13 Service failures as triggers of superior brand evaluations?

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Introduction

In pursuit of better purchasing decisions (e.g., choosing the right restaurant or hotel), prospective customers increasingly turn to social media, such as Facebook, to source information about new products, services and brands. On Facebook, a brand's former, current and potential customers are not only exposed to marketer-created brand postings, but also to other customers' subjective evaluations, personal thoughts and feelings regarding their consumption experiences (Hennig-Thurau et al., 2010). Research has shown that consumers strive for multifaceted goals when sharing consumption-related postings online. For instance, some satisfied customers want to help the company by posting favorable statements about a positive brand experiences, known as positive electronic word of mouth or PeWOM (Hennig-Thurau et al., 2004), while others want to help their fellow shoppers by giving a neutral description of a regular brand experience (ReWOM). However, many dissatisfied customers also use Facebook brand-pages as a public platform to express their unfavorable thoughts and negative emotions (e.g., anger) after a service failure by means of an online complaint or negative electronic word of mouth (NeWOM; Ward & Ostrom, 2006; Weitzl et al., 2018).

Consumers that are directly affected by the service failure and involved in the recovery process are referred to as complainants.

The reasons why customers spread NeWOM are diverse. They range from venting (i.e., lessening his/her frustration and reduce anger), via revenge (i.e., intentionally sabotaging and harming the company; Grégoire et al., 2009), warning others (Willemsen et al., 2011), to advice seeking (to acquire new skills/information to better use and/or repair the product; Willemsen et al, 2013). Earlier research demonstrates that online complaints can have strong and diverse detrimental effects, particularly on a brand's potential customers (so-called online complaint bystanders), including unfavorable attitudes and an increased willingness to criticize the involved brand to others (e.g., Chevalier & Mayzlin, 2006; Sen & Lerman, 2007). However, evidence also exists that 'webcare', which is company's online complaint handling response to a public complaint can repair negative reactions of these bystanders to some extent (e.g., Weitzl & Hutzinger, 2017). It remains, nevertheless, unclear how far such positive reactions can be stimulated with webcare among NeWOM bystanders.

Hart et al. (1990: 148) claim that "a good recovery can turn angry, frustrated customers into loyal ones. It can, in fact, create more goodwill than if things had gone smoothly in the first place". There is strong evidence (e.g., McCollough et al., 2000; Michel & Meuter, 2008) that a service failure followed by a superb recovery response by the company can cultivate even more positive reactions (e.g., favorable attitudes, satisfaction) among complainants than regular/neutral brand experiences. This is often referred to as the 'service recovery paradox' (SRP; McCollough & Bharadwaj, 1992). This chapter assesses whether this phenomenon is also applicable to complaint bystanders (i.e., consumers passively observing a public complaint (NeWOM) and the recovery process online). Considering the potentials of the SRP, the guiding, somewhat provocative, research question reads as follows:

"Is it ever wise for a company in the tourism or hospitality industry to deliberately mess up a service experience which is then 'repaired' successfully afterwards by means of (credible) online complaint-handling? Does this achieve more positive bystanders' brand attitude than after customer postings of regular experiences (ReWOM)?"

This research provides answers to these important questions by investigating bystanders' reactions after a service failure in a coffee house and hence adding knowledge about the SRP on relatively uninvolved individuals in the under-researched tourism/hospitality context.

Complainants' reactions to successful service recoveries

Service failures are mistakes or problems that customers experience while consuming or communicating with a brand (Maxham, 2001). These often-occurring negative events (e.g. an unfriendly waiter, a malfunctioning product, a late delivery) lead to customer dissatisfaction and customer complaint behaviors shown both in offline channels (complaining directly in the involved store) as well as online. Online complaints can be direct (posting a negative comment on the brand's Facebook page) or indirect via a third-party discussion forum. These failures – or more precisely, the attempt to recover dissatisfied customers – furnish companies with a great opportunity. Companies can alter the minds of complainants and restore the collapsing customer-brand relationship with a successful service recovery, which is a strategy that tries to rectify the failure (Kaltcheva et al., 2013) and remove the associated bad memories.

Extant literature in the offline complaining context shows that service recovery can elicit various positive outcomes among complainants who have personally experienced the failure and filed a complaint afterwards, such as satisfaction (Maxham & Netemeyer, 2002b), justice restoration (McQuilken et al., 2013), and establishing repurchase intention (Huang & Lin, 2011). Some research, however, sheds light on the outstanding outcomes or vast potential of successful recoveries. According to the service marketing literature, the Service Recovery Paradox (McCollough & Bharadwaj, 1992) occurs when a high recovery performance leads to a customer's greater post-recovery satisfaction, as compared to his/her pre-failure satisfaction. The SRP among complainants has been supported by literature for several different scenarios and outcome variables. For instance, Hansen and Danaher (1999), studied the SRP in the airline industry. In their experiment, they compared a positive performance trend (i.e., service experience with poor initial performance and with high final performance) with a neutral performance trend (i.e., service experience with average initial and final performance). They found that participants faced with a positive performance trend experienced a higher service satisfaction than those faced with the neutral performance trend. Likewise, Michel and Meuter (2008), found that consumers had a higher recommendation intention after experiencing successful service recovery as compared

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