SERVICE RECOVERY SYSTEM GAPS

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Abstract

This study aims to give insights into the recovery process system to find the reasons for unsuccessful of this process. It goes in depth of customer, provider and environment linkages to understand how service recovery can be more effective and efficient. The paper is conceptual and it involves a model based approach to understand the integrities of service recovery process. The study finds eleven kinds of gap which hinder the successful recovery. They are customer expected vs. perceived service recovery, customer perceived vs. received recovery gap, service recovery employee performance gap, employee perception for expected vs. delivery of service recovery, management vs. employee perception for expected recovery, management vs. employees perception for the complain policy, employee's perception for the complain policy vs. delivery of service recovery, internal information and external information gap, customer expected service recovery vs. management perception, consumer uncomplaining behavior vs. not complaining to right channel and customer vs. employee expected perception of expected service recovery. The importance of service recovery had been acknowledged by providers in terms of goodwill and profit. The study has important managerial implications as it finds the gaps in the recovery process. It also suggests ways to remove the lacunae and provide successful service recoveries. The paper is valuable as almost no other study provides extensive gaps in service recovery process.

Keywords- Customer Service Management, Customer Satisfaction, Consumer Behavior, Service Recovery, Service Recovery Paradox.

1. Introduction

Service recovery has been revolution in service industries as providers have recognized it as a powerful tool for enhancing profit and goodwill [6]. It has been understood that error free services cannot be provided at all times, due to this the service failure becomes inevitable. This failure results into dissatisfaction of the consumer which eventually may leads to mistrust and disloyalty [13]. At a particular degree of mistrust and disloyalty consumer reaction may be negative word of mouth, reduction of business, switching behavior [8]. This behavioral aspect leads to loss of revenue, clientele and goodwill [5]. Service providers are now becoming aware of the heavy loss to their business and thoughtful to eradicate such observable fact.

Service recovery has been identified as a tool to mitigate or reduce the effects of service failure. Researchers have proved that service recovery certainly helps in enhancing satisfaction, trust, loyalty and positive word of mouth [7]. Service recovery process starts with complaint from customer hence providers should design a better complaint management [20]. The complaint management in the industry should be capable enough to understand the genuine complaints [1]. The providers should encourage complaints and give platform where consumer can keep his words. The person who receives the complaint should accompany consumer till the resolution. After the complaint the next step is to address it in a convenient and sophisticated way. First step is to own the problem, consumer should be assured that we are looking into the matter and definitely something would be done to resolve it. Consumer believes that the failure could occur but would definitely dislike the provider who would not try to resolve that. Moreover a delayed action is of no use as consumer demands for prompt act from the provider. Now the provider should make clear policies and strategies for the particular kind of service failures. Most of the problems can be resolved just by owning the problem and explanation. Apology and assurance can do wonders if used in appropriate way and place. The sympathy, atonement, and empathy are some more effective ways of service recovery [17]. Providing cash or kind may compensate the loss and discomfort of the customer. It is noted that for the loss of time and money providers can compensate by cash or kind but for emotional, health, character, relationship, respect kind of losses the recovery should contain emotional appeals. Even sometimes compensating with cash or kind in emotional situation may lead to disastrous condition.

2. Service recovery gaps

In literature service recovery is accepted as a tool for customer satisfaction, loyalty and trust enhancement but in practice it is still under infancy state. The most providers still think it is a time and money waste process. The foremost thing before practice is to understand its short term and long term benefits. Today an internet user customer spreads information at high intensity and provider need to satisfy him so that he spreads positive about the organization [12].

Service recovery process is a complex process and to make it effective and efficient we need to understand it intensively. This study identifies eleven gaps regarding service recovery process which can be seen in the figure below.
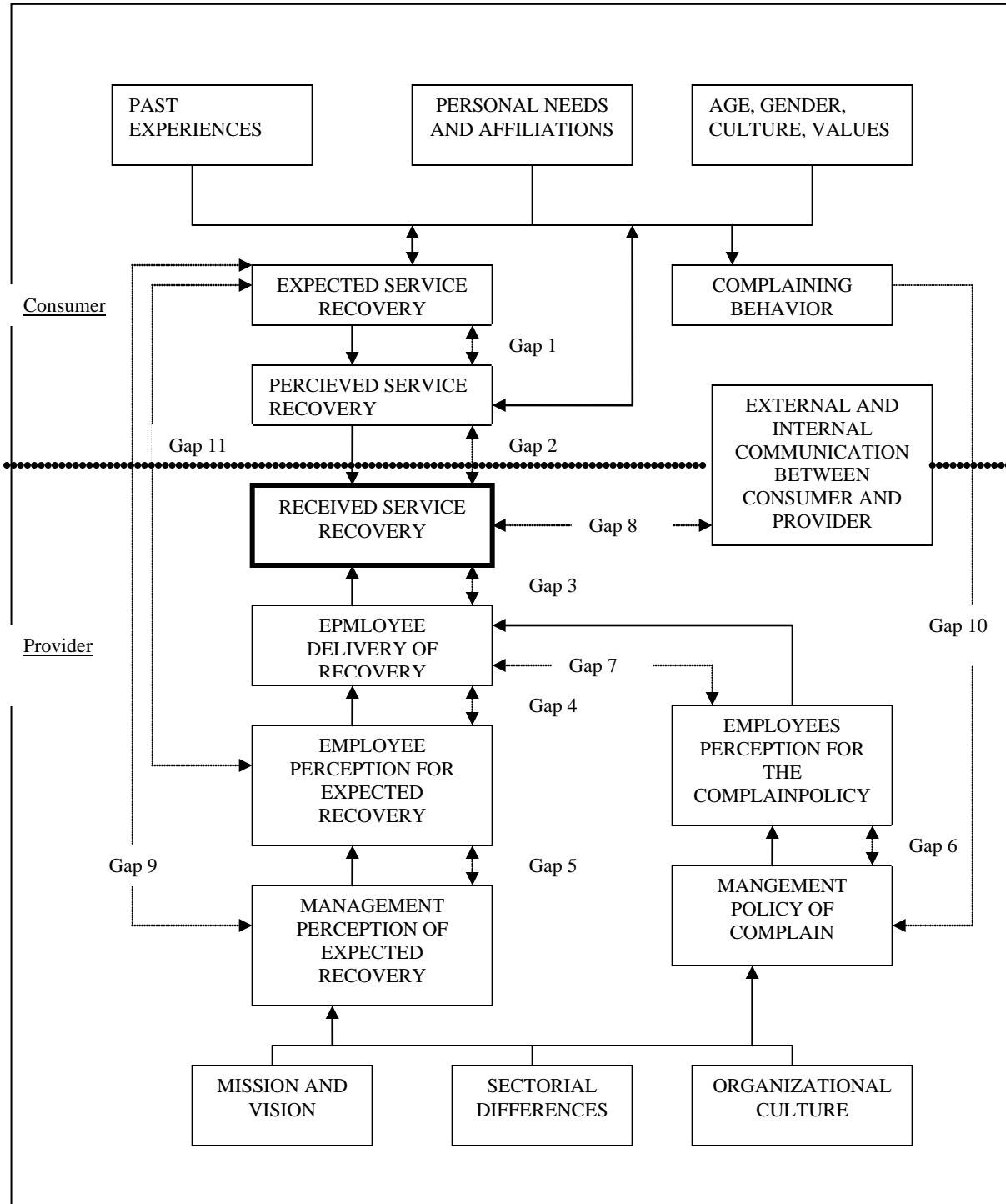

Figure 1 Service Recovery Gap Model

Gap 1

Consumer's expectation and perception gap

The consumer's expectation and perception both are the outcome of his past experiences, personal needs and affiliations and other demographic factors such as age, gender, cultural values etc. it is very likely that a consumer may have a difference between expectation and perception of service recovery. This gap differs for individual to individual depending on various conditions. The individual's urgency and importance depends on time to time for the same kind of service delivery [2]

Gap 2

Customer perceived vs. received recovery gap

After the failure the customer expects that the provider would do some efforts to help him. We know that the consumer percievance for the make up of failure depends on the magnitude of the failure and magnitude of failure depends on individual situations. For example, Person going first time with his wife in a restaurant may perceive higher magnitude of failure as compared to a normal visit. Hence he may also expect higher recovery efforts. Whereas the provider makes fixed policies for a particular failure and do not considers the individuals background situations. This creates a gap between the consumer percievance and the received service failure recovery [16].

Gap 3

Employee delivery of service recovery vs. received service recovery

Employee can act to recover the failure in two ways; first he can act according to the company policy set for the kind and type of failure. Secondly if there is no such set policy he acts according to his consideration about the magnitude of failure within the powers assigned to him. In both the cases if employee may not act what the consumer expects it can create a service recovery gap.

Gap 4

Employee performance gap

Provider makes a certain policy of the service recovery. He identifies the service failure and separates according to the types and magnitude of each kind of failure. Then he assigns the various acts such as problem acknowledgement, explanation of the reason, apology where appropriate, compensation such a free ticket, discount coupons etc according to its terms and conditions. This is further transformed into the formal and informal training given to employees. We know that empathetically behavior, explanation, apology etc are situational personality traits and training cannot give 100 percent results. This may result in employee lacuna in delivering of the expected by provider thereby leaving a service recovery gap.

Gap 5

Management vs. employee perception for expected recovery.

The management after the analysis makes a set of recommends policy for the employee to deliver to recover the failure. At certain times it has been observed that the policy is not clear to employees. This may arise due to poor communication between the employee and employer or lacuna in the training programmes. Even from the employee point, if he does not cares about the company policy and training he may not be able get and act exactly what he is suppose to when the failure occurs. So even though the provider makes an effective and efficient policy can be of no use if it is not be able to communicate and transform to its employees who are the face of the organization.

Gap 6

Management vs. employees perception for the complain policy

Complaining is the signal of dissatisfaction from the consumer. Consumer complains to make provider aware of the service failure and expects the provider to act to curb the cause and effects of it. It is strongly recommended to increase the consumer complaining behavior, because a non complaining dissatisfied consumer can any time cease to give business. The provider should have an effective complain handling policy, which includes filtering of complains (unreal, according to importance), reaching it to right person, building knowledge management database and providing channels to complain. It has been observed practically that generally the frontline receives the complain and he is not much willing to make aware the higher level about it as it would be taken as a inefficiency and vice versa. The internal complain sharing and mutual efforts to find the solution are not in much practice. This hinders formulation of a transparent and effective complain management system. Further delay in processing the complaint, process control, timing/speed, accessibility and flexibility to adapt to the customer's recovery needs make it a complex process [14]. This creates a gap in service recovery process.

Gap 7

Employee's perception for the complain policy vs. delivery of service recovery

Frontline employee who is the face of organization plays a key role in delivering of effective and efficient services. He is the actual transformer of the system and policies made by the top management. Even if the management have a system which comprises of knowledge based management, supportive channels to complain, effective filtering system, effective internal communication and effort could be of no use if the employee dose not understands or wants to understand them. Just making good policies is not enough but a close monitoring and proper control is a necessity of an effective service recovery system. Effective training programmes are helpful in transforming the policies to implementation.

Gap 8

Internal information and external information gap

The provider and consumer have communication through formal and informal mediums, based on that both the parties preconceive their attribution and expectations about the service recovery system. Through advertisement, product display, news, word of mouth etc consumer gets information about the provider which provides major role in expectation and percievance. Similarly the surveys, demand, word of mouth etc the provider collects the information from the consumer which generates its expectation and percievance from the consumer. At any time if the information system fails can result into a communication gap and resulting into external information.

Within the organization it has been seen that information about the complaining policy, recovery policy and failure are not properly shared, distributed and organized. This create internal communication gap which eventually hinders the recovery process.

Gap 9

Customer expected service recovery vs. management perception

The provider and consumer both have some common percievance of the recovery expected and it is very likely that they have difference of opinion. Actually the consumer expects the recovery based on the magnitude of service failure which depends on the individual's urgency and need of the service performance [9]. So for the same kind of service failure, two consumers may expect different kind of recovery. For the same kind of failure the provider makes a common treatment. It has been seen that for the respect loss or health loss the consumer

expects sympathy and apology. Recovering with cash or kind in such cases may take away the consumers permanently [15]. Hence we see that the difference in expectation between the consumer and provider can eventually lead to service recovery gap [19].

Gap 10

Consumer uncomplaining behavior vs. not complaining to right channel

Only 5 to 10 percent of dissatisfied customers choose to complain following a service failure [1] preferring switching rather than to register complain. Customer can stop himself from complaining due to his high status, high education, personal nature or cultural value. The complaint is the basic signal of dissatisfaction. Complaining customers are among the most loyal customers [10]. Even the non complaining consumer may receive recovery but complains play a vital role in service recovery process. Double deviations failures are failure on failure [11] which takes to frustrating situation.

The right channel plays an important part in customer complaint management. Consumer unaware of the right desk (level or person) and medium (written or verbal) may not effectively appeal for his failure. Eventually he may not receive the solution to the failure. Hence consumer uncomplaining behavior and not complaining to right channel creates gap in the recovery process.

Gap 11

Customer vs. employee expected perception of expected service recovery.

In the practical aspect we see that much of the failure management, compliant management and service recovery depend on the promptness, skills and reaction of the frontline employees. The provider with or without the recovery policy heavily depends or rely on the skills of the employees. Hence it becomes vitally important that the employee is able to understand the consumer's state of mind and react according to the consumer expectation. He should be empowered enough to modify the rules to some extend to deal with situations. If his perception about the expected service recovery does not match with the consumer it can result into ineffective service recovery.

3. Discussion

It has been observed that Implementation of any concept into business is generally seen by the business men by the virtue of short term or long term profit and loss. Presently the service recovery concept is facing the same kind of problem which makes it still struggling in infancy phase. The literature suggests that it is of great advantage to

any organization. First of all it creates loyal and satisfied customer who would feel assurance, trust and understanding with the provider. These customers would have a strong bonding with the provider and may not leave even in the low time of the provider. Secondly, it is a real good publicity tool, as it floats positive word of mouth. We know that personal recommendation to buy any product creates high purchase intent. Thirdly, it is recognized as employee retainer tool, as service failure not only results in loss of profit and goodwill but decreases employee moral and performance. A satisfied employee will stay for a longer time with much effectiveness and efficiency. Fourthly, service recovery can be used to create competitive advantage. This can create strategically image or the provider that it takes care of the consumers and consumer satisfaction matters to it [18]. Fifth, it increases clientele as in the present information technology time; a satisfied and loyal customer can create new customers in lesser time by word of mouth and internet use. Last, service recovery increases profit as it not only increases business but reduces cost of adorsement, employee retention etc. we strongly suggest researchers and practitioners to judge and analyses this phenomenon as a tool of endorsement, competitive advantage and profit. This paper provides various gaps which could be helpful for the implementation of service recovery system. Academicians and practioners can make its use to employee better service recovery system. We recommend that the providers should maintain high employee empowerment as their skills, ability and presence of mind can play a major role for effective and efficient system. This does not mean that providers should not make policies but they can have a high monitoring and controlling processes to make the work done in right direction and result oriented.

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