

10

The Importance of Service Recovery

'At your service' Spotlight: Paul Hudson - solving problems for travelers

Paul Hudson has a wealth of experience solving problems for travelers. Having worked in the travel industry for more than 30 years, Hudson has held previous roles as Head of Overseas Operations at Neilson Active Holidays, Product Development Manager at Cosmos Holidays, and Regional Manager Spain and Winter-Ski operations at First Choice Holidays. Hudson is currently Operations Director at Luxury Family Hotels, where he is responsible for the operation of eight hotels in the UK recently purchased from the Von Essen Group.

Hudson realized the importance of service recovery very early on in his career. 'When I worked as a travel representative, and my customers had a problem with the hotel or the airline, I got sick of these companies passing the buck and saying 'it is not my problem'. The problems could easily have been solved but they couldn't be bothered. I decided that as soon as I was in a position to manage the supply chain, I would make sure these things didn't happen.'

Hudson acknowledges that many problems in the travel industry are unforeseen and/or uncontrollable. 'Naturally there are myriad examples in tourism where holidays or flights get overbooked. Most of the time, though, you try to train staff to do things that they don't have to do but that they want to do to keep everyone happy. I encourage staff not to wait until the problem arises, but to anticipate the issue. For example, if you are a waiter you have to look around for people who have not been quickly served and if



Paul Hudson, Luxury Family Hotels. Photo Courtesy of Paul Hudson

you see someone who has been waiting for too long, you go and offer them a free drink before they even get the chance to complain.'

One problem Hudson had to deal with a few years ago was a forest fire in Greece that disrupted the holiday of his guests. 'Basically we had a forest fire in Greece behind one of our hotels and had to evacuate everyone, which was quite a scary experience for them. We put them all up in another hotel and when everything was under control some people stayed and went back to the hotel but others were too traumatized and preferred to travel home. So my team went to those who were going to fly back home and invited them to come back a few weeks later for another trip for free. We had no obligation to do this but it was a gesture that they appreciated when they came back for another visit. I feel that the feedback and the word of mouth was more than worth it.'

How does Hudson train his staff in the art of service recovery? 'We use case studies, many of them real-life, role plays, and letters of complaints, and then ask them "what would you have done to solve this?" We also look at previous complaints and learn from them. I try and get my staff to encourage guests to tell us everything about their holiday experience – both good and bad – so that we can learn from it.'

Hudson believes that although empowerment is critical, employees have to work within a framework when making decisions on service recovery: 'It is no good throwing money at a problem without working out what the problem was in the first place and how to prevent it in future. It is also important to find out what the customer values in a service, and exactly what we can do to put a problem right. For example, it would be foolish to give a free night's accommodation for a whole family if just one meal was cold in the restaurant. And there is no point giving the customer a free bottle of wine if he/she doesn't drink. A free swimming lesson for the kids might be the perfect remedy, and it costs us very little.'

Hudson encourages his staff to think outside the box in terms of what value they can add. 'You have to work with each particular guest as they all perceive things differently. At the end of the day, they should always go one step further – solve the problem and go a bit extra. It is not always a question of money – experiences, such as a free ride on a speed-boat are sometimes valued more by the customer. Our adage is 'Fix it, plus one' – blow the customer away without costing too much money. Buy them a bottle of champagne after they have already bought the wine so they are still paying their usual amount but you give them something extra. We sometimes ask our suppliers to help. For example, we had a problem in our [New Forest hotel](#), and we knew the family wanted to go to Beaulieu, so we got them tickets. Free for us but huge value for the customer. It is all about knowing your customer – interacting with them so you can surprise them.'

Source: Personal interview with Paul Hudson, July 2012

Service recovery

Service delivery failure is likely to occur at some point in time for organizations in the tourism and hospitality industry. Though it is unlikely that businesses can eliminate all service failures, they can learn to respond effectively to failures once they do occur, as is shown in the opening spotlight. This response is often referred to as service recovery, defined as the process by which a company attempts to rectify a service delivery failure. One study of hotel customers found that their level of satisfaction and lasting impression of a hotel is based first and foremost on what happens when something goes wrong (Johnston, 2004). Mostly, customers accept that mistakes happen; the problem begins when there is no strategy in place to rectify the situation easily.

Despite the significance of the tourism sector both economically and as a source of customer complaints, there has been little research that explicitly addresses complaining behavior and service recovery. Research that does exist is relatively recent and still evolving. In the tour operating sector, Schoefer and Ennew (2004) examined customer evaluations of tour operators' responses to their complaints. They found that even when a firm recovered effectively from a service failure, satisfaction was not guaranteed, which is at variance with results reported by other researchers like Smith and Bolton (1998). In the hospitality industry, Lewis and McCann (2004) focused on service failure and recovery in the UK hotel industry, finding that guests who were satisfied with the hotel's response to their problems, were much more likely to return than those who were not satisfied with recovery efforts. Leong, Kim and Ham (2002) studied the impact of critical incidents of service failures and recovery efforts in a hotel, finding that only complete resolution results in repeat patronage, while partial resolution and unresolved service failures served as a deterrent to the guest's return patronage. O'Neill and Mattila (2004) presented findings from a survey of 613 hotel guests indicating that guests' overall satisfaction and intention to revisit were much higher when they believed that service failure was unstable and recovery was stable. Finally, the influence of service recovery on satisfaction and revisit intention was also stressed by the study of Yavas et al (2004).

In the restaurant sector, Hoffman, Kelley and Rotalsky (1995) examined service failures and recovery strategies commonly occurring in the industry, and Leong and Kim (2002) focused on recovery efforts in fast-food restaurants, finding that reasonable care in providing a service failure resolution that meets the customer's expectation may influence customer loyalty. Lastly, Sundaram, Jurowski and Webster (1997) investigated the impacts of four types of service failure recovery efforts in restaurant service consumption situations that differ in the degree of criticality. They argued that the importance of the situation to the consumer plays a significant role in their responses to service failure recovery efforts.