

Common Themes in Critical Service Encounters Research



Recovery: employee response to service delivery system failure	Adaptability: employee response to customer needs and requests
Coping: employee response to problem customers	Spontaneity: unprompted and unsolicited employee actions and attitudes

Understanding Customer Responses to Service Failure



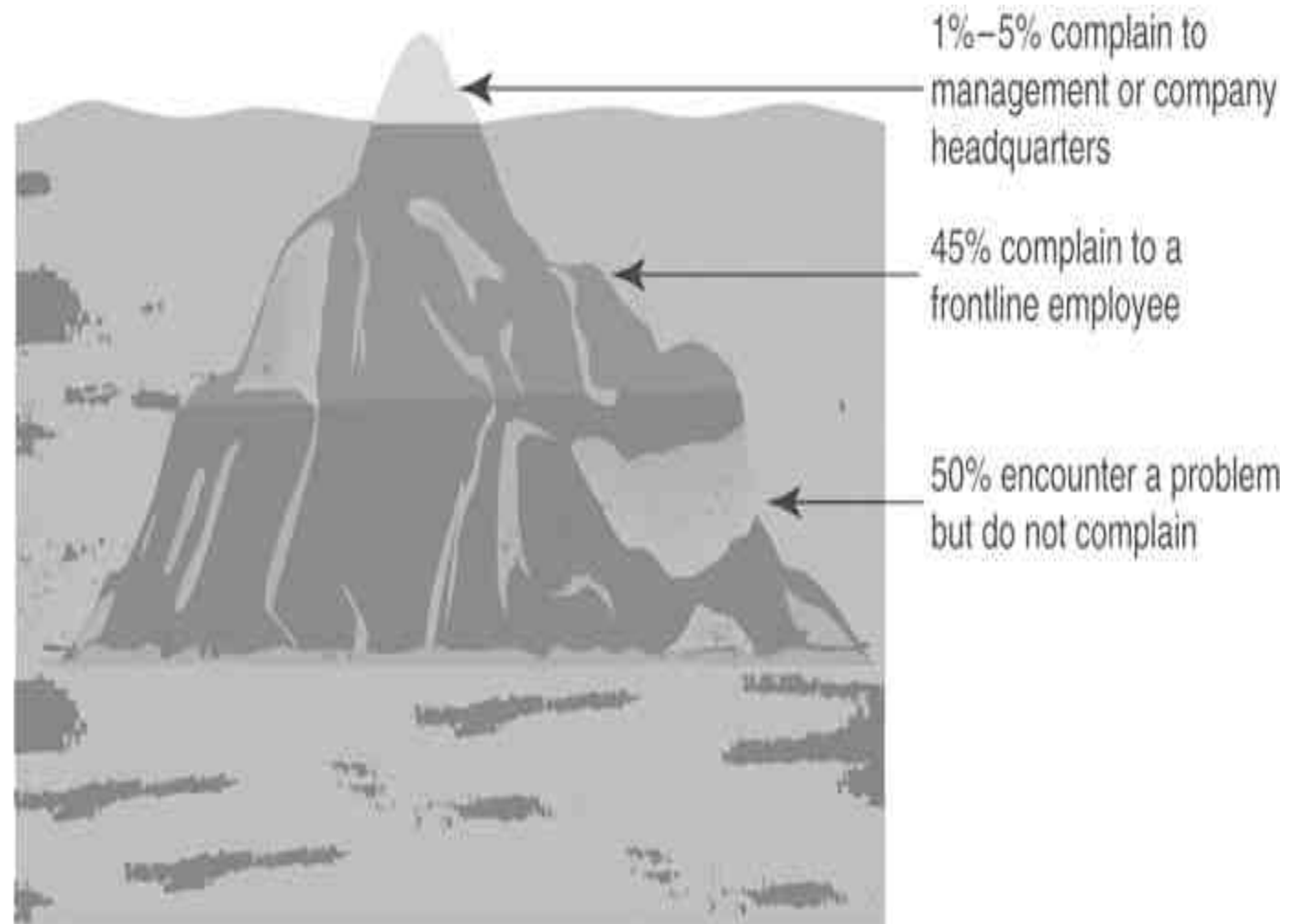
- Why do customers complain?
- What proportion of unhappy customers complain?
- Why don't unhappy customers complain?
- Who is most likely to complain?
- Where do customers complain?
- What do customers expect once they have made a complaint?

Complaining Customers: The Tip of the Iceberg

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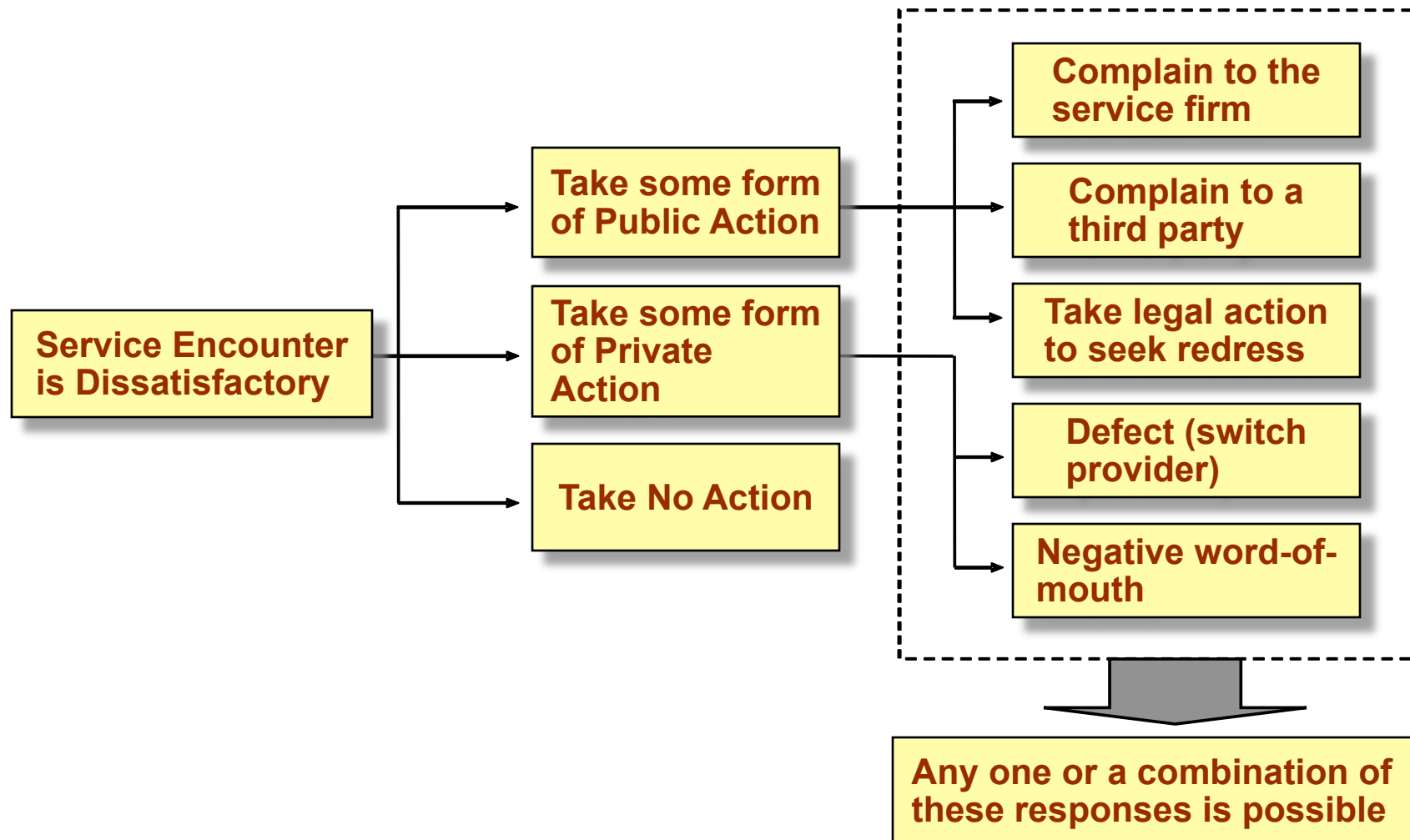
FIGURE 8.1
Complaining
Customers: The Tip
of the Iceberg

Source: TARP Worldwide
Inc., 2007.



Customer Response Categories to Service Failures (Fig 13.1)

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Strategies to Reduce Customer Complaint Barriers (Table 13.1)

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Complaint Barriers for Dissatisfied Customers	Strategies to Reduce These Barriers
Inconvenience ➤ Hard to find right complaint procedure ➤ Effort involved in complaining	➤ Put customer service hotline numbers, e-mail and postal addresses on all customer communications materials
Doubtful Pay Off ➤ Uncertain if action will be taken by firm to address problem	➤ Have service recovery procedures in place, communicate this to customers ➤ Feature service improvements that resulted from customer feedback
Unpleasantness ➤ Fear of being treated rudely ➤ Hassle, embarrassment	➤ Thank customers for their feedback ➤ Train frontline employees ➤ Allow for anonymous feedback

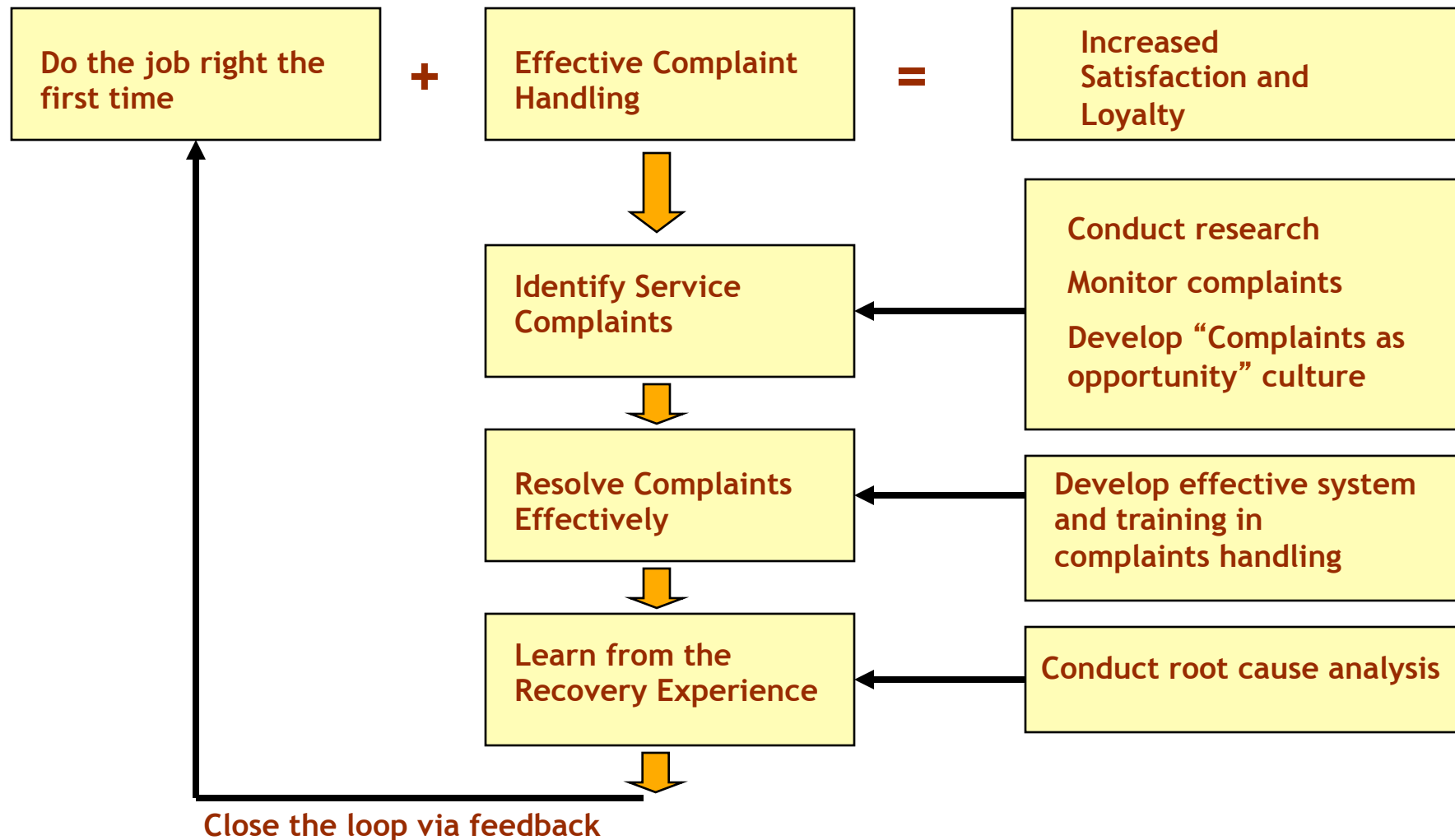
The Service Recovery Paradox

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- Customers who experience a service failure that is satisfactorily resolved may be **more likely** to make future purchases than **customers without problems** (Note: not all research supports this paradox)
- If second service failure occurs, the paradox disappears—customers' expectations have been raised and they become disillusioned
- Severity and “recoverability” of failure (e.g., spoiled wedding photos) may limit firm's ability to delight customer with recovery efforts
- Best strategy: Do it right the first time

Components of an Effective Service Recovery System (Fig 13.4)

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How to Enable Effective Service Recovery



- Be proactive—on the spot, before customers complain
- Plan recovery procedures
- Teach recovery skills to relevant personnel
- Empower personnel to use judgment and skills to develop recovery solutions
- See Service Perspectives 13.2: Guidelines For Effective Problem Resolution

