



Service Failures and Recovery

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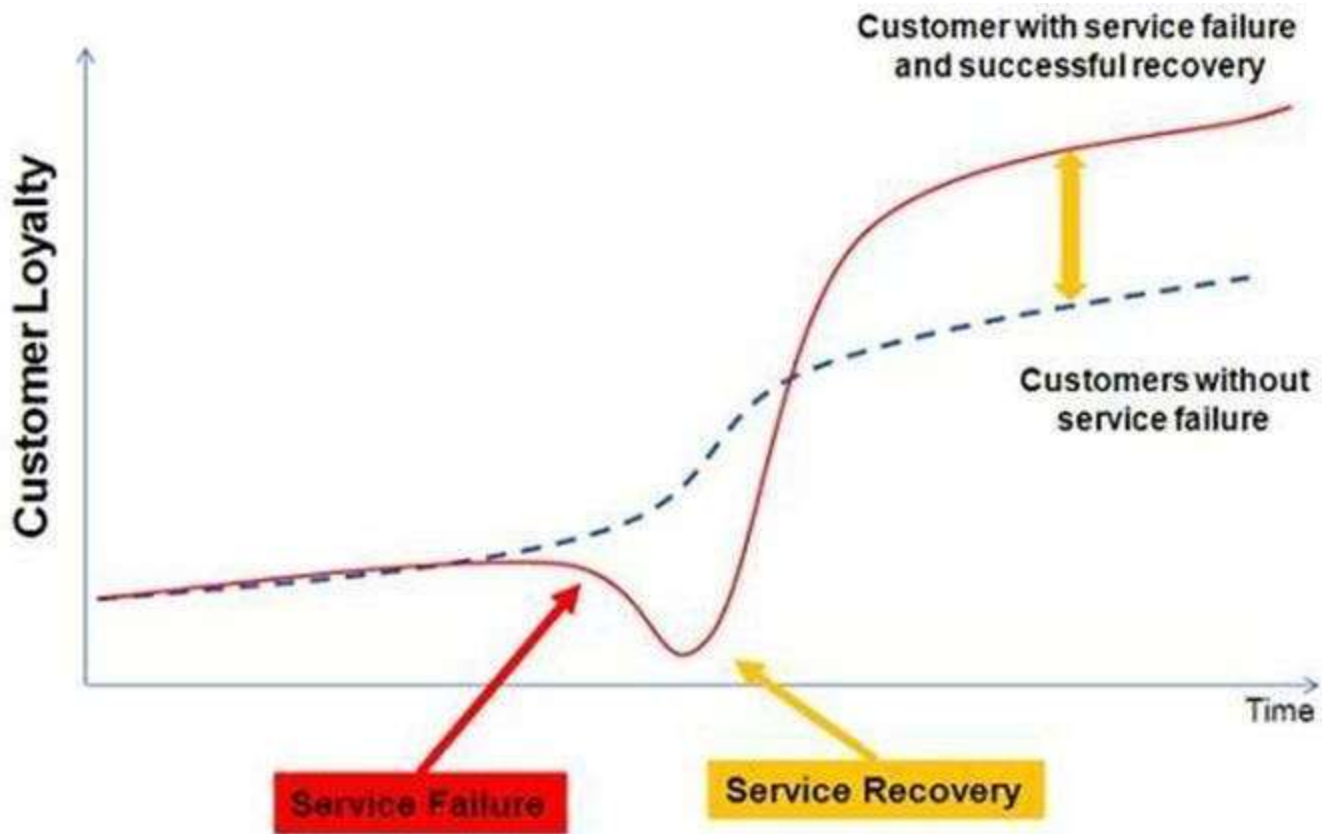
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Learning Objective

- Understands the reasons for customer grievances
- Understand the customer response to service failures
- Understand the complaining behaviour of customer
- Understanding the service recovery strategies.

Service Failures

- Occur due to distinctive characteristics of services . The more intense the service failure, more is the customer perceived loss.



Reason for customer Grievance

Many Service failures occur when customers interact with service personnel at the service encounter.

- **Bad Attitude**
- **Not willing to seek a solution**
- **Not giving full product explanations**
- **Not willing to admit a mistake**
- **Not keeping up to date**
- **Broken promises**

Customer Response to Service Failures

- Complain to the service provider
- Negative word of mouth
- Complain to public Authority/ Court/Third Party

If the Consumer is not to Complain

- Take it Easy
- Wait for the second Failure
- Vote with the feet

Experienced Service Failure



Dissatisfaction



Reaction



Complaint



No Complaint



Complaint to Service Provider



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Complaint to Authority



Take it Easy



Wait for 2nd failure



Wait for 2nd failure



Rectifying errors



For Compensation



Continue

Exit



Continue

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Classification of Complainers on service Failures

1. The Meek Customer
2. The Aggressive Customer
3. The High roller Customer
4. The Rip-off Customer
5. The Chronic Complainer Customer

1.Meek Customer

This Type of customers does not complain about any service failures. When the failures continue they will switch.

2.The Aggressive Customer

They try to recognize failures quickly and complain immediately .

3. The High – Roller Customer

This type of customer wants the best service at any cost. They are not aggressive and ready to pay more for better quality

4. The Rip- off customer

This type of customer is very serious about their complaints.They are not satisfied with just recovery. The need compensation for failure occurred .

5. The Chronic Complainer Customer Copy Rights :www.aravindts.com

This type of customers believes that there is always something wrong

Customer Responses to Effective Service Recovery

Customer Complaints

1 unhappy customer
made a complaint



9 unhappy customers
avoid a confrontation



10 unhappy customers
tell another 10 people about their
experience = 100 people



They tell another 5 people
what they have heard
= 500 people



In total 600 people
are aware of negative feedback

Service Recovery

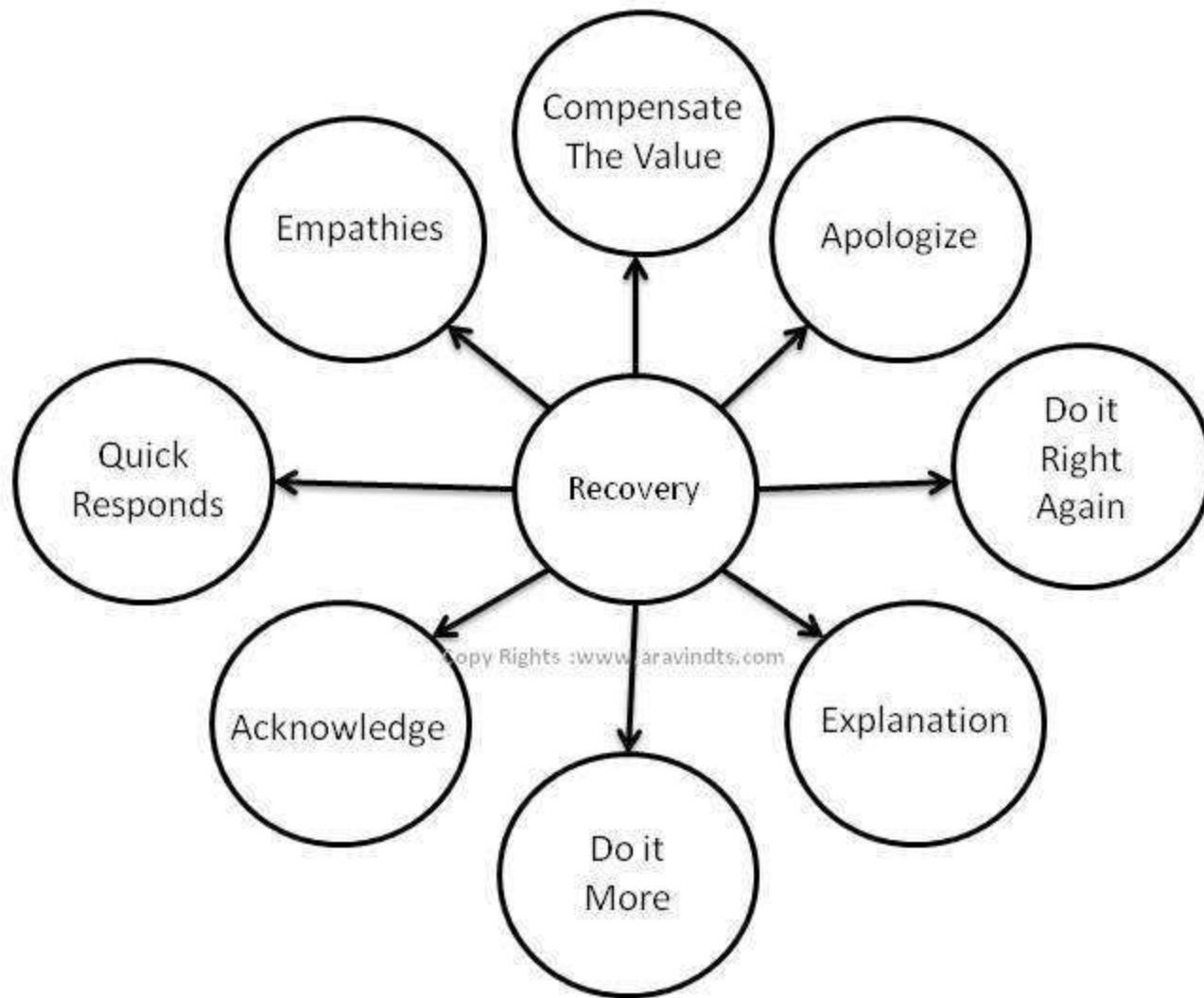
- Service recovery is a process by which an organization attempts to rectify a failure in the service delivery process.

Advantage of Service Delivery

- Service recovery increases customer satisfaction
- It increases customer loyalty
- It promotes positive word of mouth
- It provides information that can be used to improve service quality
- It helps take preventive action
- It reduce the cost of the failure
- It improves employee satisfaction and promotes healthy internal atmosphere
- It enhance corporate image
- It reduce employee turnover
- It enhance employee morale
- It upholds the ethical behaviour of the organisation

Successful companies convert service failures
into positive outcomes by resolving them
effectively

Recovery Strategies

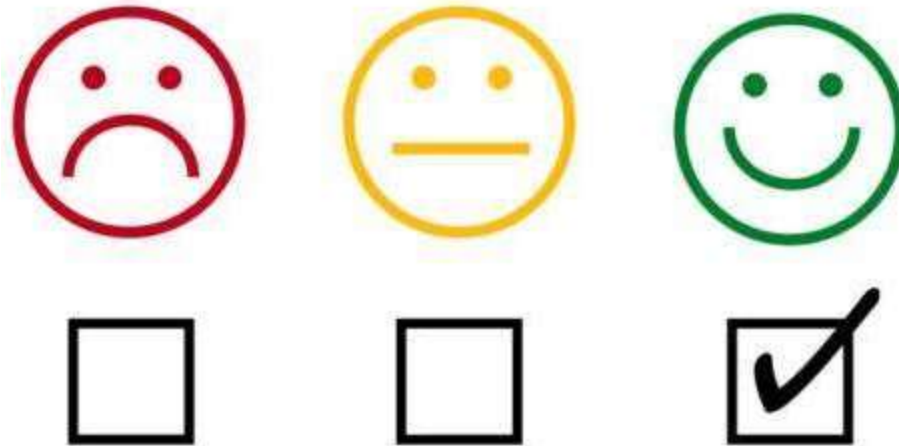


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Service failures

- Uncontrollable situation
- A good service recovery provides many benefits to the company
- It is necessary to develop customer complaint management system
- All customer do not react similarly
- It is dangerous if the service companies to ignore service failures without initiating the recovery process.





Thank you

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