Chapter 11
Impact of Culture on Service Failures and Service Recoveries

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ABSTRACT

In this chapter, the authors focus on the role of culture, which increases its effect along with globalization on service failures and improvements. The study is a type of literature review formed by compilation of previous studies in the extant literature. According to the primary findings of such studies, the approach of consumers to service failures and improvements vary depending on their culture. Different satisfaction levels, re-purchase tendency, word-of-mouth communication and its structure (positive or negative), seeing liable for failure, loyalty, replacement, and emotional response against service failures and improvements are seen between different cultures. The authors expect this study to provide clues to service marketing applications and future studies about the effect of culture.

1. INTRODUCTION

Many service firms have begun to expand globally due to increasing competition in domestic markets. Comprehending target foreign markets precisely is considerably significant for the success of a company. Expectations regarding service encounters differ from culture to culture since culture determines the frame of the social interaction in a society (Winsted, 1997, p. 338). Some services are strictly related to cultures and culture in the society has a strong influence on demand. Many health services, personal care,

education programs, movies, videos, and exclusive advertisements are strongly influenced by culture (Bradley, 1996, p. 437).

As service marketing commonly requires customer participation, cultural factors have an intensive impact on successful service encounters. People from Middle Eastern cultures should not be expected to adopt Western customs in the formation and distribution of service. It is also impossible to expect every culture to wait in the line for extended periods or to postpone consumption (Witkowski & Wolfinbarger, 2002, p. 875). As service distribution mostly requires an interaction

between customer and service worker, the impact of cultural factors on customers' evaluation of the service is higher than the impact of products. Especially in services requiring high interaction, it is necessary to make adaptations complying with the values of main cultural groups (Matilla, 1999, p. 376).

In regions and countries with multiple ethnic origins like Europe, North America, the Asia-Pacific region or in international enterprises, cultural differences of customers should be seriously considered. Perceptions of customers about service recovery efforts are influenced by cultural values (Patterson et al., 2006, p. 273). Companies should analyze the differences in service failures and recoveries because they should meet the demands from different geographical areas simultaneously (e.g., Sheraton Hotel provides service to American, Japanese, and German customers) (Wong, 2004, p. 957). As service failures and recoveries thereafter require constant social exchange between people, comprehension of the impact of territorial cultures is really significant in terms of the implementation of service recovery strategies (Mattila & Patterson, 2004, p. 196).

However, there are a limited number of studies that examine service perceptions and expectations, failures and recoveries in terms of culture (Wong, 2004, p. 958; Mattila, 1999, p. 376; Winsted, 1997, p. 338). Findings of studies which analyze service failures and recoveries are mentioned in this study. However, before presenting these findings it is necessary to provide some brief theoretical information about service failures and recoveries.

2. BACKGROUND

2.1. Service Failure and Recoveries

Today, customers are more assertive, possess higher product and service knowledge, and demand more in event of a service problem. This means that pursuit and analysis of service failures and service

recoveries is a significantly useful method. An effective analysis of service failures determines the kind, frequency, and size of failures, and analysis of service recoveries offers a beneficial insight to the reactions of employees to service recoveries and customers' evaluation of the recovery attempts of such employees. Thus, common failures will be identified and minimized and – due to training programs – employees will become more active in case of a failure (Hoffman et al., 1995, p. 49).

Service recoveries are actions of an organization's reaction to service failures which may arise for many reasons; the service may not be available in the promised time, distribution may be delayed or be very slow, the result may be wrong or weak, or employees may be rude or careless. All these failures create negative feelings and reactions in customers. However, satisfaction and loyalty of customers whose problems are effectively solved are strongly influenced. It has been discovered that loyalty of customers with problems which are satisfactorily solved is higher than those with unsolved problems (Zeithaml & Bitner, 2003, p. 187).

For a service recovery to be effective, it should be proactive, recovery procedures should be planned, and employees should be taught recovery skills and provided required authorizations (Lovelock & Wirtz, 2004, pp. 388-339). Service recovery strategies require actions that an organization and its employees adopt to satisfy customer expectations. These strategies cover accepting the problem, encouraging solution of a problem, apologizing, authorizing the employee to solve the problem on the spot, offering compensation (repayment, price reduction, higher service, free products or services), and displaying kindness and respect during service recovery. Processes and relationships are as important as the result in service recoveries (Patterson et al., 2006, p. 264).

Rudolph et. al. (2000) and others determined in their study in Switzerland that correction, use of power of management, extra correction (offering additional services or gifts besides correction),

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