Chapter 8-Services Recovery Services Marketing Zeithaml, Bitner, Gremler 5e

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#### The Impact of Service Failure and Recovery

## Service Failure

 Service performance that falls below a customer's expectations i such a way that leads to customer dissatisfaction

#### Service Recovery

Actions taken by an organization in response to a service failure



#### JetBlue Airlines Case





- Failures occur for all kinds of reasons
  - The service may be unavailable when promised
  - May be delivered too late or too slowly
  - The outcome may be incorrect or poorly executed
  - Employee may be rude or uncaring







fppt.com



#### Research suggests

- Only 45% of customers who experience a problem with service delivery actually complain to the employees serving them
- 1-5% complain to someone at the company headquarters

Service failuers left UNFIXED can result in customers leaving, telling other customers about their negative experiences

# Figure 8.1. Complaining Customers: The Tip of the Iceberg



1-4% complain to manger or HQ

4-30% complain once, usually to front line staff

70-96% do not complain to anyone but are at least 20% less loyal and tell a median of 3 people bad things about your business

Note: Applies to B2B as well as consumer markets





#### fppt.com

### Hampton Inn Hotel The 100% percent Hotels Guarantee



Friendly service, clean rooms, comfortable surroundings, every time If you're not satisfied, we don't expect you to pay. That's our commitment & your guarantee. That's 100% Hampton."







#### The Service Recovery Paradox

- The company should plan to dissapoint customers so they can recover well and (hopefully) gain even greater loyalty from them??
- It is expensive to fix mistakes; re-creating a service may be quite costly to a firm
- Research suggests that even if a customer's satisfaction with the firm increases as a result of the great service recovery, repurchase intentions and image perceptions of the firm do not increase
- No guarantee that the customer will actually end up more satisfied after experiencing excellent recovery



#### How Customers Respond to Service Failures?



#### **Types of Customer Complain Actions**

- Complain on the spot to the service provider
- Complain later to the provider by phone, writing or via internet
- Not to complain directly to the provider but rather spread negative word of mouth about the company to friends, relatives, and co-workers



#### **Types of Complainers**





#### IN CLASS ASSIGNMENTS

- Buat surat komplain ke perusahaan jasa yang pelayanannya kurang dari yang anda harapkan (tidak memenuhi harapan anda). Apa yang anda inginkan perusahaan tersebut untuk memperbaikinya?
- Buka laman: <u>http://squirrelers.com/2014/08/11/customer-</u> <u>service-recovery-my-recent-example</u>
- Apa yang anda lakukan sebagai manajemen dari grocery store tersebut?