manager: "Be positive and professional. Take ownership of failures and take action... own the problem, follow through using whatever resources are appropriate."

In dealing with service failures and taking responsibility, a connected theme that became evident was the need for employees to have discretionary control over the service recovery process. In many instances it is the ability to act quickly and do something that recovers the customer's faith in the business. As the following quote from an airline manager illustrates, trusting staff and giving a degree of autonomy over the decision to compensate disgruntled customers can result in very satisfied customers.

*"Essentially we went to all the staff and said, 'We want to give you the ability to recover a situation when someone is angry at our firm for a failure or even if it's a perceived failure that people don't understand because we haven't explained it correctly. So we said that each person [staff member] has \$50 and they can spend it as often as they like, \$50 per incident, and we started the program with a six-week trial. We had a budget of \$10,000; after six weeks we'd spent \$2,000. But we'd had so many instances of people just ecstatic with the result."*

### Effort

Service providers also pointed out the importance of putting in a bit of effort when dealing with customer problems. As one resort manager discussed, even when a guest may be a little disappointed with the physical product, a demonstration of trying to please can go a long way.

*"When you've travelled 33 hours like I do, and you get there and they haven't even got your booking, let alone your room ready. And you know, there's that expectation, and what we do is we do up nice little letters to welcome our international guests, we put a gum leaf on it, and all really nice things and make them feel really special, when they arrive, and they are always satisfied, and we go over the top and say 'We've been expecting you, welcome to Australia, is this your first visit, rah rah rah', and regardless of our resort being a lesser quality to the Marriott where they've just come from, all of a sudden that means nothing. The décor and how beautiful it is means nothing, it's how they've been treated. In fact I was talking to some Americans about this last night, and they reckon the Australian people are the nicest they have ever met and they've been travelling for 15 years. And they said it's because we go that extra mile, you know."*

Overall, as clearly evidenced by the comprehensive comments made, managers view the recovery process as vital for business. In many cases a combination of tactics were used to deal with customer dissatisfaction.

### Emotional responses

Service failure and recovery produce emotions both on the part of the customer and the service provider. As shown in Table 5, both positive and negative emotions were cited. Negative emotions included general negative emotions such as, *"They get upset"*, *"...if a guest walks out of here unhappy, we may lose up to 100 people because of that"*. Other negative emotions included anger, embarrassment, annoyance, irritation, feeling cheated and stress. Positive emotions were also noted such as customers feeling positive even ecstatic about the recovery process. *"After 6 weeks (of a formal service recovery program) we'd had so many instance of (customers) just ecstatic with the result"*.

### Customer delight

Despite all the negative emotions, it is possible to elicit very positive emotions from customers who have experienced great service recovery, and very importantly it appears that this can be accomplished with very few dollars. As one respondent from an airline put it:

*"A lot of it is an entry pass into the XXXXX Club. What is the loss in value of sending someone into the XXXXX if they get the prestige just sitting there having a drink or something the next time they travel, and that costs us nothing, yet the customer acknowledgement that we care about them is far greater than what it costs us."*

and

*"We had a lady in Adelaide who was taking her dog to Melbourne over the Christmas holidays with her, and there are rules and regulations about the carriage of animals, so we explained all those to her, and we're not too sure where it broke down, but when she got to Melbourne the dog wasn't with her, but the dog arrived a couple of hours later, and it was delivered to her place. But the bottom line to her was that she was ringing to complain to say we'd given out the wrong information, so one of the operators had seen in the supermarket Christmas stockings for animals, so they sent her a \$4 Christmas stocking for her dog, and she just thought that was the greatest."*

and

*"We had an instance where a young boy was travelling from Melbourne to Jakarta via Perth and he was going up there with some school friends because his parents or something were there, and he was travelling with this school friend. So his parents weren't going. So obviously this was an exciting trip for him. When he gets to Perth and travel requirements for Indonesia are that your passport's got to be valid for six months, and when he gets to Perth, they check his passport and it's not valid for six months. So he's sort of left Melbourne, is in Perth, going*

to Jakarta and he can't go any further. So you can imagine his disappointment. So the operator called his father, told him that there's a problem, and that we'd bring him back, what can we do to recover? So his father said that he is crazy about Game Boy and hasn't got one. So we bought him a Game Boy. And we sent him back and sent the Game Boy to him. Well that did so much benefit to him, 'Here we are, we care about you, we're sorry this happened, we should've checked that before you got to Perth'."

So, by going the extra distance, a service failure in each of these example was able to be turned into a process that resulted in a delighted and satisfied customer.

**Is the customer always right?**

As shown in Table 2, some problems arise from customer failures. These can be both omissions - such as forgetting to book or missing a bus - as well as commissions - injuring themselves, arriving early, feeling tired, becoming ill or being intoxicated. Clearly these

situations are not the fault of the service provider; yet the service provider is meant to deal with these problems and achieve customer satisfaction. As others have reported (Bitner et al., 1994) the customer is not always right, and could well be classified as problem customers. Examples they give are customers being unwilling to cooperate with the service provider, other customers or legislation. Such customers add another level of difficulty for service providers; yet it is possible, as illustrated in the quote below, to turn these people around.

*"Sometimes the customer's really just decided to have a hard time. One instance was that we had a couple of old queens in here one day, and they sat down and wanted their Bloody Mary's and wanted them now, and wanted their coffees now, and they obviously had big hangovers, and were just not happy. And one of my staff, XXXXX who's a bit of an actress and very good, actually walked up to them and said, 'now listen you XXXXX old queens, just because you've had a big night out don't take it out on me. Now*

Table 5

SUMMARY OF AFFECTIVE RESPONSES TO SERVICE FAILURE AND RECOVERY		
Affect Description	# of Participants	Sample Participant Comment
Positive emotions	4	"After 6 weeks [of a formal service recovery program] we'd had so many instances of [customers] just ecstatic with the result."
(Dis)Satisfaction	8	"Often it's the case that you can actually get a more satisfied customer if you recover the situation well"
General negative	7	"They get upset."; "... if a guest walks out of here unhappy, we may lose up to 100 people because of that."
Angry, aggressive, abusive	4	"Sometimes you can't build a rapport because you have to stay professional especially if they're aggressive towards you."
Embarrassment	2	"... he booked two rooms and totally misread his brochure because the prices are per person, twin share. So he thought it was 50% less than what it was, which took it from like \$450 per room to \$900, and it was embarrassing for him and for me."
Aggravation or frustration	2	"... remove [the customer(s)] from the situation when they're agitated ..."
Annoyance or irritation	2	"I think customers can get a bit annoyed [as] they feel that they're forking out money and they're never going to see that again ..."
Insulted	2	"She's taken that to heart as being an insult to her personally, and she's going to tell everyone what a bunch of duds we are."
Customer rude	2	"... she just goes off on tangents and she'll strip pieces off you."
Cheated	1	"[The customers are] claiming they didn't do it [although] it is quite obvious from our point of view, but they do feel that we are trying to take advantage of them, so they think that's very serious."
Humour	1	"I think they thought it was quite funny, because [a rat] had chewed its way in [through the outside balcony door] ....and thankfully they could see the funny side of it."
Concerned or worried	1	"... particularly for our clients who are mainly senior citizens, they're concerned or worried that they're going to miss out ..."
Stressful	1	"If it's on a holiday it could be very stressful because it's a bad start to their holiday."

*here's your coffee, now you just sit here and behave yourselves.' But she has the personality that could pick it and get away with it. And I actually received a letter from them, I heard about it afterwards, the letter said, 'Look we'd like to say that we arrived in not the best of moods at your restaurant, and we had the best experience and we would really like to compliment you on the sense of humour of your staff, turning a couple of tired old queens like us around.' And they actually took the time to write a letter."*

#### **Getting customers to complain**

Service providers also felt that many customers often do not complain but that if they did complain, then the service providers would be able to do something to rectify the problem and even turn them into a loyal customer.

*"I think some people just don't say. That's the hardest thing about our business because some people just don't say, and some people don't come back. The people that say are great because you can deal with them. You can deal with them personally."*

and another respondent put it this way

*"But how it's actually handled, and how it's communicated to them, and how seriously we take it. To a certain extent it's actually more important than the error itself. And there's situations where we actually, through errors or miscommunications, or stuff-ups, through good communication, we actually create some life-long customers out of that."*



# chapter four

## *Discussion and recommendations*

**T**he results of this exploratory research into service providers' views of service failure and recovery have several implications for management of service recovery processes in the tourism sector.

First, it is important to recognise the source of the service problem. Those identified in this study can be grouped into four major areas: (1) problems with the service itself; (2) problems associated with the service provider; (3) problems outside the service provider's control; and (4) problems related to the customer.

Second, regardless of the source of the problem, all service providers wanted to attempt to address problems, and they recognised that not all customers complain. Most felt that it would be useful, therefore, to encourage customers to express their views on the services so that the provider could address problems. Tourism and hospitality firms can do several things to encourage customer feedback. Service providers can be trained to encourage customers to express their views on the services that are being delivered in situ. Furthermore, it is possible to encourage customer feedback through complaint or suggestion boxes, or toll-free customer service telephone numbers.

Third, it was recognised that customer complaints can be handled in many ways. Two broad categories were identified based upon the interviews conducted. These were classified into tangible and intangible responses. What appears to be important here is that the recovery is appropriate to the customer. Indeed, some service providers felt that it was appropriate to send business people upgrade certificates, whilst for others flowers, chocolates or gift vouchers were deemed more appropriate. In a sense the recognition of individual needs and the subsequent tailoring recovery tactics were deemed important.

Fourth, it would seem that not a great deal of money has to be spent to recover a service failure, and for customers to feel that they have been treated fairly. For example, complimentary food and beverage, jumping a queue or giving a gift voucher were all considered by the service providers to be pleasing to the customer. Indeed, many service providers expressed the view that it doesn't really take much in terms of actual dollars, but if customers feel that the problem is being addressed and they are given something tangible, they can actually experience delight. However, service providers felt that their customers also appreciated intangible responses. In particular, it would seem important that service providers are trained in follow-up work to ensure that (1) customers are acknowledged and thanked for their comments, and (2) the customer is indeed happy with the service recovery. Training should be directed at providing information and explanation to customers at each stage regarding the

status of the service recovery so that customers can feel that something is being done.

Putting in effort needs to be encouraged, as customers appear to judge the amount of effort that they can observe as being directly related to the outcomes. Going the "extra mile", which may not cost very much to the organisation in absolute dollars - such as a bunch of flowers, recognition, a \$4 Christmas stocking for the customer's dog, giving personal attention, upgrade certificates etc. - appears to have positive long-term effects. On the other hand, failure to put that extra effort into solving the customer's problem is likely to result in the customer feeling angry. This is because effort is seen to be something that a service provider has control over. By not following through with effort the customer may perceive a lack of concern or respect being expressed by the service provider.

# 5 chapter five

## *Conclusions*

**I**n summary, this exploratory study has investigated how service providers view service failure and recovery. The results clearly suggest that complaints should be encouraged, that customers need to be taken seriously, with their complaints acknowledged and actioned with due care. Moreover, service providers should make considerable effort, as this is interpreted positively as concern for their satisfaction.

# Appendix 1: Service recovery interviews

## • Introduction/Consent:

Thank you for taking the time to see me. As we discussed/As explained in our letter to you, the research project we are conducting is attempting to produce a typology of service recovery tactics used in the tourism/hospitality sector.

I want to assure you that all the information gained during the project is confidential and that you and your organisation will remain anonymous throughout.

When the research process is complete, which should be by the end of this year, we will give you a copy of the report which will contain our findings.

I've brought along a tape recorder to help collect the data. It will save me from having to make detailed notes while we're talking. I hope this is OK with you?

The tapes will remain the property of the university. No one from outside the research project will have access to these tapes and you will not be identified on the tape either.

I am hoping that this will take no longer than half an hour. I will simply be asking you a series of questions about service failures and recovery tactics used by [the organisation].

Please stop me at any point if you need something clarified and of course you are completely free to withdraw at any time if you wish to.

• **Perhaps we could just talk about some service failure examples one at a time, and I'll follow with some questions. So, what are some of the service failures that happen in your industry?**

*For each example:*

How serious is this service failure?

What do you think the service staff might do?

Are there any other things they could do?

Is the recovery process a formal procedure (e.g., standard operating procedure, organisational policy), or is it informal?

Do you think staff follow formal policy or follow unwritten guidelines?

When thinking about dealing with service failure, what are your guiding principles?

If a customer had this kind of bad experience, would it be followed up?

Is this an instance where the customer simply isn't right? What do you think the customer could have done differently in this situation?

• **Finally, does [the organisation] have any formal service guarantees to its customers? If yes, what form does the guarantee take?**

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