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Recovery Strategies for Service Failure and Customers' Return Intention in Classified Restaurants

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Abstract

The purpose of this paper is to investigate the service recovery strategies used by restaurant managers of classified restaurants after service failure, and the intention of the customers to return after service recovery. Descriptive survey design was employed. Simple random sampling method was used in selecting 345 customers and purposive sampling technique used in selecting 24 restaurant managers from all 30 classified restaurants. Structured questionnaire (five point likert scale) was used in measuring the level of return intention of customers while open ended interview schedule was used in gathering information from the restaurant managers. Descriptive statistics were used in analyzing the objectives. The results indicate that managers used distributive and interactive justice in service recovery and only a few (20%) included procedural justice. The mode of 2 indicated that most customers disagreed that the visit was better than they expected. This could have been as a result of most managers not including procedural justice in dealing with service failure.

Keywords: service recovery strategies, service failure, customer' return intention, classified restaurants

1.0 Introduction

The restaurant sector is demanding and stresses on the provision of high level service. Customers will therefore expect excellent food, outstanding services, attractive ambience and reasonable price (Ford, Sturman and Heaton, 2015). If the expectations are met or exceeded, satisfaction will result but if the outcome will be below expectations, it will lead to dissatisfaction. Dissatisfaction is more often as a result of service failure for example offering poor quality food, service, physical environment or incorrect billing. Dissatisfied customers have two options; either to express their dissatisfaction (complaining) or walk away. Service recovery strategies after service failure not only contribute to retaining and gaining more customers but also prevent customers from switching to other competitors.

Despite some recent studies done on customer satisfaction and loyalty in restaurant industry, investigations relating to service failure and recovery in restaurant industry have remained limited. This study is therefore designed to meet the following objectives:

- Determine the service recovery methods used in relation to service quality, food quality, physical environment and incorrect billing and find out the strategies used by managers to encourage customer's return intention.
- To assess the influence of service recovery strategies on customer's return intention to restaurants

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1.2 Theoretical frame work

Service failure in Service quality Food quality Physical environment Billing Dependent variable Service recovery Distributive justice Interactive justice Procedural justice Intention

Figure 1: Theoretical frame work of the study

2.0 Literature Review

2.1 Service delivery failure

Service delivery failure can put restaurants out of business. According to Michel (2001), service failure occurs when the expectations set by the customer are not met by the service performed. Majority of customers who experience service failure that is either unresolved or dealt with in an inadequate manner will usually not return to the service provider (Bamford and Xystouri, 2006). If a customer perceives that a service firm could have prevented a service failure and does not, the customer will exhibit a very negative reaction. Approximately 90%-95% of dissatisfied customers choose to change providers rather than lodge a complaint (Tax and Brown, 1998), such customers find complaining unpleasant and do not believe that anybody is willing to help them resolve the problem, so they decide to take no action. The major types of service failure in restaurant sector are slow service, inefficient staff, food and beverage quality problem, cleanliness, unfriendly and unhelpful staff, incorrect billing, untidy staff and physical evidence lacking ambience (Dutta et al., 2007)

2.2 Service Recovery

Service recovery is very vital to any successful restaurant. Service recovery is referred to as the action undertaken by a company to face the eventualities of a service failure (Zeithalm and Bitner, 2000). Effective service recovery efforts lead to positive tendencies in customer satisfaction (Mattila, Cho and Ro, 2009) and return intention. The cost of preserving a customer is about 20% of the cost of bringing a new customer and an increase of 5% in returning customers will produce an increase of 25% - 125% in the firm's profit (Kotler, Bowen and Makens, 2003). Bitner *et al.*, (1990) divided the service recovery strategies in to three categories: monetary compensation strategies, service interaction strategies and no action strategies. Warden, Huang and Wu (2008) identified eight specific recovery actions for restaurants which included free food, discount, coupon, management intervention, dish replacement, correction, apology and no action.

The most widely used concept in service recovery literature is Justice Theory (Maxham and Netemeyer, 2002). A three- dimensional view of justice (or fairness) concept has evolved from equity theory: distributional justice, procedural justice and interactional justice.

- **2.2.1 Distributive Justice**: Distributive justice refers to the perceived fairness of the actual, tangible outcome compared to inputs (Palmer, Beggs and Keown- Mcllan, 2000). In service recovery, distributive justice focuses on the specific outcome of the firm's recovery effort, such as discounts, coupons, free meals, replacement or re-performance, refunds (Hoffman and Kelley, 2000). Customer's perception of distributive justice can be affected by tangible compensation which can be a free drink voucher for slow service, a replacement for an incorrect meal order and refunding money (Mattila and Patterson, 2004). Customers expect service firms to provide compensation in result of service failure. The level of compensation can be different depending on the degree of service failure (Hucutt, Bowers and Donavan, 2009).
- **2.2.2 Procedural Justice**: Procedural justice refers to the perceived fairness of the policies and procedures used by decision makers to arrive at an outcome. The speed of handling problems and complaints was identified as an important dimension of procedural justice (Palmer *et al.*, 2000).

When customers receive immediate response to their complaints, they will definitely have higher recovery satisfaction and more willing to revisit again (Fan, Wu and Wu, 2010). Procedures therefore must be consistent, unbiased and impartial. Service encounters should be responsive providing correct information in an ethical manner (Hucutt *et al.*, 2009). del-Rio- Lanza *et al.*, (2009) concluded that higher perception of procedural justice improves satisfaction with service recovery and lower level of negative word of mouth regarding service.

2.2.3 Interactional justice: Interactional justice focuses on the manner in which the complaint is treated throughout the process (Liao, 2007). Interactional justice is often operationalized as a sincere apology versus rude behavior. An apology from a service provider delivers politeness, courtesy, concern, effort, dignity and empathy to customers who experience service failure, enhancing customers' perception of fairness of the service encounter (Liao, 2007). Apologies should therefore be incorporated into all service recovery strategies as the minimum that would be offered by a service provider (Silber *et al.*, 2009).

2.3 Return intention

Return intention includes positive spoken word, repurchase visit and loyalty. Customers engage in repeat patronage, loyalty and positive word of mouth recommendation upon belief that exactly the same quality service rendered to them or other customers will be offered each time the restaurant is visited (Ryu and Han, 2010). One way of creating experience which exceeds expectations is by an appropriate recovery from service failures (Bitner, Booms & Tetreault, 1990). This will not only lead to customer satisfaction but also return intention. Return intention has been identified as a form of recommendation (positive word of mouth communication), customer loyalty (willingness to visit again) and willingness to pay more (Aziz, et al., 2014). Word of mouth is a consequence of customer emotion responses to consumption experiences (Ha and Jang, 2010). Willingness to recommend is derived from perceived value of consumption experiences where customers tend to express their opinion by recommending the same experience to others (Bowen and Shoemaker, 2003).

3.0 Methodology

The target population included managers working in Kenyan classified restaurants and their customers. Fisher *et al,* (1998) formula was used in calculating the sample size of 345 customers. Simple random sampling technique was used in selecting the customers while purposive sampling was used in selecting the 24 restaurant managers in 30 classified restaurants.

A pre-test with a sample of 40 customers was conducted on the restaurant not on study. To be able to measure the level of agreement in relation to return intention, a five point Likert type scale—questionnaire was used. The scale ranged from strongly disagree-1, disagree-2, unsure-3, agree-4 and strongly agree-5. The questionnaire had the following questions: I will recommend the restaurant to others, i will visit the restaurant again in future and this visit was better than i expected. The data obtained was analysed using descriptive statistics.

An open - ended interview schedule was constructed to obtain data from the restaurant managers.

The questions were adapted from Oriental hospitality (2009) Restaurant Standard Operating Procedures. The interview questions sought to find out the service recovery methods used by manager in an event of service failure; this was in relation to service quality, food quality, physical environment and billing. The responses received from informants were discussed in relation to the past related studies.

4.0 Results and Discussions

4.1 Service Failure and Recovery Methods

Table: 1 Service Failure and Recovery Methods

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	70%	
Compare the charges on the bill and on the menu	7070	
	30%	

Source: Field Survey, 2019

Results (Table 1) related to failure in food quality indicated that when the customers complained that food was served cold, 50% of the managers instructed the waiters to warm the food while 50% preferred the waiters to serve another plate of food. In case of failure in serving food that was burned, raw or over seasoned 10% said that they offered another plate of food while 90% said that they offered another menu to customers. In an incident where the food is having a foreign object for example hair, 82% apologized and offered another plate of food without charging while 18% just apologized and promised to do investigations. Concerning lack of variety in the menu, 88% of the managers explained to customers why there was no variety while 12% promised to offer variety in future.

In relation to service quality, Table 1 also shows that when there was failure in slow service from waiting staff, 50% of the managers said that they apologized and promised to improve in future while 50% just apologized without committing themselves of any improvement. In a case of a rude waiting staff, 65% of the managers apologized to the customers and gave the waiting staff a verbal warning while 35% just promised to find out the route of the problem. In an incident where the customer claims to be served with unclean plates or cutleries, all managers (100%) said that they apologized to the customers and instructed the waiting staff to replace with clean plates or cutleries.

In terms of physical environment, Table 1 indicates that when there was failure in the restaurant décor, 65% of the managers explained to the customers the significance of the current décor while 35% promised to raise a complaint to the management. In regards to loud or low musical background, 75% of the managers said that they adjusted the volume of the music according to the customers' wish while 25% said that they moved their customers to a different place. In a case where there was too much or inadequate lighting, 26% of the managers said that they explained to the customers that nothing can be done while 74% promised the customers to discuss with the management. If the customers complained that the restaurant temperature is too hot, 50% said that they instruct the waiters to put the fan on, while 50% said that they tell their customers that they are not able to do anything.

In a situation where customers complain of unclean environment, all managers (100%) said that they instruct the staff to clean. Table 1 still shows complaints related billing. In an incident when the customer complains of incorrect billing, 70% of the managers said that they inquired from the cashier why the guest was complaining while 30% said that they would compare the charges on the bill with the charges on the menu. Complaint management action may lead to service recovery while negligence of the problem can discourage a particular customer from revisiting the restaurant, and can also result in negative word of mouth. An increase to overall customer satisfaction should decrease the incident of complaints. Thus satisfaction has a negative relationship with customer complaints as the more satisfied the customers are, the less likely they are to complain (Angelova, 2011). Mousavi and Esfidani (2013) posits that implementation of successful service recovery strategies can solve customers' complaints.

4.1.2 Service Recovery Strategies

Table 2 shows service recovery strategies used by restaurant managers in restaurants.

Table 2: Service Recovery Strategies used by Restaurant Managers

	Service Recovery Strategies	Percentage of managers usi	ing the service recovery		
1	Apology	Food having foreign object	82%		
	,	Slow service from waiters	100%		
		Rude waiters	65%		
		Serving food with unclean plate or cutlery	100%		
2	Compensation	Another plate of food if food is cold	50%		
		Another plate of food if food is burnt, undercooked or overcooked	10%		
		Offer different menu if food is burnt, undercooked or overcooked.	90%		
		Another plate of food if it has a foreign body	82%		
3	Explanation	Explanation lack of variety in the menu			
	-	Restaurants décor	65%		
		Inadequate lighting	74%		
		Warm cold food	50%		
		Replacing dirty plates and cutleries with clean ones	100%		
4	Correction	Adjusting the volume of the music according to customers wish	75%		
		Instruct waiters to put fan when temperatures are high	50%		
		Instructing the waiters to clean the dirty environment	100%		
5	Promise	Lack of variety in the menu	12%		
		Slow service by waiters	50%		
		Rude waiters	35%		
		Décor of the restaurant	35%		
6	Empathy	Move the customer to a different place if music is loud	25%		

Source: Field Survey, 2019

Table 2 depicts several recovery strategies that were used by managers in this study, for instance apology: when the customers found a foreign object on food (82%), when the service staff were slow (100%) or rude (65%%) and when the customers were served with unclean plates (100%); compensation: another plate of food when the food was cold (50%), burned, undercooked (10%), over cooked (90%) or with foreign object (82%); explanation: when the customer complained of lack of variety in the menu (88%), complaint on restaurant décor (65%), inadequate lighting (74%); correction: warming food that was cold (50%), replacing clean plates with dirty ones (100%), adjusting the volume of the music according to the wish of the customer (75%), putting on the fan when the restaurant temperatures are high (50%), cleaning the environment if the customers complain that its unclean (100%); promise: promise to offer a variety of menu in future (12%), promise to improve in terms of slow service by waiters (50%), promise to investigate a complaint on a rude waiter (35%); promise to improve the décor of the restaurant (35%). empathy: moving customers who felt that the music was loud to a quiet location within the restaurant (25%).

There were incidents where some managers were not able to give solutions. For instance when there was too much or inadequate lighting (26%) and when the temperature was too hot (50%). Failure to give a customer solution will only lead to dissatisfaction. When a customer is dissatisfied, different actions may be performed by the customer including customer personal response (including the collective purchase boycott, switching and exit, negative word of mouth communication), complaint response of customers, third party action (including legal action, agency of customer protection), and finally the on action or inertia (Mousavi and Esfidani, 2013).

Su and Bowen (2001) found out that the most important complaint about the meal was about slow or poor service, the food not properly cooked, overprice of the meal and rude or intolerant service. The study showed that if the customers perceive that the problem will not occur again, the efforts of restaurant management satisfies the customer and in situations where the situations meet the demands of the customers then the customer is likely to revisit the enterprise again. The successful implementation of service recovery strategies may prevent the defection of customers who experience service failure (Concepcion, Rodolfo and Victor, 2010). In a service recovery perspective, complaints expressed by customers are seen as an opportunity to strengthen the bond between the customers and the firm (restaurant) (Sander *et al.*, 2010). The results in Table 2 is in agreement with the study of Lewis and McClann (2004) who suggested the following methods as appropriate in solving customer complaints: Apology, correction, empathy, compensation, acknowledgement, explanation, exceptional treatment and managerial intervention.

Lewis and McCann (2004) found out that apology, correction and explanation are offered with the highest rate while compensation and exceptional treatment are being used the least often. Table 2 indicates that most managers used distributive justice (compensation) and interactive justice (apology, explanation, promise and empathy) in service recovery. Wirtz and Mattila (2003) suggested in their findings that compensation used by managers might not be required when the recovery is immediate and an apology is offered. They found out that compensation had no impact on poorly handled recovery (for example delayed response and no apology). Offering compensation on the other hand can overcome negative consumer outcomes regarding the experience by providing tangible evidence that the service provider is fair (Bhadari, Tsavenko and Polonsky, 2007). Although most managers employed distributive and interactive justice during service recovery, only a few (20%) were found to have a procedure in complaint handling (Figure 2).

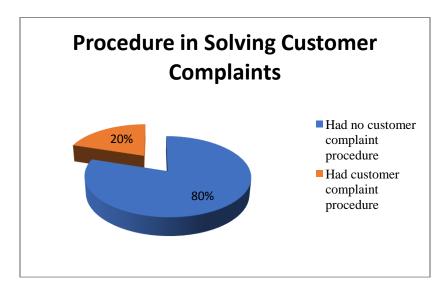


Figure 2: Percentages of the number of managers who had procedures in dealing with customer complaints Source: Field survey, 2019

Figure 2 shows that 80% of the managers had no complaint procedures in place. This implies that procedural justice was not practiced in most restaurants during service recovery. Following procedures during service recovery is associated with higher quality service. According to McColl- Kennedy and Sparks (2003), procedural justice is important in indicating whether the procedures or principles used in making decision are perceived as fair by the customers. The process control or customer's voice is also shown to influence perception of justice. One important component of procedural justice is the speed or time taken to resolve customers' problem (McColl- Kennedy and Sparks, 2003),

4.2 Customers' Return Intention

Customers' Return intention had the following variables; I will recommend the restaurant to others, I will visit the restaurant again in future, this visit was better than I expected (Table 3).

Table 3: Customers' Return Intention

Return Intention	Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree	<u>Subtotal</u>		
Dimensions	N %	N %	N %	N %	N %		Media	Mod
						Mean	n	e
-I will recommend the restaurant to								
others -I will visit the restaurant again	7.8	22.9	21.4	31.0	16.8	3	3	4
in future -This visit was better than I	11.6	19.4	18.0	35.4	15.7	3	4	4
expected	12.5	28.4	20.9	27.0	11.3	3	3	2

Mode of 5- strongly agree, 4- agree, 3- unsure, 2- disagree and 1- strongly disagree

Source: Field survey, 2019

4.2.1 Recommend the restaurant to others: Table 3 depicts that majority (31 %,) agreed to recommend the restaurant to others, 22.9%, who followed closely disagreed, 21.4%, were unsure, 16.8%, strongly agreed while the minority 7.8%, strongly disagreed. The mode of 4 was a clear indication that most respondents agreed that they will recommend the restaurant to others. This implies that most respondents were satisfied with the service recovery strategies used by managers to an extent of even recommending to others.

4.2.2 I will visit the restaurant again in future: Table 3 indicates that 35.4% agreed to visit the restaurant again followed by 19.4% who disagreed, 18% were unsure, 15.7% strongly agreed while the minority 11.6% strongly disagreed. The mode of 4 was an indication that majority of the respondents were satisfied with the service recovery strategies used by managers thus wanting to revisit the restaurants again. It is important also to note that satisfied customers do not necessarily mean loyal customers (Albayrak and Caber, 2008). Satisfied though, they may switch to other restaurant in seeking variety or new experience. Loyal customers on the other hand, are almost always satisfied and ready to revisit back.

4.2.3 Visit was better than I expected: Table 3 shows that most respondents (28.4%) disagreed that their visit was better than they expected, however 27% agreed, 20.9 were unsure, 12.5% strongly disagreed and 11.3% strongly agreed. The mode of 2 indicated that most respondents disagreed that the visit was better than they expected. This implied that majority of the respondents were most likely not satisfied with some of the service recovery strategies used by the managers. These respondents could be visiting the restaurants for the first time and had high expectations or they had visited previously and were disappointed with the services compared to the previous experience. Maintaining required standards and being consistence when offering services to customers is very essential. Customers will always notice when standards are compromised. They will always have expectations when visiting restaurants. When the restaurant exceeds the customers' expectations (for example 'the visit being better than expected') the customers will be highly satisfied or delighted, but if the restaurant falls short of customers' expectations the customer will be dissatisfied (Rust, and Huang, 2014).

5.0 Conclusions

With the high competitive environment experienced in the restaurant industry, customer's loyalty becomes very important if the restaurants have to be successful. Service recovery after service failure can encourage the customer return back to the restaurant thus increasing business. Service failure leads to customer's dissatisfaction which can lead to customer switching to competitors leading to business loss.

Limited studies has been carried out to access the service recovery strategies from the perspective of service quality, food quality, physical environment and correct billing and how it affects customer's return intention. The current study fills this gap by conducting an empirical study and examining the interrelationship between service failure, service recovery and customer's return intention. Empirical findings of this study indicate that procedural justice is equally important as distributive and interactive justice during service recovery. Customer's expectations in relation to service recovery are depended on managers practicing the three dimensions of justice theory. For instance distribution justice may be described as perceived fairness of redress offered by service provider, procedural justice focuses on how the process is carried out (Sparks and McColl-Kennedy, 1998).

Restaurant managers should therefore maximize profits by practicing the three dimensions of justice theory (distributive, interactive and procedural justice). This will highly contribute to customer satisfaction hence return intention.

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