Chapter 10

Recovery Strategies in On-Line Service Failure

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ABSTRACT

Despite a proliferation of a number of studies on service failures and recovery in e-service settings, there is a paucity of knowledge of ways in which service failures and recovery practices are implemented in the fashion industry. Drawing on constructivist perspective, this study offers a new perspective on an effective relational mechanism that would bridge the rupture between consumers and companies particularly in the on-line fashion sector. The analysis adds to studies on service failures and recovery by elucidating recovery strategies relevant to retailers’ operations in on-line environments. This analysis advances knowledge of on-line service failures and recovery in the UK fashion industry. Findings indicate that consumer expectations of service failures and recovery are context driven, which requires companies to fine-tune their recovery strategies to improve recovery satisfaction.

INTRODUCTION

Over the past two decades, the broader institutional contexts in which we exist have been caught up in a major cultural transformation (Ringbern, Odekerken-Schroder and Christensen, 2007; Hoffman, et al., 2003). All forms of organisation have become engaged in an endless process of negotiating choices among a diversity of options under conditions of intensified globalisation and reflexivity. In this altered social, political and economic context, the use of information technology has permeated all forms of organisations, from private to public, from local to global, old and new. Parallel to this development, companies have developed and experimented with new ways of interacting with their customers, and have devised and applied a variety of marketing
strategies. The deployment of the internet along with its prototypical subsets is not only creating a number of new opportunities, but also a range of new uncertainties and burdens, particularly on consumer perceptions of service quality, service failure and recovery.

Literature on service failure and recovery has demonstrated that firms proactively seek to identify the nature of consumer complaints and effective service recovery (Bitner, Booms and Tetreault, 1990; Henning-Thurau, et al., 2004; Ward and Ostrom, 2006; McColl-Kennedy and Sparks, 2003; Berry and Seiders, 2008; Shimp, 2010). Knowledge about passive customers who are dissatisfied, and the recovery paradox, is highly dependent on context and situation. Extant literature on service failure and recovery tends to blindly adopt existing recovery strategies in traditional marketing programmes into computer-mediated marketing environments (CMMEs). In the light of these issues, it could be said that the success of a firm’s strategies in service failure and recovery in the physical marketplace cannot be extrapolated to online marketing environments. Our focus is to examine the level of service failure and recovery strategies in relation to UK online fashion retailers. The objective of the study is two-fold: it aims to contribute to the extant knowledge on service failure and recovery on CMMEs, particularly the impact of online service failure and recovery in the UK fashion industry. Second, the emerged analysis could reinforce behavioural related issues, e.g. understanding consumer behaviour in the development of innovative business models in the industry.

THEORETICAL FRAMEWORKS

Technological advancements have led to changes in customer expectations and methods by which businesses interact with consumers (Ozuem, Howell and Lancaster, 2008; Walker, et al., 2002; Rodrigues, 2012; Magnini and Ford 2004). Academic research into the UK fashion industry has formerly considered customer retention and the advantages of the internet in sustaining a loyal consumer base (Ashworth, et al., 2006). Extant literature has focused on quantitative methods to research the means of service recovery from a managerial and operational perspective, in ensuring customer retention. Customers arguably have a life cycle which can be directed if retention strategies are used in the optimal manner (Ang and Buttle, 2006; Sharma, 2009). In their study of self-service technologies in general, including, but not limited to, the internet, Meuter, et al (2000) identified four types of service failures:

1. **Technology Failures**: Those that prevent the customer from engaging with the service (e.g. web site is down or not working properly).

2. **Process Failures**: Those that occur at some point after the customer’s interaction with the web site, but preventing correct service fulfilment from occurring (e.g. items ordered through the internet are never received).

3. **Poor Design**: These affect all customers using the service and can be technology design problems (e.g. web site difficult to navigate) or service design problems (e.g. an aspect of the design of the service beyond the web site interface that the customers do not like, such as the service taking too long to be performed due to the way it has been designed).

4. **Customer-Driven Failures**: Those that occur as a result of a customer mistake (e.g. not being able to remember a password to access the service).

Customer complaints provide precious ideas into key causes of operational failures. Service failure and recovery can be learning opportunities for companies to help to retain consumers. Flourishing organizations strive to provide maximum levels of customer service, as consumers are in-