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Contextual Influences: Online Service Failure and Recovery Strategies

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In recent years, service failure and recovery strategies have generated considerable interest among both researchers and marketers. The Internet environment has transformed the concepts of service failure and recovery strategies from a dyadic customer-provider focus into a multidimensional web quality scope. In traditional encounters, the research spectrum of service failure and recovery strategies is very much developed from a customer service approach and the responsibility of recovery has been traditionally assumed to be something that is assigned to the marketer. Studies pay little or no attention to the multidimensional nature of service failures contingent to recovery strategies in developing countries. To date, empirical studies have focused on service failures and recovery strategies in developed countries. This paper aims to provide some insights on the need for a context-specific development of recovery programmes and strategies suitable for developing countries.

Keywords: online service failure, recovery strategy, recovery expectations, customer satisfaction, post-recovery behaviour, failure-recovery process

Introduction

The Internet environment has transformed the concepts of service failure and recovery strategies from a dyadic customer-provider focus to a multidimensional web quality scope. In traditional encounters, the research spectrum of service failure and recovery strategies is very much developed from a customer service approach and the responsibility of recovery has been traditionally assumed to be something that is assigned to the marketer, *ceteris paribus* (Bitner, Booms, & Tetreault, 1990; Maxham & Netemeyer, 2002; Argo, White, & Dahl, 2006; Roggeveen, Tsiros, & Grewal; 2012; Sivakumar, Li, & Dong, 2014). By contrast, research into online service failure and recovery strategies suggests that understanding is limited to the spectrum of customer-website interactivity and less on the multidimensional nature of computer-mediated marketing environment (CMME) (Hoffman & Novak, 1996; Ozuem, Howell, & Lancaster, 2008).

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CMME views online customer behaviour in a different way to traditional behaviour. Indeed, the online environment situates providers in an intense space of market competition, positioning the customer only a click away from switching providers in light of service failure (Ozuem et al., 2008; Y. S. Wang, Wu, Li, & Y. Y. Wang, 2011). The CMME itself, together with the intensity of competition, serves as an indicator of very low customer switching and emotional costs (Forbes, Kelley, & Hoffman, 2005). Consequently, online customers ignore post service failure interactivity with the provider, even though such activity is intended to recognise such failure and initiate service recovery. In such circumstances, customers can switch to alternative providers. In this fragile online environment, research into service failure and recovery strategies amongst online services has received more attention in understanding the causes of service failure rather than in understating customers' perception on service failure (Meuter, Ostrom, Roundtree, & Bitner, 2000; Holloway & Beatty, 2003).

Academics and practitioners have been examining online service failure and recovery strategies from 2002 (Forbes et al., 2005; Kuo, Yen, & Chen, 2011; Ozuem & Lancaster, 2014). Research into online service failure and recovery strategies has succeeded in assigning meaning to online service failures and categorising these into typologies (Forbes et al., 2005; Kuo et al., 2011). Other scholars' attention was directed towards examining the online service failure and recovery strategies on lenses of traditional encounters' antecedents, though fewer antecedents are considered in the online failures (Kuo et al., 2011; Wang et al., 2011; Ozuem & Lancaster, 2014). Such epistemological orientations limit the potential and opportunities inherent in CMME. Understanding service failure depends on individual expectations. Approaching the ontology of customers in the service failure and recovery process should be contextual rather than generic and standardised. Within this scope of approaching customers, Wang et al. (2011) examined their perceptions based on justice theory. The principles of justice theory lay on the equal fairness assessed from all the parties in a society (Mandle, 2009). In service recovery, justice is "defined as the customer's assessment of the fairness of the way in which service failures are handled" (Wang et al., 2011, p. 352). Study of Wang et al. (2011) reveals that customer perception of fairness is a reflection of the marketer's behaviour towards the customer. Zhu, Nakata, Sivakumar, and Grewal (2013) sought to understand customer perceptions of what causes service failure (such as whether it is the customer's or the provider's fault) through attribution theory. Recently Ozuem and Lancaster (2014) utilised a constructivist perspective to comprehend customer recovery expectations and satisfaction. Studies pay little or no attention to the multidimensional nature of service failures contingent to recovery strategies in developing countries. To date, empirical studies have focused on service failures and recovery strategies in developed countries. This paper aims to provide some insights on the need for a context-specific development of recovery programmes and strategies suitable for developing countries.

Theoretical Framework and Context

The term "service failure" has grown in popularity as a terminology used by both scholars and practitioners over the last two decades (Ozuem & Lancaster, 2014). Service failure has occurred in numerous research disciplines, including production and management (Craighead, Karwan, & Miller, 2004), business (Choi & Mattila, 2008), marketing (Sivakumar et al., 2014), consumer behaviour (Argo et al., 2006), and the service industry (Chuang, Cheng, Chang, & Yang, 2012). Despite the uniqueness of these settings, if analysed together, it is clear that service failure is common to a range of commercial settings and practical solutions must be attained to address service failures.

Various industries have been researched by scholars examining service failure and recoveries. These industries include fashion (Luo, Ba, & Zhang, 2012; Ozuem & Lancaster, 2014), the airline industry (Bitner et al., 1990; Ringberg, Odekerken-Schroder, & Christensen, 2007; Bonifield & Cole, 2008; Roggeveen et al., 2012; Tshin, Tanakinjal, & Sondoh, 2014), medical care (Singh, 1990; Choi & Mattila, 2008), hospitality (Bitner et al., 1990; Smith, Bolton, & Wagner, 1999; Smith & Bolton, 2002; Hess, Ganesan, & Klein, 2003; Craighead et al., 2004; Bonifield & Cole, 2008), grocery shopping (Singh, 1990), automotive repair (Singh, 1990; Craighead et al., 2004), and the financial industry (Singh, 1990; Maxham & Netemeyer, 2002; Chuang et al., 2012). Based on the reach of the analysis, it can be argued that the latter industry is perhaps the least researched area. In marketing and digital marketing research, online service failures and recovery strategies in financial institutions are the most truncated and underdeveloped areas, particularly in developing countries.

Service failure, as a term, can easily be conceptualised, and the definitions in the literature reflect a trajectory of meaning from common ground. Traced back to its early elucidation, Bell and Zemke (1987, p. 32) stated that service failure "happens every time our experience of service falls painfully short of expectations" and that mismanaging the "design and deployment of service with laser-like focus on the details" shapes the fluctuating of expectations, that is, service breakdown, which can be identified with two distinct labels. First is "annoyance" embodied by irritated customers facing a slight shortage on what they have expected (i.e., a minor service failure) (Bell & Zemke, 1987, p. 33). Second is "victimisation" personified by customers encountering a major failure (Bell & Zemke, 1987, p. 33).

In terms of "customer expectations", Sivakumar et al. (2014, p. 46) proposed that "service failure entails negative disconfirmation when service performance falls below expectations". To develop upon this idea, Sivakumar et al. (2014, p. 41) imparted another perspective on service failure as follows: With the inherent heterogeneity of services, performance sometimes meets expectations, sometimes falls below expectations (service failure), and sometimes exceeds expectations (service delight). The term "heterogeneity" used in the abovementioned definition refers to the multiple providers a customer can interface within the marketplace. It is therefore important to understand the complexity of behaviour amongst customers interfacing with service failures in terms of multiple choices in the market. The focus of their study is on the frequency, timing, proximity, and sequence of service. Frequency is divided into two: concentrated and dispersed. The first refers to the failure or delight emerging from a single encounter. The second refers to multiple short failures or delights. Timing refers to the momentum of the failure or delight occurrence, whilst proximity is the interval amongst the failures or delights. Sequence compares a failure and a delight based on the importance of each in terms of their awakening series. Sivakumar et al. (2014, pp. 53-54) proposed that seriously perceived "service failures" are those with "dispersed breakdowns, long interludes among failures, and failures rather than delights situated in the closure of the encounter".

Yet service failure as a phenomenon is immensely complex and prone to misconceptions and gaps reflected in the literature and with some relevance for practitioners. The literature shows that scholars have been researching service failure from similar grounds/perspectives. Though research on service failure has enriched the literature, there is an unsolved puzzle in the extant research and an additional contribution is a necessity.

The primary idea that explains this complexity generates specifically from the differences amongst customer recovery expectations and that of myopic perception of customers' standpoints in terms of their prospects. In Bell and Zemke's delineation (1987, p. 32), the customer's expectation is associated with "the zone of neutrality", that is, the state of equality between "what was expected" and "the gain". When the

customer is satisfied with the experience, she/he is situated in the "delighted zone" (Bell & Zemke, 1987, p. 32). By contrast, when the customer is dissatisfied with the experience, she/he will be positioned in the undesirable one. On either side of the neutral zone is a memorable experience (Bell & Zemke, 1987). The neutral zone identified by them does not provide explanations on how to understand customers' expectations, but rather provides the marketer with an overview on the ontological stance that they should take (i.e., the delight zone).

To develop upon this, the complexity in the nature of "self" broadens when conceptualising service failure in the context of "the delight experience"; this proposition has been advanced by authors, such as Rust and Oliver (2000). They expressed a view of the "counter customers' delighters". The notion articulated in Rust and Oliver's study (2000, p. 86) is that critics have suggested that delighting the customer "raises the bar" of customer expectations, making it more difficult to satisfy the customer in the next purchase cycle and hurting the firm in the long run. Rust and Oliver (2000) also considered the perspectives of the customer forgetting the delight. The essence of customers forgetting the delight is that of not increasing the expectations of self in the sense that the provider is literally not forced to enhance their service above the standards they have already set. If this is the case and customers are not elastic in their choices but rather loyal to a single provider, they concluded that delighting customers is a smart customer persuasion technique. Some conceptualised the effect of delight on the customer and the provider based on how customers give meaning to delightful experiences. Intrinsically, to the latter group, customers are positioned under different perception grounds of delight, emphasising the enigma behind what a delightful experience is for a customer. Consequently, it is worth exploring how a provider should interact with a customer and what recovery strategy they should provide when service failure occurs.

An additional source of complexity in conceptualising service failure is the divergence within findings in relation to the effect that the "customer-provider relationship" has on customer expectations and satisfaction when a failure awakens and recovery is provided. The lack of agreement around a structured paradigm as to how compact the relationship should be between the provider and the customer has led scholars and practitioners to debate these issues. Hess et al. (2003) suggested that the customer-provider relationship is complex and that customers interested in long-lasting relationships with a provider are more tolerant of failures, have lower recovery expectations, and allocate failures to less stable ones. They are consequently more satisfied with perceptions of recovery (Hess et al., 2003). It is suggested here that a more enduring customer-provider relationship is a positive outcome, particularly for providers, in the sense that less recovery effort is required. To the brilliance of irony, one may say that the sublime matter behind this study is the questioning of self. Are those findings presumptive yet superimpositions of prior studies or do they reflect the absolute truth of the issue? Reiterating some truth in the ambiguity illustrated in the prior twofold question, the authors themselves accentuated generalisation of findings as an issue (Hess et al., 2003).

Hess et al. (2003) analysed customer responses to service failures in the context of prior service relationships, and Hui, Ho, and Wan (2011) considered the issue of customer trust developed in terms of customer-provider encounter length. The outcome refers to "trust" being the sublime indicator of how customers assign meaning whilst justifying responses to service failures. To illustrate this, the authors argued that, "our studies show that it is not prior relationship per se but rather trust in the service provider that interacts with self-construal to influence consumer responses to service failures" (Hui et al., 2011, p. 74). In contrast to independent customers, it was evident that interdependent ones have less intention to switch and complain in the face of process and outcome failures, particularly if they trust the provider (Hui et al., 2011). This

emphasises trust building, particularly if the targeted customers are societal interdependent groups (Hui et al., 2011). It should be noted that if the customers do not complain, there is a downside for the company: that of the provider having tenuous information about the customer's stance towards the firm—an argument underlined when interdependent customers are considered (Hui et al., 2011, p. 76). Additionally, Ozuem, Thomas, and Lancaster (2015) argued that the relationship strength influences customer loyalty. Perhaps, this implies that a good provider-customer relationship decreases customer's dissatisfaction from the online failure.

Craighead et al. (2004, p. 309) called the time from failure occurrence to when the provider becomes aware of the failure "the pre-recovery phase". Regardless of the attempt of marketers to develop the optimum scenario, that is, minimising the pre-recovery phase, and aiming to develop a pure recovery encounter with the customers—a concept explained by the literature as the "service communality" (Ringberg et al., 2007, p. 194), for the original authors of the concept—they still face a state of unenviable "commercial friendship" (Ringberg et al., 2007, p. 194). One possible reason for the prolonged pre-recovery phase can probably be explained by the suggestion of Bougie, Pieters, and Zeelenberg (2003). They proclaimed that "most dissatisfied customers generally do not bother to complain" (Bougie et al., 2003, p. 390). Therefore, it is difficult to conceptualise the customer's stance solely by making assumptions. It can be difficult for service employees to recognise dissatisfaction, if the customer does not "provide" a readable sign. Ozuem, O'Keeffe, and Lancaster (2015) suggested that motivated employees lead to a better customer-provider relationship. In context to service failure, motivated employees may find alternative ways to identify customers' recovery requirements, even if readable signs are not provided.

The idea advanced by Bougie et al. (2003, p. 377) is the understanding of "customer's behavioral responses to failed service encounters" (subject to two emotional responses: dissatisfaction and anger). To explain dissatisfaction and anger, authors considered the following behavioural responses: switching, complaining, and negative word-of-mouth (WOM) (Bougie et al., 2003). Dissatisfaction was found to be a significant predictor of the first response, whilst anger is significant to the entire list of responses. They suggested that "findings appear to be in contrast with earlier work" (Bougie et al., 2003, p. 389) and create room to criticise how researchers understand the mental scope of customers following service failure behavioural responses. What they do not provide is an elaboration of the providers' ability to understand the mental state of the customer. Azemi and Ozuem (2015) crisply argued that the advent of social media has enhanced communication with the customer. By implications, social media has increased marketer's possibilities to conceptualize customers' perception on the failure-recovery experience.

In terms of the emotional responses, the complexity in conceptualising service failures is subject to debate around two emotional approaches: variance-based and specific emotions (Zeelenberg & Pieters, 2004). The first approach typically situates perceptions of customers as either positive or negative, ignoring any explanation along this spectrum (Zeelenberg & Pieters, 2004). By contrast, the latter approach considers literally everything about customer responses, from what they say through to their body language. All of these signs reveal much about customer mental perceptions, as illustrated in Zeelenberg and Pieters' discussions (2004). These authors suggested that a specific emotions approach "requires insight into the specific antecedents, phenomenology, and consequences of different emotions" (Zeelenberg & Pieters, 2004, p. 446). They questioned the variance-based approach. Instead, they argued that customer perceptions of failure should be analysed through the specific emotions approach elaborated upon through appraisal emotion theory (Zeelenberg & Pieters, 2004). They suggested that it is this approach that offers theory to comprehend the

mental contour of customers. The analysis of the specific emotions approach centres on two emotions, namely, regret and disappointment (Zeelenberg & Pieters, 2004). They examined four behavioural responses, which they labelled switch, inertia, complaining, and word-of-mouth based on these emotions. A synopsis of their findings suggests that: (1) Switching and word-of-mouth are related to blended regret and disappointment; (2) complaining is related to disappointment although not to regret, and this variance is justified by the idea that customers assign their own responsibility to regret; and (3) inertia has a modest relationship with regret and disappointment and can be considered unique in the context of this model (Zeelenberg & Pieters, 2004, pp. 452-453). Complaining is perhaps the factor that exerts the greatest influence on mitigating customer perceptions of inertia.

Early literature relating to service marketing that focuses on analyses of role theory reflects a morphology outcome on customers and employees across common and blended responsibilities (Solomon, Surprenant, Czepiel, & Gutman, 1985; Ozuem, Borrelli, & Lancaster, 2015). That is, not only employees are considered responsible for customer satisfaction, but the customers themselves are also considered in such discussions. Based on role theory, customers are more or less considered in terms of learned and systematic behaviour, identified as the mindless concept (Solomon et al., 1985), whereas the position of employees is explained across intra-role congruence, specifically "the degree to which the service provider's concept of his/her role accords with the organization's conception of that role" (p. 104) and inter-role congruence, specifically "the degree to which provider and client share a common definition of service roles" (p. 104). It follows that the service provider expects from customers an equivalent response to prior responses and a change to their behaviour, only when a service encounter deviation arises (Solomon et al., 1985). The closer the employee is to the intra- and inter-roles, the more positive the provider-customer encounter will be (Solomon et al., 1985). The salient interpretations that emerge from the abovementioned discussions are as follows: First, regardless of the responsibility of customers, there are no "rules" that spell out an ideal employee-customer interaction, and it is the employees' duty to design and influence service encounters and satisfaction, they must be able to understand customer expectations; second, regardless of the degree to which a customer remains stable from one encounter to another, there is always the possibility of deviation and the difficulty of managing service encounters remains problematic.

Conclusions

Omitting employees from service encounter process "ingredients" is a critical issue that can influence the treatments of service failure phenomenon (Bell & Zemke, 1987; Bitner et al., 1990). Though research espouses the centrality of employee empowerment, it continues to be a salient theme in the literature but one that is perhaps overlooked by practitioners. By its very nature, employee empowerment is identified as a form of "knowledge" and "control" (Bitner et al., 1990, p. 82). Knowledge refers to information imparted to employees (for example, on service standards, delivery process, and service characteristics, amongst others), whereas the freedom of employees to make decisions is assigned to "control" (Bitner et al., 1990). Knowledge will help the provider understand what is wrong with the service, whereas control will assign the right to recovery decisions to the employee (Bitner et al., 1990). The endorsement that "the customer is always right" is not enough (Bitner, 1990, p. 82). In fact, they can be wrong and can even be insulting, according to Bitner et al. (1990). Based on their arguments, customers can be very unpredictable. Therefore, employees should have adequate knowledge and the decision-making freedom to successfully handle the encounter.

If a chronological examination of studies in this subject is undertaken, a key concern that may arise is how to situate, define, and discuss failure and service recovery using a selective approach rather than considering the two comprehensively. Recently, Sivakumar et al. (2014) questioned the researching of service failures alongside service recovery. They argued that most of the research approaching service failure focused on types of recovery strategies, antecedents, mediators, and recovery consequences (Sivakumar et al., 2014, p. 42). Prior to this work, to some extent, Choi and Mattila (2008) criticised conceptualisations of service failure in tandem with recovery outcomes. A comprehensive approach of service failure and recovery strategy helps scholars justify their studies. However, it leaves the literature prone to subjective interpretations of service failure and recovery strategy as separate topics. This does nothing to clarify discussions of what is ultimately a complex debate within the subject.

The earlier sections suggest that service failure is highly significant to the provider. However, service failures can mitigate negative consequences through effective recovery strategies (Craighead et al., 2004). There are arguments that service recoveries can even enhance customer-provider relationships, yet extant "research has shown that more than half of attempted recovery efforts only reinforce dissatisfaction" (Casado-Diaz & Nicolau-Gonzalbez, 2009, p. 1659). Thus, service failure continues to be portrayed within unclear boundaries. Conceptualising service failure and identifying intrinsic recovery strategies to cope with it are useful to assess failure types alone, so that a better understanding can be provided.

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