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Professorial Lecture Series

“Waiter, what’s that fly doing in my soup? ...
Responding to service failure in the hospitality industry”

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Service failures in the hospitality industry are best known by the old joke of the customer asking the waiter “what’s this fly doing in my soup?” The answer, according to the joke, is “hmm ...backstroke, I think sir”, but surely there are other ways to deal effectively with service problems.

This lecture aims to provide insight to the topic of service failures and possible service recoveries. The lecture begins with some contextual information about service industries and more specifically, the hospitality industry. Throughout the lecture, general propositions are illustrated using examples from my own research and that of leading investigators in the field. In addition, Appendix 1 provides a brief summary of a selection of the research studies I have conducted over the past decade.

1. Service industry

The purchase of services forms a large part of modern day commercial transactions. Indeed, service industries comprise the largest component of the Australian economy (Year Book Australia, 2002). The hospitality industry - offering a range of services including accommodation, food and beverage, transport, tours and attractions - is a significant contributor within this sector. The size and scope of the Australian hospitality industry can be appreciated from a range of available data. For example, the peak body for the restaurant and catering industry estimates that:

- The industry turns over \$9.3 billion and spends \$2.9 billion on wages and salaries, \$2.9 billion on food products, \$604 million on beverages and \$911 million on leasing commercial properties
- The industry employs an estimated 217, 400 people (2.4% of total workforce)
- 15% of all consumption by visitors is at restaurants and take away food outlets (Restaurant and Catering Industry Action Agenda, 2003).

Similarly, the accommodation industry comprises a large and important component of the service sector, as illustrated by the following data:

	Employment (persons)	Businesses (number of)	Income (\$millions)
Accomm (2001)	106,000	5890	\$8.3 million
Clubs, pubs, etc. (2001)	149,000	6900	\$15.3 million
Cafes and rests (1999)	152,100	12,850	\$7.2 million
TOTAL	407,100	25,640	\$30.8 million

Source: Year Book Australia 2002: Service Industries Hospitality Industries. ABS. [www.abs.gov.au]

Like all service industries, the services provided within the 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 hospitality services in advance and even harder to 'try before you buy'. The provision of hospitality 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 of these reasons, achieving a situation of zero defects is difficult, perhaps even impossible.

2. Service failure

Service failure, or service breakdown, can be defined as that service which does not meet the customer's expectations. It is the customer's perceptions of service failure that is critical, not whether the service provider was responsible, nor whether the perceptions are fair or reasonable. A range of individual or experience dimensions influence perceptions of service delivery. For instance, a customer's mood state, familiarity with the service script, or relationship with the firm, may moderate customers' expectations of service provision and may thus contribute to a sense of service success or failure.

Parasuraman and his colleagues (1991) propose that customers have what is termed a "zone of tolerance", that is, a set of beliefs or expectations regarding what constitutes both adequate and desired levels of service expectations. This zone of tolerance can expand or contract over time resulting in differing evaluations of service delivery. The zone width may vary between customers and from one situation to another. Variations in service quality within these bounds usually do not give rise to perceptions of service failure. However, when service standards fall outside the zone of tolerance, feelings of dissatisfaction are likely to occur.

As mentioned, the nature of services also directly gives rise to opportunities for service failure to occur. For example, Seider and Berry (1998) propose that the intangible nature of service makes their delivery vulnerable to failures. From the customer perspective, a sense of vulnerability arises from having to put 'my'

experience in the control of another. In many hospitality situations, customers rely on others (service providers) to provide actions that result in a positive experience. Because most hospitality services are quite intangible, there is ample opportunity for customers to experience feelings of service unfairness. For instance, there is a greater likelihood of confusion about the accuracy of promises made when receiving a service compared to when purchasing a product. While service firms can minimise service failures through flexible policies and careful planning and monitoring, it is almost inevitable that failures sometimes occur.

Service failures may be categorised in a number of ways. Most fundamentally, a distinction can be made between service failures that occur due to an error of either omission or commission (Sparks, 2001). Failure as a result of omission is where part or the entire service offering is not provided. For instance, a hotel's signature restaurant may be closed for renovation and thus not available. In contrast, failure as a result of commission is where the service is delivered but does not meet expected standards, such as the room service meal delivery being particularly slow. A second useful distinction is between service failures that involve either core or peripheral activities (Iacobucci, 1994). Core activities are those central to the service provided, such as the food at a restaurant. Core service breakdowns may include occurrences such as a hotel room not being ready, or a steak being cooked well done when requested rare. Peripheral activities are those that complement or enhance the core service delivery, such as the ambiance of a restaurant or the communication style of providers. Failures that relate to peripheral activities frequently include a lack of interpersonal skills (e.g., friendliness) on the part of the service provider. Finally, failures may be categorised across a range of other dimensions including severity, duration, frequency, and avoidability.

Service failure is subjectively defined; it is in "the eye of the beholder". Specific characteristics of the hospitality industry that make it susceptible to service failure include the high level of human interaction, the experiential nature of the service provided, the possibility of broken promises resulting in a mismatch between expectations and perceptions, and the need to combine with other customers. To better understand why events are defined as service failures, we need to gain an appreciation

of the customer's perspective. In particular, we need to understand what events arouse feelings of unfair treatment.

3. Justice theories

One helpful way to investigate customer evaluations of service failures (and recovery processes) is through the use of what social psychologists refer to as justice theories. A wide range of research has been conducted in the past investigating 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 (see for example, Sparks & Mc Coll Kennedy, 2001; Tax & Brown, 1998). Here, the idea is that customers' levels of satisfaction and their future loyalty to a particular firm depend upon their views as to whether or not they were treated fairly, that is, whether justice was done. Three forms of justice are generally agreed to operate: distributive justice, procedural justice, and interactional justice.

Distributive justice is concerned with the outcome of the service exchange. Was the outcome consistent with what was promised? For example, if the customer has booked a king bedded room, did he/she receive it? *Procedural* justice is concerned with issues of the service organisation's policies or practices as well the customer's opportunity to have his/her say, and thereby potentially influence the proceedings. Thus, a customer may feel the service failure is unfair due to what might be perceived as silly or inflexible policies. *Interactional* justice involves interpersonal treatment accorded to the customer (Bies & Moag, 1986). Within a service situation, this may include the manner in which service providers address the customer, display friendliness, accommodate their behaviour, show interpersonal sensitivity, treat customers with dignity and respect, or provide explanations for ongoing events.

4. Understanding how customers decide whether they have been unfairly treated

But how do customers decide whether they have been treated fairly? There are probably three main benchmarks used: other people's opinions, comparison with the treatment received by others, or comparison to norms. Customers may determine whether they have received fair treatment based on the comments or advice of others.

In discussing service events, customers may develop a sense of injustice from other people commenting that the treatment received is unfair, and encouraging them to make a complaint. Alternatively, in determining whether treatment is fair, customers may assess how their own treatment compares to that of others. This approach has received considerable support from social comparison theories of justice such as equity theory (Adams, 1965). According to this approach, customers evaluate an outcome based upon a ratio of inputs (prices paid) to outcomes (service received) and compare this ratio with that obtained by other customers. Another way to determine whether fairness has occurred is through comparison with some frame of reference other than what happened. Here, the referent is usually some normative standard that the customer believes, if applied, would result in a better service outcome than that obtained. The notion of fairness judgements being framed in relation to normative standards is further elaborated in Folger and Cropanzano's *fairness theory* (1998, 2001).

Making sense of how customers form fairness judgements

Folger and Cropanzano's (1998, 2001) *fairness theory* has proved useful for investigating fairness in a range of settings. Much of my recent research has used this theory to understand fairness in the service failure and recovery context. *Fairness theory* posits that, following a negative event, people engage in a process referred to as "*counterfactual thinking*" (Roese, 1997). Put simply, counterfactual thinking is those thoughts about the service incident that are contrary to the fact (imagined things that didn't actually happen). Central to *fairness theory* is the notion that some party is accountable for a 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 they *would* have felt had that action been taken. The answers given to these 'could', 'should' and 'would' questions enable the customer to assign moral accountability for the negative event. Applied to a service failure context, customers will assign accountability to the service provider to the extent that the customer perceives (a) the provider chose the action from a range of feasible alternatives (*could* have done something else), (b) the provider behaved contrary to accepted norms (*should* have behaved differently), and (c) he/she (customer) *would* have felt better if another action had been taken.

5. What reactions do customers have to service failures?

There are, not surprisingly, several responses that customers may have to service failure or poor service recoveries. The most widely researched are satisfaction responses, emotional reactions (such as anger, disappointment or regret), behavioural responses (such as complaining, exiting or switching behaviours).

Let me illustrate how service failures trigger emotional responses. One study that I have undertaken investigated how dimensions of justice impact various customer affective responses. In this study (Sparks, 2003), survey data from a sample of 800 community members were analysed. One set of analyses sought to determine how various justice dimensions are associated with affective responses. Based on preliminary data reduction techniques, three key affective responses were deemed to be representative of typical feelings reported by customers. These three responses were anger, pleasure, and embarrassment. Next, an investigation was undertaken to determine which dimensions of justice might predict each of three customer affective responses.

For the affective response of *anger*, outcome favourability, customer control and the service provider defensiveness were significant predictors. More specifically, customers reported higher levels of anger if the outcome they received was perceived to be less favourable for them than for others. Those customers who felt that they had little control over the service recovery process also expressed higher levels of anger than those who did not. Finally, if a service provider acted in a defensive manner customers tended also to report higher levels of anger. For the affective response of *pleasure*, outcome favourability, the quality of the interpersonal treatment received, and the amount of control the customer felt, were significant predictors. Finally, for the third affective measure of *embarrassment*, the level of outcome received, the quality of the interpersonal treatment received and the level of defensiveness displayed by the service provider, were significant predictors. This study provides further insight to the complexity of service recovery, demonstrating that the various emotional responses to service failure have partially overlapping, but subtly different, antecedents.

Some outcomes of the failure and recovery process are more behavioural in orientation. One such outcome is the positive or negative word of mouth (WOM) communicated by an aggrieved customer. Generally, WOM communications are those comments made to people such as business colleagues, friends or relatives. While positive WOM is clearly desired, negative WOM is most damaging. Unfortunately, negative WOM is common among unhappy customers. Sparks and Bradley's (1997) research study into a breakdown of service in a hospitality setting found that customers who express higher levels of dissatisfaction with the service recovery process are more likely to engage in negative WOM.

A second important behavioural consequence of service failure relates to the repatronage of particular services. The long-term loyalty of customers is likely to be affected by service failure, especially where there is opportunity to change service providers (that is, engage in switching behaviour). For instance, with restaurants, it is relatively easy to change from one business to another. Blodgett and his colleagues (1997), in a study of service at a retail store, found that perceptions of interactional justice were a key determinant of complainants' repatronage and negative-word-of-mouth intentions. Customers who were poorly treated indicated they would not return to the store and would be prepared to 'badmouth' the store. Indeed, Keaveney (1995) found people most frequently switched firms due to service failures. Similarly, Dube and Maute (1996) reported on the importance of dealing effectively with customers' complaints in order to prevent brand switching in services. Other research (Gilly, 1987; Sparks and Bradley, 1997) has found that customers who are more satisfied with the service recovery response are more likely to consider using the service firm again. Similarly, other research (Zeithaml et al., 1996) has demonstrated that among customers who experience service problems, those who receive satisfactory resolution are more likely to remain loyal to the firm than are those who experience unsatisfactory resolution. Hence, effective service recovery significantly improves behavioural re-use. However, when attempts at service recovery are poorly handled, the effects on the firm's future business may be devastating.

6. Service recovery

The term 'service recovery' refers to the action taken by the service organization in response to a customer's expression of dissatisfaction with some aspect of the service.

It is the process of dealing with a service failure situation with the aims of returning the customer to a state of satisfaction. Service recovery techniques usually involve attempts to rectify the service breakdown but may also entail providing customers with explanations about the service failure, apologizing, making offers of compensation, and being courteous in the process (see for example, Bitner, 1990; Blodgett, Hill & Tax, 1997; Goodwin & Ross, 1990; Hoffman et al., 1995; Sparks & Callan, 1996).

The process of recovery

Figure 1 provides an overview of the service failure and recovery processes. The sequence depicted begins with the organizational antecedents to the (failed) service encounter, and proceeds via a range of service recovery tactics through to the immediate and longer-term customer outcomes. It also makes the important point that, before service recovery can take place, it is necessary that the service provider recognises that a problem has occurred. Service failures frequently go undetected. For example, a customer's soup may be cold, however unless this is brought to the attention of the server, it is not known

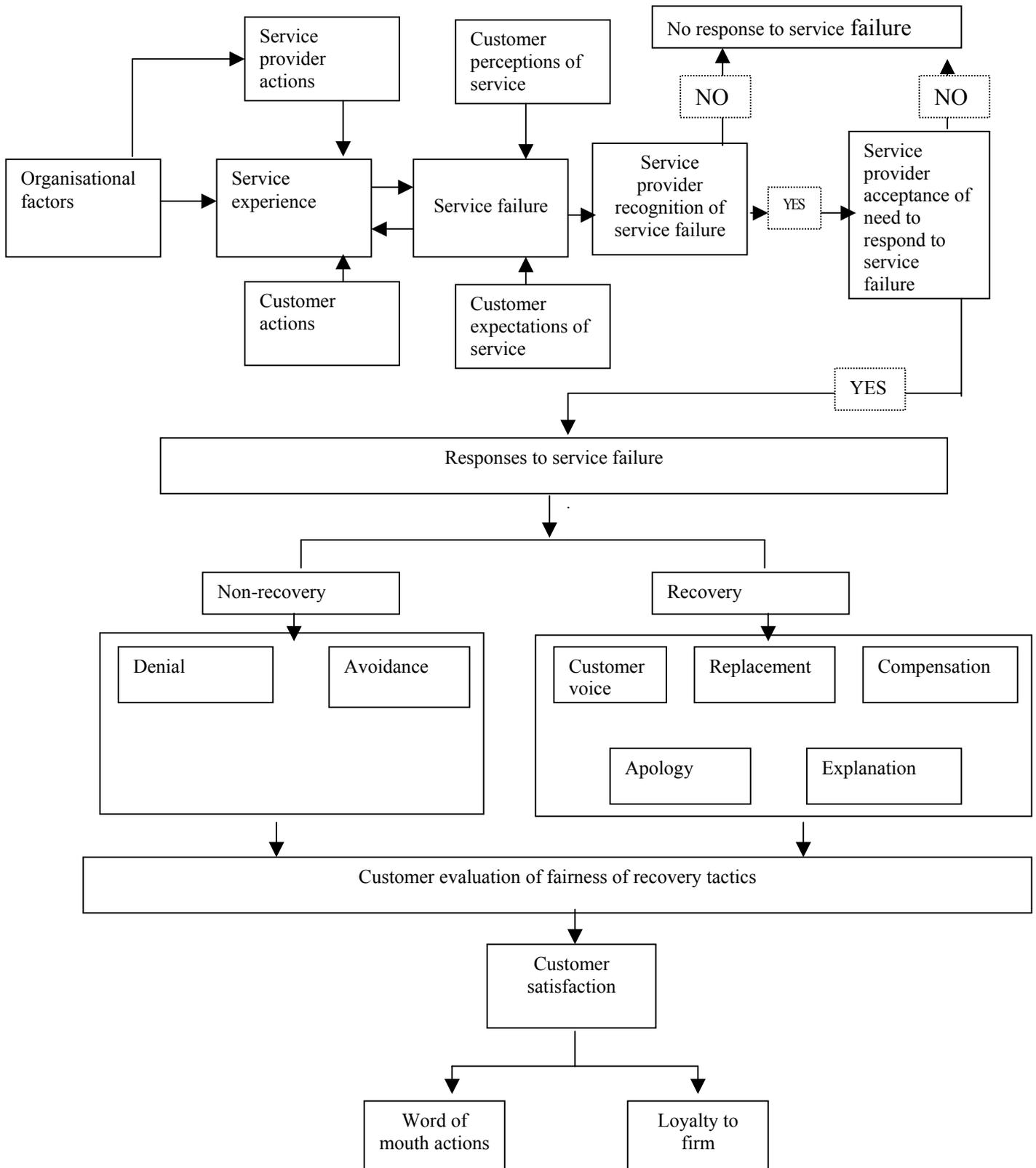


Figure 1 Diagrammatic overview of the service failure and recovery process

Source: Sparks (2001) *Managing service failure through recovery*. In J. Kandampully, C Mok & B.A. Sparks, *Service Quality Management in Hospitality, Tourism and Leisure*, NY: Haworth Press.

Types of service recovery tactics and their effectiveness

Rectifying or replacing the defective service is often the preferred service recovery tactic. If the hotel guest is unhappy about the type or location of an allocated room, it may be simply a matter of reassigning the guest to another room that more closely matches expectations. Thus, if service can be replaced or rectified this is clearly a positive service failure tactic. However, due to the nature of the industry, it is not always possible to undo or even redo the service. Thus there is a need to often look toward other actions that may enhance customer perception of the firm.

One approach is to consider some form of compensation, which seems to enhance satisfaction in most cases (see, e.g., Baer & Hill, 1994; Blodgett, Wakefield & Barnes, 1995; Sparks & Callan, 1997). Compensation can include a full refund, partial refund or provision of another product or service (such as free coffee). In general, it has been concluded that greater compensation leads to increased satisfaction (Davidow, 2003). However, Estelami and De Maeyer (2002) found that over-generosity could have a negative impact on customer evaluations.

Apologising for the service shortcoming is another option to follow in recovering the failure event. In my research (Sparks, 2000), many customers cited an apology, either spoken or written, as a desired outcome. For most customers, an apology is the minimum requirement for recovering a service failure. Apologies can range from a simple statement of regret to more extended “confessions of responsibility of negative events which include remorse” (Tedeschi & Norman, 1985, 299). 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. Nevertheless, Davidow (2003) argues for more research into the role and effectiveness of apologies.

Providing an explanation can be a useful tactic to deal with service failure and improve a customer’s evaluation of the failure event. The effectiveness of explanations as a means of service recovery is not entirely clear, and still under-researched. It has been reported (Tax, Brown & Chandrashekar, 1998) that the provision of information or an explanation can have both positive and negative

outcomes for customer perceptions. It seems the way in which the information (explanation) is perceived makes a considerable difference. For instance, when information is perceived as an excuse to mitigate an organisation's accountability, it is viewed negatively. In contrast, information that increases understanding about the problem and leads to a quick resolution is perceived favourably. Similarly, it has been found (Sparks & Callan, 1996) that explanations that imply an acceptance of responsibility and a willingness to back this up with some form of compensation are evaluated very favourably in service failure situations. It is fair to say that customers want an explanation; they have a *need to know* why things occur (Bitner et al 1990; Sparks, 2000).

Providing the customer with some opportunity for input into how to recover the event may also be useful. In the justice literature, this opportunity is often referred to as having 'voice' (Bies & Shapiro, 1988). Goodwin and Ross (1990) have demonstrated that having some say when there is a service failure results in greater satisfaction with the process of dealing with the event. Sparks and McColl Kennedy (2001) reported that voice had a complex impact on customer satisfaction within a service failure situation. They found that customers who had an opportunity to have input to a service recovery process perceived the accompanying outcome actions quite differently. However, more research is needed to draw any definitive conclusions on the effect of providing customers with the opportunity for 'voice'.

7. Some moderators

It would be remiss not to mention that there are a number of factors that moderate the efficacy of any particular service recovery tactic. A small selection of these is highlighted below.

Relationship with the organisation

The relationship with the organization may moderate the impact of perceptions of whether service is fair. For example, the work by Holbrook and Kulik (2001) suggests that those customers who have weak (non-regular) or strong ties (regular) to an organization will influence the way that those customers respond to service events. These researchers found that those customers with strong ties were more sensitive to

procedural aspects than those with weak ties. In contrast, the customers with weak ties were more sensitive to outcome favourability than those with strong ties. Thus, this study provides evidence that customers who identify strongly with an organization will rely more on procedural indicators when judging fairness (that is they seem to take a relational approach in judging the fairness).

Service criticality

How a service failure or recovery is perceived may well depend upon how critical the delivery of the service is to the customer. For example, some situations are more critical to the customer such as missing a domestic connecting flight that means the customer will also miss an international flight. Researchers (e.g. Matilla, 1999; Webster & Sundaram, 1998) have demonstrated that conditions of criticality impact customer satisfaction levels. Dissatisfaction with the service failure tends to increase with the criticality of the service.

Failure severity

Service failures can vary in terms of the severity of the outcome for the customer. This may make a difference to how the customer perceives the subsequent service recovery approach. Smith and her colleagues (1999) have found, not surprisingly, that customer evaluations increase in negativity as severity increases. Maxham and Netemyer (2002) argue that more severe failures may require greater offers of compensation in order to regain customer satisfaction.

Attributions of causality

Who is to blame also moderates how various service recovery tactics are perceived. My early research (see Sparks & Callan, 1996) has demonstrated that customers have different expectations about service failure and recovery depending upon whether the failure is perceived to be caused by something internal or external to the business.

Other factors

Service failures that happen again and again are also likely to invoke higher levels of customer dissatisfaction and frustration. Thus reoccurrence is an issue to consider when discussing service failures or recoveries. In addition, I have found there to be gender combinations within the service provider customer dyad that can moderate

perceptions of service recovery (see Sparks & Callan, 1997). Similarly, more recent work (McCull-Kennedy, Daus, & Sparks, 2003) has shown that gender combinations lead to differing perceptions of service actions. We found that females wanted their views to be heard during service recovery attempts, and to be allowed to provide input to the recovery. Males, in contrast, view voice as less important.

8. Moving toward some conclusions

Service recovery often requires more than one approach

Many findings demonstrate that there is no simple formula for service recovery, largely due to the unique nature of many failures. Service failure requires a flexible and multi-pronged response. Single recovery strategies may vary in effectiveness with a range of moderating factors. My research has illustrated that there is a need to consider statistical interaction effects between service recovery tactics (that is, where the combination of tactics work differently than one tactic alone). Furthermore, there are many findings that demonstrate interaction effects exist for the various dimensions of justice. For instance, a service recovery process might be judged high on outcome fairness (distributive justice), but the customer remains dissatisfied because the interactional or process dimensions were violated. Conversely a customer might not be happy with the outcome, but is satisfied overall as the procedural and interactional dimensions were high – this is often referred to as the *fair process effect* (see Van den Bos, Lind, Vermunt, & Wilke, 1997).

To illustrate with some examples from service recovery research. As previously discussed, an apology has generally been demonstrated to be important and valued by customers. Nevertheless, it does appear that an apology coupled with some form of redress (compensation) is desirable. There is evidence that compensation works best when combined with other recovery tactics, such as an explanation (Sparks, 2000). Much of the work I have undertaken has pointed to the need for *congruence* in the service recovery process. By this I mean there is a need to ensure that all forms of service recovery tactics, whether they be targeted at increasing a sense of distributive, procedural or interactive justice, complement each other resulting in a congruent message to the customer. For example, many service firms provide both an offer of compensation and an explanation that locates the cause of the failure outside the control of the firm. My research (Sparks & Callan, 1996) indicates that this

combination of service recovery tactics may ‘backfire’, with customers questioning the motivation behind the compensation and/or truth of the explanation.

The importance of being valued

Satisfaction or otherwise with service events is largely determined by how various actions are evaluated in terms of what is being signalled to the customer about how much he/she is valued. Drawing on what is often termed the relational model (Lind & Tyler, 1988) as a starting point, I would like to propose three factors that are crucial in mediating the relationship between service recovery and customers’ feelings of being positively valued. These three factors are (a) being treated respectfully, (b) being treated in a manner that engenders trust, and (c) being treated in a manner that is flexible enough for the customers to feel that their uniqueness, or individuality, is recognised. In other words, service recovery tactics are likely to be seen as fair or satisfying to the extent that such tactics are perceived as treating the customer with respect, trust and uniqueness. Importantly, these factors do not influence satisfaction judgements directly, but do so through another mechanism of feeling valued. Such a stance is different from, but consistent with, other justice writers who propose fairness matters because of what it says about a person’s self worth (see for example, Collie et al., 2002; Folger & Cropanzano, 1998; Lind & Tyler, 1988;).

First, I propose that feelings of being treated with respect will directly impact whether or not a customer feels valued. Feelings of respect appear to be directly, but not necessarily exclusively, tied to interpersonal treatment. Key indicators of interpersonal treatment include the manner in which service recovery tactics are implemented, such as the levels of empathy, friendliness and politeness displayed. Collie et al. (2000, 2002) found interpersonal treatment to be linked to a customer’s general desire to be treated with respect and dignity. The normative expectation of polite treatment, or the ‘customer is always right’, applies in service failure/recovery. Thus it appears that interpersonal treatment signals whether customers are respected, whether they are worthy of time, effort or concern, and whether they are valued by the organization. The reason interpersonal treatment seems so important is that, as suggested by Folger and Cropanzano (1998), people easily recognise violations of interpersonal treatment compared to violations of procedural or outcome treatment. That is, customers readily believe that the interpersonal treatment is unfair, but are

less certain about outcomes or procedures. So it seems that a sense of injustice often arises due to interpersonal mistreatment and such mistreatment matters because of the threat to a customer's self (Bies, 2001) through disrespect.

Second, I suggest that a sense of trust in the service provider (derived through recovery processes) will impact on whether customers feel they are valued. As stated earlier, customers are often quite vulnerable in service situations and rely heavily upon the goodwill and trust of the service provider to 'do the right thing'. Hence, when promises are broken or services don't live up to the descriptions provided, customers may feel deceived and, consequently, angry. If service recovery tactics don't address this failure the customer will feel a further sense of violation of trust. Once again, such violations of trust threaten a customer's identity and worth (sense of value). Kramer and Tyler (1995) propose that trusting relationships are associated with people (customers) feeling they are held in high regard. In a recent study (McCull Kennedy and Sparks, 2003), it was found that as perceptions of service provider effort increased, so did positive feelings about the service recovery process. Importantly, effort has been demonstrated to enhance perception of trust in the service provider (Sirdeshmukh, Singh & Sabol, 2002).

Third, being treated uniquely is also important for feeling valued. My research findings show that people respond in terms of a justice paradox, namely, they want to be treated "equally but uniquely" (Bies, 2001). Thus, when service providers show a degree of flexibility in dealing with a customer's service problems, then feelings of value are enhanced. Displays of flexibility, and/or a willingness to bend policies, results in higher levels of satisfaction through enhancement of a customer's sense of being valued by the service organization. Demonstrations by the service provider of discretionary effort to resolve problems imply to customers that they are being treated uniquely, and are likely to enhance customers' sense of being valued.

In brief, I propose that a customer's feeling of being valued by the organization is derived from recovery tactics that successfully engage three key mechanisms. These three mediating factors provide the critical pathways to customer satisfaction. This proposition, as yet untested, is illustrated in Figure 2.

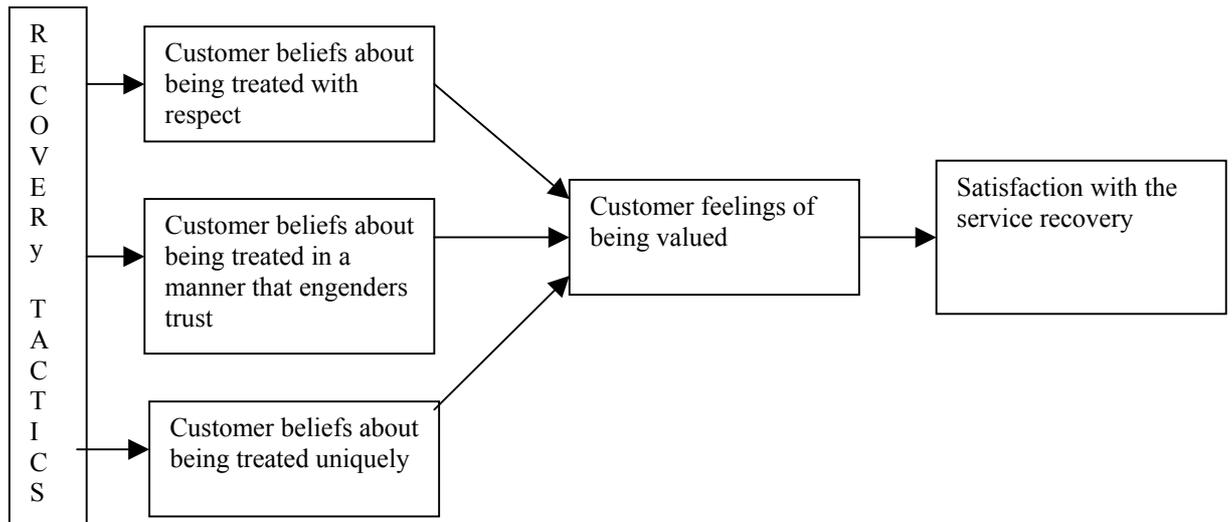


Figure 2 Proposed model for the mediating effect of customer value.

9. Some issues and current research projects

This lecture has primarily focussed on past research into the area of service failures and recovery tactics. I would now like to briefly outline some areas of current research.

The efficacy of explanations

The manner in which information is presented to customers in a service failure situation seems to be potentially important. As others (see, for example, Miller, 2001) assert, people think they have a right to an explanation or an account for what has occurred. The type of explanation provided can vary in its locus of causality as well as its thoroughness. In the social psychology literature, explanations can be classified as *justifications*, whereby the service provider explains why a service has failed through a set of reasons that justify the event. Explanations can also be of another type - *referential* – which involve attempts to reframe the situation to lower the expectations of the victim. In such instances, the explanation refers to other customers in a similar situation in an effort to minimise perceptions of severity to self. We (Sparks, Fredline & Tideswell, 2003) are currently investigating how various types of explanations are judged depending upon the severity of the service failure. In this research we also investigate whether the thoroughness of the explanation influence customer satisfaction ratings. Our preliminary findings suggest that the type of explanation

matters, especially when the outcome severity is high. Specifically, referential explanations seem to be more effective under conditions of high severity.

The causal connection between service failure events and the evaluation of others

In current research, Weber (2003) investigates the connection between service failure events and more global evaluations of organizations and their partners. Weber bases her research program on work by Cropanzano and his colleagues (2001) who have recently suggested that the investigation of justice have tended to focus attention on one of two paradigms: the event paradigm or the social entity paradigm. In the event paradigm researchers have investigated a range of microelements that lead to the formation of event fairness judgements. Thus, a customer may evaluate a service event based upon distributive, procedural or interactional justice elements. In contrast, other researchers may have focused on evaluation of the social entity (either a service provider as a person or the organization as a whole). Thus, from this perspective, customers make more global judgements about the fairness of the service provider or organization overall. Weber's work is situated within the airline industry and investigates micro service failure events as well as the implications for airline and alliances brands. Figure 3 depicts the simplified model adapted by Weber.

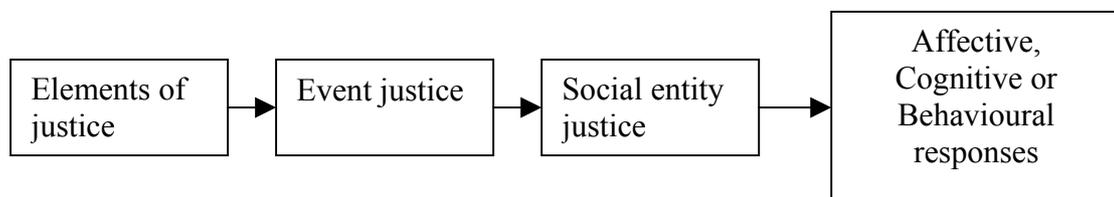


Figure 3 Simplified model integrating levels of justice evaluations and outcomes. Adapted from Cropanzano, Byrne, Bobocel and Rupp (2001)

The service provider side in service failure situations

It appears from my research, as well as that of others (Bitner et al., 1990; Smith et al., 1999), that the dynamics of the customer/service provider dyad deserves further investigation. Another area that is currently receiving some exposure in the service failure literature is that of retaliation. Both customers and providers seem to engage in various forms of retaliation so that the service failure event results in even worse outcomes. Customers engage in retaliatory behaviour such as negative WOM, seeking third party intervention or web based criticism of the service organization. Sometimes

the responses given by service providers to customer complaints make a 'heated' situation worse through what is termed an "incivility spiral" (Anderson & Pearson, 1999). An area that also deserves some attention is service provider retaliatory behaviour that attempts to get even with the customer. A preliminary look at web based material, news stories and anecdotal stories may leave some customer wondering whether it is worth complaining. It seems that some service providers are prepared to engage in quite negative behaviours as a form of retaliation to the customer. Some examples include spitting in food (*Gold Coast Bulletin*, Saturday 7 June, 2003), routing luggage to a destination different from where the customer is travelling, or "lacing" food. Clearly, the emotionally-charged service interaction surrounding service failures and complaints can involve quite negative outcomes. In related research, Dallimore (2003) is seeking to investigate how contagion processes further affect the emotionally charged service interactions, which exist in failure situations. That is she is looking at the customer/service provider dyadic responses to see what spiralling, or otherwise, manifests itself in negative service encounters.

10. Conclusions

Service failure is likely to occur because of the unique nature of the hospitality product. As a result, it is vital to consider how to recover from service failures. This is not a simple process but requires careful thought in devising policies as well as training front line personnel. While we are starting to better understand the complex dynamics of bad service experience, more opportunities for research exist. Improving systems and training to help to prevent service failures is the first step, followed by developing optimal intervention strategies to moderate customer dissatisfaction and unwanted behavioural responses.

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Appendix 1 : Summary of some key findings based on my own research

Key findings	Method, Statistical approach	Reference
<p>Communication style, offers of compensation and explanations influence customer perceptions of service provider effort.</p> <p>Offers of compensation and explanations interact.</p>	<p>Video scenario simulations (hotel reception)</p> <p>Experimental</p> <p>MANOVA</p>	<p>Sparks, B. A., & Callan, V. J. (1996). Service breakdowns and service evaluations: The intervening role of attributions. <i>Journal of Hospitality and Leisure Research</i>, 4 (2) 3-24.</p>
<p>Perceived service provider effort directly influences satisfaction ratings, which in turn influence negative WOM and complaint behaviour.</p>	<p>Video scenario simulations (hotel reception)</p> <p>Experimental</p> <p>SEM (LISREL)</p>	<p>Sparks, B. A., & Bradley, G.L. (1997). Antecedents and consequences of perceived service provider effort in the hospitality industry. <i>Hospitality Research Journal</i>, 20 (3), 17-34.</p>
<p>Communication style influences satisfaction.</p> <p>Service recovery effects vary depending upon gender combinations.</p>	<p>Audio scenario simulations (reservations)</p> <p>Experimental</p> <p>MANOVA</p>	<p>Sparks, B. A. (1994). Communicative aspects of the service encounter. <i>Hospitality Research Journal</i>, 17(2), 39-50.</p> <p>Sparks, B. A., & Callan V. J. (1997). Communication in the service provider-customer relationship: the role of gender and communication strategy. <i>Journal of Hospitality and Leisure Research.</i>, 4 (4) 3-24.</p>
<p>Demonstrations of staff empowerment usually impact positively on satisfaction levels of customers.</p>	<p>Video scenario simulations (hotel reception)</p> <p>Experimental</p> <p>MANOVA</p>	<p>Sparks, B. A., Bradley, G. L., & Callan V. J. (1997). The impact of staff empowerment and communication style on customer evaluations: The special case of service failure. <i>Psychology and Marketing</i>, 14(5), 475-493</p> <p>Bradley, G. L. & Sparks, B. A. (2000) Customer reactions to staff empowerment: Moderators and mediators. <i>Journal of Applied Social Psychology</i>, 30(5) 991-1012.</p>

<p>Emotional responses differ for various justice dimensions.</p>	<p>Survey research</p> <p>Regression</p>	<p>Sparks, B. A. (1999). Service problems and perceptions of procedural justice in the hospitality industry. <i>Convention Proceedings 1999 International Council on Hotel, Restaurant and Institutional Education</i>, 137-147.</p> <p>Sparks, B. A. (2003). Service Failure Experiences and the impact on customer affective responses, ICMD, Bangkok.</p>
<p>Demonstrations of concern important. Higher levels of compensation result in more likelihood of returning to hotel.</p> <p>Interaction effects exist.</p>	<p>Video scenario simulations (hotel reception)</p> <p>Experimental</p> <p>MANOVA</p>	<p>Sparks, B. A., & McColl-Kennedy, J. (2001). Service recovery processes: Justice strategy options for increased customer satisfaction. <i>Journal of Business Research</i>, 54(3), 209-218.</p> <p>McColl-Kennedy, J. R., Daus, C. S., & Sparks, B. A. (In press 2003). Customising service recovery: Gender effects of customers and service providers. <i>Journal of Service Research</i>.</p>
<p>Interpersonal treatment vital.</p> <p>Support for Fairness Theory propositions.</p>	<p>Written scenario simulations (theme park)</p> <p>Experimental</p> <p>MANOVA</p>	<p>Collie, T., Sparks, B. A., & Bradley, G. L. (2000) Investing in interactional justice: A study of the fair process effect within a hospitality failure context, <i>Journal of Hospitality and Tourism Research</i>, 24(4) 448-472.</p> <p>Collie, T. A., Bradley, G. L., & Sparks, B. A. (2002). Fair process revisited: Differential effects of interactional and procedural justice in the presence of social comparison equity information. <i>Journal of Experimental Social Psychology</i>, 38, 545-555.</p>
<p>Evidence of counterfactual thinking.</p> <p>Interpersonal issues strong. Effort important. Customers want to understand why failure occurs. Customer wants firm to take responsibility.</p>	<p>Focus groups</p> <p>Qualitative</p> <p>Transcript analysis</p>	<p>McColl-Kennedy, J. R., & Sparks, B. A. (2003). Counterfactual thinking based conceptual model of service recovery. <i>Journal of Service Research</i>, 5(3), 251-266.</p> <p>Sparks, B. A. (2000). Customer perspectives on service failures in the tourism and hospitality industry. <i>CRC Working Paper</i>.</p>