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Introduction: Service Failures and Recovery

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A service failure is any type of error, mistake, deficiency or problem occurring during the provision of a service. The consumption of tourism and hospitality services involves a high degree of uncertainty and risk (Namasivayam and Hinkin, 2003). The inherent variability in tourism and hospitality services is attributable primarily to two factors: the heavy reliance on human service providers and the near impossibility of quality inspections prior to consumption (Zeithaml *et al.*, 1990; Chan *et al.*, 2007).

Service-quality problems or service failures in service businesses occur due to the following service-quality gaps (Parasuraman *et al.*, 1991):

- The knowledge or perception gap: Difference between the customers' service expectations and service managers' perceptions of the customers' service expectations.
- The standards gap: Difference between service managers' perceptions of customer expectations and the service procedures, standards and specifications established.
- The delivery gap: Difference between service-quality specifications and the actual service delivered to the customers.
- The communications gap: Difference between what is communicated to the customer and the actual service delivered.

Service-quality models such as SERVQUAL are widely used to identify and measure the probable causes of the above gaps (Parasuraman *et al.*, 1991; Koc, 2006). The SERVQUAL model focuses on the service-quality elements of reliability, assurance, tangibles, empathy and responsiveness (Parasuraman *et al.*, 1988).

No matter how good service-quality systems are, it is believed that service failures are inevitable (Goodwin and Ross, 1992; Levesque and McDougall, 2000), but dissatisfied customers are not (Michel, 2001). This is mainly to do with the service characteristics of intangibility, inseparability, heterogeneity and perishability.

As service failures cause customer dissatisfaction, they threaten the survival and growth of service businesses (Koc, 2006; Coulter, 2009; Weber, 2009; Koc, 2010, 2013; Wang *et al.*, 2014). Service failures trigger negative emotions and negative behavioural intentions for customers (Gregoire *et al.*, 2009; Ha and Jang, 2009; Wen and Chi, 2013). These negative emotions and ensuing behavioural intentions may include customer dissatisfaction (Kelley *et al.*, 1993; Koc, 2017), negative word-of-mouth (Mattila, 2001), customer switching (Keaveney, 1995; Pranić and Roehl, 2013), increased costs (Armistead *et al.*, 1995), and lower employee performance and morale (Bitner *et al.*, 1994; Lee *et al.*, 2013).

Tourism and hospitality can be considered as highly service failure-prone industries because of the increased customer–employee contact and the service features of

inseparability, heterogeneity and perishability (Koc, 2006). Additionally, tourism and hospitality industries require constant and intense contact with customers (Koc, 2003; Kim *et al.*, 2007), and as a result they are usually described as *people businesses*. Together with constant and intense contact, interaction or social exchange, the general service characteristics make tourism and hospitality more susceptible to service failures (Koc, 2013). General service characteristics that may increase the likelihood of service failures are:

- inseparability: the fact that consumption and production of hospitality services often take place simultaneously;
- heterogeneity: the difficulty of standardizing service performance elements;
- intangibility: the inability to see or touch the ‘product’ of service; and
- perishability: the difficulty in synchronizing supply and demand.

Koc and Boz (2014) offer a psychoneurobiochemistry perspective to the marketing and management of tourism and hospitality so as to be able to ensure customer satisfaction. This perspective proposes that minute details, such as jet lag in tourists who have travelled across several time zones, may be sufficient alone to cause dissatisfaction with the overall service provided at a particular tourism or hospitality establishment.

Service failures may prove to be extremely costly for tourism and hospitality businesses, because customers quite often switch providers after experiencing service failures (Carley and Lin, 1995; Bernardo *et al.*, 2013; Roschk and Gelbrich, 2014; Van Vaerenbergh *et al.*, 2014). The consequences of service failures may be visible, as in the case of a customer making a formal complaint, and not visible, as in the case of the alienation of potential customers through the negative word-of-mouth referrals by dissatisfied customers. It must be remembered that while a satisfied customer may express her/his content to only four or five people on average, a dissatisfied customer may express her/his discontent to as many as nine or ten people (Brown and Reingen, 1987). This means that the weighting of a dissatisfied customer is greater than a satisfied customer. In other words, one dissatisfied customer is not equal to one satisfied customer. In Chapter 3 (this volume), the emotional implications of satisfaction and dissatisfaction are explained.

Moreover, it is estimated that 96% of all dissatisfied customers switch to other providers without making a complaint (Mariani, 1993; TARP, 2007). This may mean that for every complaint received there could be 24 silent unhappy customers. [Table 1.1](#) summarizes some of the research findings relating to customer satisfaction, service failures and service recovery.

The above explanations show the importance of service failures and recovery from both practical and theoretical perspectives. The importance of service failures and recovery is reflected in the growing number of research publications. A basic Google Scholar search of the terms ‘service failure’ and ‘service recovery’ returns a total of about 29,000 and 24,000 results, respectively. More than half of the results belong to publications produced in the past five years. This finding shows that there is a growing interest among scholars in service failures and recovery. Furthermore, a Google Scholar search of the term ‘service quality’, a term closely related to service failures and recovery, returns a total of over one million results.

Against this backdrop, an extensive review of the literature has been made and it has been determined that there is no specific book devoted to service failures and recovery in

Table 1.1. A summary of Research Findings on Customer Satisfaction, Service Failures and Service Recovery.

Findings	Authors
A 5% decrease in the customer defection rate can increase profits from 25% to 95%. In other words, the retaining of 5% more of the customers means the business can increase its profits from 25% to 95%.	Jacob (1994); Reichheld and Schefter (2000); Reichheld (2003)
A 1% increase in customer satisfaction may increase customer loyalty as much as 10%.	Bowen and Chen (2001)
Attracting a new customer can be three to five times costlier than retaining an existing one.	Orr (1995); Fierman (1994); O'Brien and Jones (1995).
A 1% increase in customer satisfaction may cause a 12% increase on return on investment.	Anderson, Fomell and Lehmann, (2004)
A drop in the customer defection rate from 20% to 10% may increase profits per customer per year from \$134 to \$300, i.e. a 166% increase. A further 5% decrease in customer defection rate increases profits from \$300 to \$525, i.e. a further increase of 225%.	Reichheld and Sasser (1990)
A 1% decrease in customer defection resulted in an increase of \$41 million a year for the BFI company.	Brown (2006)
Having a customer retention rate of 20% ensures a 10% decrease in costs and hence increases profitability.	Power (1992)
The implementation of a service quality system can increase shareholder value as much as 56%.	Rucci, Kim and Quinn (1998)
The value of a satisfied business travel customer for an airline (Canadian Airlines) can be as much as \$915,000 over a ten-year period.	Jenkins (1992)
The cost of retaining a customer is about 25% of the cost of acquiring a new customer.	Riecheld and Sasser (1990)
Businesses with high levels of loyalty tend to have over 75% net-promoter scores.	Reichheld (2003)
A loyal guest at Club Med visits the resorts an average of four times after the initial visit and spends about \$1000 each time. The contribution margin is 60%. When a Club Med customer does not return after the first visit, the company loses \$2400, i.e. 60% of \$4000.	Hart, Heskett and Sasser (1990)

tourism and hospitality. Hence, this practical manual, as a textbook, is original and unique in that it is the only textbook available that focuses on service failures and recovery in tourism and hospitality. Therefore, the book fills an important void in the field.

The above explanations show the need for a more comprehensive and systematic education of prospective tourism and hospitality employees on service failures and recovery. Tourism and hospitality sectors are increasingly demanding graduates who can deal with service failures effectively and establish and implement efficient recovery systems.

The book is written for a number of audiences. First, the book is written for academics teaching tourism and hospitality programmes at universities. In line with the increasing importance of service failures and recovery, academics in tourism and hospitality programmes may wish to offer and develop a new elective or compulsory course in service failures and recovery to increase both the scope and depth of their undergraduate and postgraduate programmes. Additionally, academics teaching service-quality courses in tourism and hospitality programmes can use the book as a supplementary text to support their teaching. Second, practitioners in tourism and hospitality (e.g. marketing and human resources managers) can use the book to design and implement training programmes in their respective businesses. The professionals providing training to tourism and hospitality businesses may also benefit from using the book. Last but not least, the book could be used as a reference for researchers looking for original ideas for research.

As the book has been written with the above audiences in mind, chapters contain many student aids such as real-life examples, case studies, links to websites, activities and discussion questions, recent research findings from top-tier journals and presentation slides for in-class use by teaching staff.

A total of 25 prominent researchers and authors have worked diligently for over a year to bring this much-needed volume to life. Although service failures and recovery take place during service encounters, the stages before and after the service encounters matter significantly. Almost all subsystems and people in service businesses and customers come together and play a role in the occurrence of service failures and in the ensuing recovery actions. Therefore, service failures and recovery activities are dyadic in nature, involving both customers and service people (Koc, 2013; Boz and Yilmaz, 2017; Koc *et al.*, 2017). This means that service failures and recovery require a multidisciplinary perspective, e.g. marketing, human resources management. Hence, while some chapters have a strong marketing and consumer behaviour background, other chapters have a human resources management and organizational behaviour background. Also, some chapters have a combination of the above backgrounds.

As mentioned above, service-quality gaps (service failures) occur because of a wide range of deficiencies. Thus, in addition to human resources management and marketing implications, service failures and recovery are intertwined with other business functions too, such as operations management and accounting and finance. With these perspectives in mind, the book is divided into four parts.

PART 1 Understanding Service Failures and Recovery

Chapter 1 Introduction: Service Failures and Recovery

Chapter 2 Understanding and Dealing with Service Failures in Tourism and Hospitality

Chapter 3 Service Failures and Recovery: Theories and Models

After this introductory chapter by the editor explaining the rationale for the book and an outline, Chapter 2, written by Christina Dimitriou, provides a comprehensive review of the concept of service failure and the types of service failures. In Chapter 3, theories and models on service failures and recovery are explained and discussed by Melissa A. Baker.

PART 2 Understanding Emotions in Service Encounters, Service Failures and Recovery

Chapter 4 Emotions and Emotional Abilities in Service Failures and Recovery

Chapter 5 Memorable Service Experiences: A Service Failure and Recovery Perspective

Chapter 6 Customer Attribution in Service Failures and Recovery

Tourism and hospitality decisions are often strongly emotion-laden and understanding customers' and employees' behaviours in service encounters is of paramount importance. Chapter 4 explains and discusses emotions in service failures and recovery. Authors Erdogan Koc, Gulnil Aydin, Aybeniz Akdeniz Ar and Hakan Boz explore theories of emotional intelligence and emotional labour and discuss how emotions can be measured to understand customers' responses to service encounters and service failures.

Jong-Hyeong Kim, in Chapter 5, provides a comprehensive review of memorable tourism and hospitality experiences from the viewpoint of service failures and recovery. In Chapter 6, Beatrice P.T. Loo and Huey Chern Boo explain how tourism and hospitality customers make attributions and how they perceive events in different service failure and recovery contexts. The chapter also discusses the concepts of customer participation and co-production in parallel with customer perceptions of service failures and recovery.

PART 3 The Influence of Technology, Systems and People

Chapter 7 Technology, Customer Satisfaction and Service Excellence

Chapter 8 Self-Service Technologies: Service Failures and Recovery

Chapter 9 The Influence of Other Customers in Service Failure and Recovery

Chapter 10 Emotional Contagion and the Influence of Groups on Service Failures and Recovery

This part contains four chapters. The first two chapters are on the influence of technology and systems, while the latter two are on the influence of other customers.

In Chapter 7, Minwoo Lee and Melissa A. Baker provide a comprehensive review and discussion of the role and potential of technology in service failures and customer satisfaction and dissatisfaction. In Chapter 8, Petranka Kelly, Jennifer Lawlor and Michael Mulvey focus on self-service technologies from the perspective of service failures and recovery in tourism and hospitality.

Chapters 9 and 10 focus on the influence of in-group and out-group in tourism and hospitality service encounters, service failures and recovery. In Chapter 9, Kawon Kim and Melissa A. Baker explain the influence of other customers (out-group) in service failure and recovery perceptions of tourism and hospitality customers. Celil Cakici and Ozan Guler focus in Chapter 10 on the concept of emotional contagion (in-group) in service failures and recovery, as tourism and hospitality services are frequently consumed in participation with friends and relatives.

PART 4 Training for Service Failures and Recovery

Chapter 11 Staff Training for Service Failures and Recovery

Chapter 12 The Role of Empowerment, Internal Communication, Waiting Time and Speed in Service Recovery

Chapter 13 Cross-Cultural Aspects of Service Failures and Recovery

Chapter 14 Disappointment in Tourism and Hospitality: the Influence of Films on Destinations

Although various educational and training aspects of service failures and recovery are explained and discussed in almost all of the chapters, this part of the book specifically concentrates on education and training in relation to service failures and recovery. Written by Isil Arikan Saltik, Ugur Caliskan and Umut Avci, Chapter 11 provides an introduction to staff training for service failures and recovery. In Chapter 12, Ali Dalgic, Derya Toksöz and Kemal Birdir explain employee empowerment and the role of speed in efficient and effective service recoveries. Chapter 13 explores the cross-cultural aspects of service failures and recovery. In this chapter Erdogan Koc reviews some of the important cross-cultural theories on service failures and recovery and recent research findings on the topic.

In Chapter 14, Anna Irimiás, Gábor Michalkó, Dallen J. Timothy and Mariangela Franch provide a case study example of how films as a marketing communications tool may cause disappointment (service failure perception) for destinations.

My wholehearted thanks go to all the contributors who have worked so hard to produce this exceptionally useful and original book. I also would like to acknowledge the support and assistance of CABI, in particular, Claire Parfitt, Emma McCann, Rebecca Stubbs and Tim Kapp, and Alison Foscett for copy-editing work. I hope readers will find the book both interesting and useful.

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