

Chapter 13

Competing Through Online Service Failures and Recovery Strategies

Dipen Rai

University of the West of Scotland, UK

Dominic Appiah

Arden University, UK

ABSTRACT

The ideas of service failure and recovery strategies have been transformed, due to the internet environment, from a consumer-provider perspective to a multifaceted web quality activity. The research on service failure and recovery strategies has been well-developed in terms of the consumer's viewpoint of service as well as the responsibility for recovery conventionally expected to be allotted to the marketer. On the contrary, existing research indicates that there is a limited range of understanding of consumer-website interactivity relating to online service failure and recovery strategies as well as less understanding of the highly diverse characteristics of computer-mediated marketing environments (CMMEs). The perspectives of CMMEs relate to online customer behavior as distinct from conventional behavior. In fact, providers are involved in intense activity in the online environment in terms of market competition, as customers are positioned just a click away from switching providers in the case of service failure.

INTRODUCTION AND CONTEXT

The literature on service failures and recovery strategies is focussed on understanding the perspectives of customers' explanations viewed from the provider's viewpoint (Parasuraman *et al.*, 2005; Zhu *et al.*, 2013). The provider's outlook appears to have been anticipated, being mainly approached as two different performers, in order to excel consumer's explanations (Grewal *et al.*, 2008; Huang *et al.*, 2013). Consumers have been conceptualised as experiencing entirely the same treatment with service failures and recovery strategies, with limited exceptions affecting the subjective view of the occurrence (Maxham & Netemeyer, 2002). A review of the literature describes the experience of service failure-recovery

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as a five-stage procedure: a service failure occurs, recovery expectations arise, recovery strategies are provided, and recovery and post-recovery behaviour is evaluated. Conversely, forming an understanding of the consumer is predominantly related to particular processes, affecting explanations succeeded to the missing stage (Mohr *et al.*, 2006). Accordingly, consumer experience accounts for particular backgrounds which exceed the possibility of further descriptive factors (Rio-Lanza *et al.*, 2009; Mattila Choi, 2008). Much of io-Lanza *et al.*, 2009; Mattila & Choi, 2008). Much of the relevant literature has been developed using context-free methods and positivist ontological views and consumers responses are typically concentrated and organised. This would suggest that service failure and recovery strategies are related as iterative experiences. Moreover, the customer's experience is anticipated during service failure-recovery. Consequently, Miller *et al.* (2000) demonstrated that the literature on service failure and recovery strategies is recognised through the attempts of academics to assign customer perceptions in service failures and recovery to objective facts.

Nevertheless, the literature underscores a number of contrasting and contradictory outcomes. It advises that consumers are heterogeneous and need to be managed subjectively (Diaz-Martin *et al.*, 2008; Wang *et al.*, 2011; Azemi & Ozuem, 2016). The existing literature on service failures and recovery strategies resonates significantly with the perceived advantages of service recovery which have been the subject of research. However, Rust & Oliver (2000) described the suggestive outcomes as affirming that acceptable recoveries might be harmful to the service provider. This indicates how distinctive the consumers are in reality and advises a contextual method for handling service failures and recovery strategies phenomena in general and consumers in a specific context. The literature in electronic media is highly reinforced by an epistemological orientation (McCarthy *et al.*, 2011). Electronic media literature appears to have established the underpinnings to research into service failures and recovery strategies while the onset of the internet has exposed offline service failures and recovery strategies as distinct from traditional offline practice traits (Salle *et al.*, 2015; Ozuem, Thomas and Lancaster, 2016). It is suggested that computer-mediated marketing environments (CMMEs) have become empowered, allowing consumers to develop insights and act on means of highly individual orientation (Ellis-Chadwick & Chaffey, 2012). It underlines the subjectivity of consumers' insights and relates the service failures and recovery strategies occurrences to experience with uncertain resultsstrategies occurrences to experience. Moreover, vendor observation of consumers is highlighted, relating the service failures-recovery occurrence to a combined experience between the customer and the provider.

Research appears to have established the foundation of a comprehensive framework on the literature of service failures and recovery strategy (Ringberg *et al.*, 2007). Scholars perceive consumers as heterogeneous on the basis of positioning existing positivist ontological literature and advise that consumers' perceptions cause personalised, unique service failures and recovery strategies stem from their cultural backgrounds. Therefore, in order to develop the empirical data considering cultural backgrounds, customers' perspectives have been subject to attention. According to Howell (2012), the distinction between 'real' and 'ideal', as stated by Arthur Schopenhauer, has not been isolated. Academics have explained that the 'real' (considered as consumer behaviour and perception) is a reflection of the 'ideal' (considered as consumer's inherited cultural backgrounds). This type of epistemological orientation supported scholars in conceptualising their interpretation of customers' perceptions towards service failure perspectives, recovery expectancy and appraisal as well as after-recovery action (Schwandt, 2000). The reactions of consumers do not restrict the failure-recovery experience to specific antecedents and particular processes. They realised that service failure-recovery has the five phases and provides a unique experience after its occurrence. Developing the study of Ringberg *et al.* (2007), inherited cultural features identify like-

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