

CHAPTER 13

Fixing Service Failures

HOSPITALITY PRINCIPLE: DON'T FAIL THE GUEST TWICE

You want your customers to tell you when you've screwed up, so that you can take care of the problem and take steps to ensure that it doesn't happen again—to them, or anybody. If they don't tell you they'll just walk away shaking their heads and they'll never come back. Worse, you're likely to alienate somebody in the future by doing exactly the same thing.

—Carl Sewell, *Customers for Life*

Do whatever is necessary to take care of guests.

—J. Willard Marriott, Jr., Chairman and CEO, Marriott International

LEARNING OBJECTIVES

After reading this chapter, you should understand:

- How guests respond when the guest experience fails to meet their expectations.
- How organizations should respond when the experience fails to meet guest expectations.
- Why fixing service failures quickly—on the spot, if possible—is so important.
- Why positive word of mouth is so valuable and bad word of mouth so harmful.
- Why the recovery method for handling a service failure is so important.
- How to learn from service failures.
- How guests evaluate the hospitality organization's recovery efforts.
- How to match the recovery strategy to the failure.

KEY TERMS AND CONCEPTS

service failure
word of mouth
service recovery

avenger
evangelists
distributive justice

procedural justice
interactional justice
informational justice

NO PERFECT SERVICE SYSTEMS

As we first stated in Chapter 1 and have reiterated throughout the book, providing a service is not like making a refrigerator on an assembly line where you can bring in an industrial engineer to study the production process that makes the refrigerator, see the product as it is being built, and check it for flaws after it is completed. While parts of most guest experiences are tangible and produced by a similar production process, like a kitchen in a restaurant that produces a dinner, the service that the guest experiences is only partially produced by a physical production process. The rest of the product is intangible. Add the fact that the product's value and quality are determined by the guest at the moment or over the period of consumption and you see why all the methods engineers in the world cannot build a 100 percent reliable, dependable service system. The guest sees, experiences, and evaluates the service. The guest decides what the experience was worth, whether it was worth returning for, whether to tell friends and neighbors that it was great or poor, and whether the overall experience was satisfactory. To succeed under these circumstances, any service delivery system has to be as nearly perfect as thoughtful planners can make it. The best systems must also have flexibility, allowing the appropriately trained and motivated employee to solve problems and ensure customer satisfaction.

When something goes wrong in the delivery of a service, it is called a **service failure**. As noted earlier, the best way to handle a service failure is to prevent it before it occurs. This involves building proactive or preventive strategies into the design of the service experience and its delivery system. These techniques, such as blueprinting, PERT/CPM, simulations, and fishbone analysis, were covered in Chapter 10. Yet, despite the greatest of efforts during the planning phase, and no matter how many poka-yokes, checks, or failsafes are put in place, not all failures can be prevented. Therefore, quality must be constantly monitored and measured during the delivery phase to minimize failure and ensure success. Measures can be used to collect information during the service delivery processes so that errors can be immediately identified and addressed, or after the service so that systems can be updated, corrected, or improved in such a way that future service is delivered more effectively. But when a failure does occur, steps should be taken to fix it, ideally on the spot, for the guest.

Chapter 12 discussed various methods used to collect information to measure service delivery quality. When these methods indicate that a guest has experienced a service failure, organizations must find ways to both fix the failure and improve their systems to prevent a recurrence of the failure. In this chapter, we shall focus on strategies for finding and fixing service failures. The methods we discuss are the result of both process and outcome service quality assessment strategies. Although service failures should be rare, and for the best hospitality organizations they are, this is such an important topic to managers committed to providing a great experience for each and every guest that it merits its own chapter.

Here is another reason for studying service failures intensely. In Chapter 10 we discussed the importance of assessing the service experience to improve the system. Tables 12-1 and 12-3 listed numerous ways for measuring service quality during and after

the service experience, such as guest surveys, comment cards, employee feedback, focus groups, mystery shoppers, and others. All of these are important, and they may reveal many interesting findings regarding the delivery of service. But the information most likely to lead to service-delivery improvement is data about service failures. If the organization wanted to, it could review and study every aspect of the delivery system; however, if it did so, it would probably be analyzing many aspects that “ain’t broke.” Information about the service failure shows where something went wrong. The best way to improve the system and deliver better service in the future is to determine, by studying service failures, how to minimize them and refer those findings back to the system planners.

Stuck in the Snow

Service failures in the airline industry are a commonplace discussion topic among travelers, on the Internet, in newspapers, and on television. Compare the following two service failures by airlines and how they were handled.

Continental Flight 2816, operated by ExpressJet, was flying from Houston to Minneapolis. Weather conditions forced it to land in Rochester, Minnesota, at 12:28 A.M. on a Saturday where the passengers sat on the tarmac next to the terminal for the next 5½ hours with babies screaming, toilets overflowing, and the terminal tantalizingly near. The ExpressJet spokesperson said that no ground handlers were available to deplane the passengers at that hour of the morning. The airport said that was not true and that Delta’s still available ground handlers repeatedly contacted them to ask permission to deplane the stranded passengers. The passengers’ agony did not end when morning came and they could finally get off the plane. ExpressJet said that no buses were available to transport the stranded passengers to Minneapolis, their final destination. Moreover, the plane could not take off again as the crew was over its legal flying limit. When a relief crew finally got into Rochester to fly the plane to Minneapolis, the airline closed the toilets as no one had thought to get ground service to empty them. When the plane finally arrived in Minneapolis over nine hours after it landed in Rochester, the passengers stormed the ExpressJet counter to express their anger and dissatisfaction. As a last part of this story, the news media publicized this incident across the country as another example of an uncaring airline industry, causing



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Stuck in the snow. The original cause of a service failure may be beyond a company’s control, but what it does to manage the service failure can have dramatic effects on its reputation and future patronage.

Congressional leaders to call for an expansion of passenger rights and reimbursement amounts.¹ Negative articles about the airline industry appear frequently in the newspapers, and just about everybody can tell stories of lost bags, indifferent and unhelpful desk agents, missed connections, or long unexplained waits. It is little wonder that the general frustration has led to formal efforts to regulate the industry more tightly and to informal airline passenger advice and advocacy. Web sites such as the one set up by Hendrick Noorderhaven in Europe help fliers win penalty payments for long delays, cancelled flights, and being bumped against their will.²

Contrast this service with that delivered by the motivated, empowered Scandinavian Air Service (SAS) purser in the following example. A planeload of SAS passengers was stuck at an airport because of snow. Because the purser knew that the SAS philosophy was to do whatever is necessary to satisfy the customers, or at least try to, she decided to offer them free coffee and biscuits. She went to the catering supervisor, a middle manager who outranked her, and asked for forty extra servings. Because each flight was allocated only so many cups of coffee and biscuits, the catering supervisor refused the request.

The purser could have let the system defeat her, but she noticed that the plane at the next gate belonged to Finnair, an airline that purchased food and drink from the SAS catering department. The SAS purser asked the Finnair purser to order the coffee and biscuits, because the catering supervisor was required by SAS regulations to fill the order for Finnair. The SAS purser then bought the coffee and biscuits from the Finnair purser with petty cash, and the stranded customers received a welcome snack.³

The purser solved a problem by finding a way around regulations and the catering supervisor. Through the empowered purser, the system “healed itself” without managerial intervention to achieve the airline’s primary goal: customer satisfaction. Everybody was happy—except the angry, confused, bypassed catering supervisor. The system failed once when it could not accommodate the purser’s desire to satisfy the customers, recovered briefly by giving the frontline purser the autonomy to solve the customer problems, then failed again in not telling a middle manager how to deal with the autonomy that had been granted to a subordinate.

Service failures can vary considerably across the dimensions of frequency, timing, and severity. A guest can experience a service failure anytime during a single experience or across multiple experiences. Failures can happen to first-time guests or long-time customers. Errors are more noticeable to long-time friends than they are to new customers. Since first impressions are so important, a failure occurring early may weigh more heavily than one occurring late. And obviously, big mistakes count more than little ones.

No matter how hard the organization works to prevent service failures in the first place by using the tools and methods covered earlier in this book, they can’t avoid them all. If the organization fails once by not providing the expected guest experience, then not fixing this failure is failing the guest twice. This chapter shows the importance of finding and fixing service failures, the reasons why failures happen, and the strategies available to recover from and avoid future service failures.

SERVICE FAILURES: TYPES, WHERE, AND WHY

Types of Service Failures

A well-accepted categorization of service failures divides them into four types:

1. Service product failures—These include any failure in the core service products (e.g., cold or poorly prepared food, unavailable hotel room, or broken attraction),

service settings (e.g., dirty or smelly rooms, no directional signs, or overly worn carpets), and service systems (e.g., out-of-stock items, inoperative credit card machines, or disorganized servers).

2. Failure to meet explicit or implicit customer requests—These include any inability to provide what guests ask for, such as special requests on menu items, a nonsmoker being put in a smoking room, or not honoring a reservation.
3. Failures caused by employee actions or inactions—These include both intentional and unintentional acts such as showing rudeness or bad attitude or not presenting a meal or bill in a timely way.
4. Failures caused by other guests, random events, or circumstances beyond the control of the organization but which guests will still expect to be fixed.

Service failures can also occur for a combination of these four basic reasons. For example, a rude server may bring a salad that was poorly prepared by a supplier along with an entrée to a guest who asked that the salad come out first, thereby committing errors of the first three types. If the guest gets very angry, begins yelling and cursing at the server, and makes an unpleasant scene in the restaurant that ruins another party's evening, then the fourth type of service failure would occur. Regardless of the reason or combination of reasons, a service failure can dramatically reduce customer satisfaction and can have severe negative consequences for the business.

In a study that analyzed critical incidents during service encounters to identify the reasons for customers switching to other products or services, three common problems emerged.⁴ The most common reasons people switched was due to failures in the service itself (such as mistakes committed by staff, technical failures, billing errors, or service catastrophes); they were mentioned by 44 percent of all respondents (noted by 11 percent as sole reason and 33 percent as one of two or more reasons). The second largest category of service failures involved employees' inappropriate actions, negative attitudes, or bad behaviors (noted by 34 percent). If employees were perceived as uncaring, impolite, rude, unresponsive, uncommunicative, or unknowledgeable (as in inexperienced, untrained, inept, out of date), they failed. The third largest category of reasons why people switched was unsatisfactory employee response to service failure (noted by 17 percent). When employees respond reluctantly, fail to respond with empathy or at all, or offer negative responses—for example, blaming the customer for service failure—customers understandably find those responses unsatisfactory and may switch even if the initial failure was not a sufficient motive to switch.⁵ Summing those percentages reveals that when customers switch from one product or service to another, they do so more than half the time because of the way they were treated or spoken to by employees. Most of the time, service failures occur when the people part of the delivery system let customers down. The challenge this creates for managers is that the servers who create the failures are the same ones that must not only admit that they failed in order to fix it for the guests, but they must also trust their managers enough to tell them about their failures.

Customer Failure

Customer unhappiness is not always the hospitality organization's fault. Another source of failure is the customers themselves. The company may have done a perfect job of producing a meal to a customer's specifications, but the diner simply may not like the taste. For example, a diner might order halibut steak thinking it was a cut of beef; a guest may have ignored an "emergency exit only" sign and set off the alarm; or a guest may have lost a set of keys, a child, or money. Even though the organization does not create these problems—which are often beyond the organization's ability to manage no matter how much they train

their people, perfect their systems and refine their services—the organization must still address them.

The organization should also be ready to handle those failures caused by other guests—the diner who sneezes on another diner’s food, the sports bar Red Sox fan who tries to knock down the Yankee fan, the inconsiderate passenger who cuts in front of others at the airport security line, or loud talkers in a movie theater or concert hall. However, while doing everything in its power to rectify such situations, the hospitality organization should not admit liability for unfortunate, unavoidable occurrences that are not its fault. The Red Sox fan would probably have gone after the Yankee fan in any venue.

Attributing one’s successes to oneself and one’s failures to others is simple human nature. Guestologists know that. Hospitality organizations that want to keep guest-created service failures from destroying the guest experience and the guest’s feelings about the organization build in strategies to help guests recover from their own failures so they can take a positive impression away from the service setting. Airlines have routines to help people who have lost their tickets complete their flights. Disney has routines to help parents who have lost their children in the parks find them again. The best organizations recognize the importance of helping guests solve the problems they create themselves—without making them look foolish or feel stupid while tired children or a spouse is looking on at the end of a long day in the park. Excellent organizations help these guests go home happy in spite of themselves.

Where Failures Happen

Though some moments of truth are especially susceptible to failure, an organizational failure to meet the customer’s expectations can occur just about anywhere in the guest experience. This is why we spend so much time studying all aspects of the guest experience, identifying potential failure points, planning on how to prevent as many failures as possible, and being prepared to fix the inevitable failures. The best failure is one that is discovered before it happened, but no service experience can be totally flawless for every guest no matter how much managers plan. An organization needs to develop a way to find and fix failures and problems at the time guests are having their experience.

The service product may be inadequate, inappropriate, or fail in some other way to meet the customer’s expectations. For example, the ordered hamburger may not look like the one advertised on TV that attracted the customer to the burger stand, or it may be undercooked, spoiled, or just not as good as the customer expected. A service failure is the result. The intangible part of the delivery system can also fail. If the burger took an hour to get to the customer at the burger stand or if the line wasn’t managed properly, the delivery system itself may have failed. The people part of the delivery system can certainly fail. If the burger-stand counter person is unfriendly, inept, poorly trained, or rude, then the experience is unlikely to meet the customer’s expectations. Finally, there can be a failure in the environment or setting if the customer feels that the ambient temperature is too cold, a sudden rainstorm ruins the meal, or one customer collides into another making them drop their meals. These points of possible failure must all be planned for and managed to ensure that the service experience meets and, hopefully, exceeds the customer’s expectations.

Severity of Failure and Recovery

Service failure comes in degrees, ranging from catastrophic failures that make newspaper headlines, to those that are annoying, to insignificant slipups that are barely noticed. They also come in frequency from those that happen often to those that are rare. Customers tolerate most small and infrequent errors. They know that things don’t work perfectly

every time so they may brush off minor failures, especially if their prior experiences with that organization have been excellent and they expect to continue the relationship with it.⁶ Failures can even include those of which the customer isn't aware. Some customer service experts believe the organization should apologize even for these failures as they provide an opportunity to “wow.”

Along the severity continuum is an infinite range of service errors. Since the customer defines the quality of the service experience, the customer also defines the nature and severity of the service failure. Different customers can be very unhappy or just mildly unhappy about the same failure just as different customers can be very happy or mildly happy about the same service. Some service recoveries fix the customer's problems, and other recovery efforts make things worse. Sometimes the best a manager can do is to neutralize the angry customer.

THE IMPORTANCE OF FIXING SERVICE FAILURES

When a guest has a problem, one of three outcomes usually occurs. The problem is fixed and the formerly unhappy guest leaves happy; the problem isn't fixed and the unhappy guest leaves unhappy; or the organization tries to fix the problem and succeeds only in neutralizing the unhappy guest. In a study of a restaurant,⁷ students were asked to indicate how important nine common service failures were to them. They were also asked whether and under what conditions service-recovery techniques were successful in causing them to forgive the failure. Failures included problems such as defects in the core food product, slow service, out-of-stock items, incorrect temperatures, billing errors, and inappropriate server behavior. The study reports that for some service failures, such as inappropriate server behavior, customers were unforgiving regardless of any effort to recover. For technical failures such as delivery of the wrong order or a problem with the food itself, the customers were more forgiving after recovery attempts and were more likely to return. Being successful in service-recovery efforts is critical, because a formerly unhappy guest who leaves happy may tell many others about a terrific experience. An unhappy guest may leave and tell as many others as possible about the terrible experience. A neutralized guest may leave and forget the whole experience and perhaps the organization as well.

In instances of total service catastrophe, neutralizing the unhappy customer may be the best that the organization can hope for. If the surgeon removes the wrong leg, everyone on the cruise gets Legionnaires' disease, or the restaurant meal leads to food poisoning, recovery from the failure is nearly impossible. Even so, most modern hospitality organizations have developed disaster plans to prepare their employees for such situations. Airlines have emergency teams for handling crashes, theme parks have quick-response teams for accidents, and hotels have fire teams for handling evacuations in emergencies. The team's primary responsibility is to handle the emergency situation, such as putting out the fire. The best teams will also provide aid and comfort to the customers affected by the emergency, in part to restore the customer's positive perception of the organization.

The Price of Failure

Ultimately, retaining customers by providing excellent service and avoiding or fixing service failures is essential to organizational success. Frederick F. Reichheld and W. Earl Sasser, Jr., showed that if a company can reduce its rate of customer defections (leaving

the organization to go to a competitor) by only 5 percent, it can improve profits by 25 to 85 percent.⁸ Since their study, a lot of research effort has been dedicated to determining the lifetime value of a customer. Publicizing this value to employees gives everyone a strong sense of why it is so important to find and fix the service problems that cause customers to switch their support to other companies or use the service less frequently. It costs money to lose a customer.⁹

When the lost revenue of unhappy customers who don't return is added to the lost revenue of customers who don't come because of the negative **word of mouth** from unhappy customers, service failures have created an expensive problem. Over a defecting customer's lifetime, how much potential revenue have you lost? Many companies have sought to make this estimate, and while results differ by the type of product being provided, they invariably show that the price of failure is highly significant for any business.

Consider the following examples. A study of a cruise line showed that the lifetime value of customers ranged from \$4,000 to \$5,000.¹⁰ Domino's Pizza estimated that over a ten-year period a regular customer spends about \$5,000.¹¹ Mazda Australia estimates that the lifetime value of each customer is over \$100,000,¹² while Carl Sewell of Sewell Cadillac in Dallas calculated that each of his customers was worth \$332,000 in lifetime sales, service, and referrals.¹³ The Ritz-Carlton estimates the lifetime value of its engaged guests at more than \$1 million.¹⁴ Thus, fixing service failures is clearly one of an organization's most essential activities. Of course, every business is different, and so every hospitality organization would benefit from taking the time to calculate the value of its long-term satisfied customers. As a case in point, Harrah's Casino and Resorts uses its emphasis on the lifetime value of its customers to refocus its loyalty programs, change how it offers amenities, and improve the way it contacts customers.¹⁵

Harrah's Casino and Resorts used its estimates of customer value to change the way it provided rewards in its loyalty program.



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The examples provided earlier reveal that, even for a small business, the lifetime value of a customer may be surprisingly large. To show how a restaurant might come up with numbers like these, assume that the restaurant wows its patrons so much that some come back once a week and others once a month and spend an average of \$20 each time they visit. The total value of each wowed customer's business for the next five years would be \$5,200 for the weekly customer and \$1,200 for the monthly customer. That's a lot of money to throw away by ignoring a complaint about one bad meal. These numbers get even bigger when the number of people that a positive word of mouth guest could bring to your hospitality organization is added in. If our wowed guest tells an average of five others who are also wowed and, in turn, tell five additional people, the multiplier effect is enormous. Over the estimated life of a typical customer, this can add up to many thousands of dollars in potential revenues.

Positive word of mouth has great value, and negative word of mouth is extremely costly. Unhappy customers can be particularly dangerous to a business, as they are approximately twice as likely to spread negative word of mouth as happy ones are to spread positive word of mouth. Research shows that customers who have bad experiences tell approximately eleven people; customers who have good experiences tell approximately six.¹⁶ Multiplying the influence of word of mouth is the Internet. Word of mouth used to be one-to-one. Angry customers used to be limited to writing letters to corporate headquarters or the Better Business Bureau, putting up signs in their yard, or painting "lemon" on the car. Now, anyone with Internet access can write a blog; post comments on a social networking Web site, TripAdvisor, or some similar site; or create a dedicated Web site to tell the world about any offending company. In this day of worldwide communication, a customer can praise or complain over the Internet and instantly reach millions of people. The benefits of avoiding negative word of mouth and turning it positive are obvious.

The Customer's Response to Service Failure

The unhappy or dissatisfied customer is the focus of the **service recovery**. An unhappy customer can do any one or a combination of four actions.

Never Return

First, the customer can leave vowing never to return. Here, the company has lost a stream of potential future revenue. As already noted, lifetime customer values can be substantial, and when guests walk out vowing never to return, it all goes away. One main reason for empowering servers to provide on-the-spot service recovery is to keep dissatisfied customers from leaving that way. Fixing a service problem before the guest leaves your facility is the best thing that you can do to diminish the impact of a failure and prevent the loss of that customer's future business.

Complains

The second action a customer can take is to complain to someone in the organization. A popular book on this subject is *A Complaint Is a Gift*.¹⁷ Good hospitality managers believe that to be true. They encourage guests to complain and thank them when they do. A complaint is a positive opportunity for the organization with several important benefits. For one thing, it gives the company the chance to make an unhappy guest happy; the organization can turn the lemon into lemonade. Unfortunately, only 5 to 10 percent of dissatisfied customers complain.¹⁸ R. L. Day and E. L. Landon found that only 20 to 35 percent of people complained about the most dissatisfying consumer experience they

It may not feel like it at the time, but a customer complaint represents an opportunity to correct a service failure before the guest leaves the establishment.



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ever had.¹⁹ To complete the bad news, according to the research of Stephen S. Tax and Stephen W. Brown, most of the relatively few customers who do complain are dissatisfied with how companies resolve their complaints.²⁰

If guests can be encouraged to complain, the organization gets valuable information about where problems in the guest experience are located. The customers who return to the counter with uncooked hamburgers, or tell the server about their unhappiness with the slow service, or write letters to the hotel manager describing their dissatisfaction, can all help identify problems in the service product, the delivery system, or the personnel. At the same time, guests give the organization the opportunity to fix the problems before

they tell others about their dissatisfaction and before other guests experience the same problem. Unfortunately, according to Tax and Brown, “most firms fail to document and categorize complaints adequately,” which makes learning from mistakes more difficult.²¹

Organizations should encourage guests to complain, even teach them how to complain if necessary, and then measure and follow up on complaint resolution. Guests who suffer service failures silently are more apt to leave without returning and to bad-mouth the organization than complaining guests are.²² British Airways found that of customers experiencing service problems, only 50 percent stayed with the airline if they did not complain to BA personnel. But a full 87 percent of those who did complain stayed and did not defect to a competitor.²³

Some companies claim even stronger results from successful complaint resolution. They believe that, on average, 70 percent of their guests will stay with the organization if a complaint is resolved in the guest’s favor, and that a full 95 percent will do business again if the complaint is resolved favorably on the spot. This is why the benchmark hospitality organizations empower their frontline employees to handle many complaints personally and in the best possible way they can, rather than seeking the manager’s authorization first. As former Gaylord Hotels COO John Caparella said, “The only way to meet our mission of ‘Flawless Service’ is through the commitment and dedication of our front line employees. Our ‘STARS’ are the ones that are close enough to the customer to recognize and evaluate a problem and make it right for the customer and keep that customer.”²⁴ This has been a point long championed by Hart, Heskett, and Sasser who wrote, “The surest way to recover from service mishaps is for workers on the front line to identify and solve the customer’s problem.”²⁵ Just as handling a complaint well can be to the organization’s benefit, handling it poorly or not at all can hurt badly. If a dissatisfied customer complains and then finds that the organization can’t or won’t fix the problem, the organization has now failed that customer twice, and everyone the customer knows will hear about it. A large sticker on the computer screens used by servers at T.G.I. Friday’s reads “Every Guest Leaves Happy.” Making sure no guest leaves unhappy is obviously to the organization’s advantage. The excellent organizations want all of their dissatisfied customers to complain so that they can fix whatever problems might have occurred.

Bad-Mouth the Organization

The third action an unhappy customer can take is to bad-mouth the company, telling everyone who will listen about the terrible experience.²⁶ If the negative experience was very costly for the customer either financially or personally, the customer is even more likely to spread the bad word. The greater the costs to the customer, the greater the motivation to tell. If someone returns home after spending a lot of time and money flying to the Cayman Islands, staying in a hotel for a week, eating out, and paying admissions to various attractions, friends and neighbors will probably ask, “How was your vacation?” If it was a bad experience, the customer will make every effort to share that information with all who ask, post it on a blog, and add the experience to TripAdvisor. The likelihood that anyone who listened to or read about that person’s experience on the Internet will also spend the time and money to go to the Cayman Islands will be substantially diminished. Obviously, the more important the experience is to the customer, the quicker the customer will become unhappy when the experience does not meet expectations. The unhappier a customer is, the more likely that person will complain, leave, and tell people about the experience.

Retaliate

Beyond bad-mouthing the organization, the fourth action an unhappy guest can take is to find a way to retaliate.²⁷ Getting back at the offending company can take several forms. Some customers get so angry that they conduct public bad-mouthing by taking their

concerns to the press or their legislative representative. In rare cases, the retaliation can even be in the form of creating nongovernmental organizations (NGOs) to protest the organization and the practices that have led to the service failure. Airlines are a good example of an industry that has outraged so many people that angry customers have organized into groups to seek new legislation and redress for the airlines' passenger practices and apparent indifference to their guests' needs, wants, expectations and behaviors. As a result airlines face governmental mandates to make higher reimbursement payments for passengers bumped from flights and renewed consideration of Passenger Bill of Rights legislation.²⁸

Other retaliatory strategies are available to angry guests who believe that the organization failed them in some way. They can picket organizational facilities, take out ads in newspapers publicizing whatever the organization did to anger them, organize boycotts against the company, or file lawsuits that take company time and money to resolve. Retaliating guests may even take out their frustration on the company's employees.²⁹ These actions by angry guests all have a cost for the organization. For example, when employees are abused by an angry guest, they themselves are likely to become angry with an employer that makes its customers so angry that employees get unfairly yelled at (or worse) by their customers.

Worst-Case Scenario

If the failure was severe enough, it turns the guest into the angry **avenger** that every organization fears. This is the company's worst-case scenario for a service failure, where the customer leaves vowing never to return, does not complain to the organization, switches to another service provider, bad-mouths the organization, and finds a way to retaliate. The company has not only lost any future business from the angry customer, but it has also lost the business of the many people who will hear and be influenced by the negative word of mouth. This dissatisfied customer has become a true avenger fighting against the organization. A typical dissatisfied customer may tell eight or ten people about the problem. An avenger may create a Web site or a blog and influence millions.

The Value of Positive Publicity: Bad-Mouth versus Wow

On the other hand, the value of a wowed customer can be huge. Picture a family coming back home from a Caribbean island that caters to tourists. They have terrific tales to tell (or twitter) their friends and post on Facebook. Their experience exceeded their expectations. To have these apostles telling everyone they know about their great vacation is very much to the Caribbean island's advantage. This positive word of mouth has great value, not only for influencing others to go to the Caribbean paradise, but also for blunting negative word of mouth. If a potential customer hears strong testimonials or reads the blogs about a guest experience from three trusted friends, disregarding a complaining avenger will be easier.

Credibility

Word of mouth is important for several reasons. People who tell other people tend to be more credible than impersonal or anonymous testimonials.³⁰ When your friend tells you a restaurant was bad, you no longer believe all the ads on television assuring you that the restaurant is a good place to eat. Not only is the information more credible, but it tends to be more vivid as well. For either good or bad word of mouth, the richness of the detailed personal experience of a friend is more compelling than any commercial advertisement.

Evangelists

Exceeding expectations creates the **evangelists** that every organization hopes to have. Hospitality companies work hard to ensure that their guests have experiences so memorable that they can't wait to get home and tell all their friends and relatives about what a terrific time they had, post on their social network site, or submit a glowing report on TripAdvisor. This positive word of mouth advertising reinforces the company's favorable public image.

Like all companies that seek excellence, the good hospitality organizations work hard to identify and train their people to find and fix the inevitable problems quickly. The best companies plan for failures—by training, using simulations, telling stories to teach how employees have creatively fixed problems in the past, and celebrating employee efforts to find and fix service problems—with the intent of changing a problem into an opportunity to “wow” the guest and perhaps create an evangelist. In *The New Gold Standard: 5 Leadership Principles for Creating a Legendary Customer Experience Courtesy of the Ritz-Carlton Hotel Company*, Michelli reports a Ritz-Carlton example of a problem that was not even the hotel's fault but an employee fixed it anyway. Some Ritz-Carlton hotels operate camps for kids. One guest reported, “My daughter spilled something on her pants soon after arriving there for a day. Our baggage was lost by the airline, and so she didn't have a change of clothes. Not only did the camp counselors have her clothes dry cleaned; they also went to Macy's and bought her a new outfit. I was floored. This is obviously above and beyond anything I would have expected.”³¹ Guests who get this kind of red-carpet treatment may become evangelists who spread the company word far and wide.

DEALING WITH SERVICE FAILURES

How the Recovery Is Handled

The organization trying to recover from failure can impress the customer positively or negatively.³² Research shows that for both positive and negative service recoveries, how the recovery is handled can be more important to the customer than the original failure.³³ After a failure, the organization can either end up much better off or much worse off, depending on the customer's reaction to the recovery attempt. A small problem can become a big problem if the recovery effort is halfhearted or misguided. And a big problem can be turned into an example of great service when handled quickly and effectively.

In one study of restaurants, the researchers discovered that the most important determinant of overall customer satisfaction after a service failure was customers' satisfaction with those responsible for dealing with failure: the personnel responsible for the service interaction. The organization's ability to recover from failure also had the largest impact on willingness to return and re-patronize the restaurant.³⁴ B. R. Lewis and P. McCann asked a sample of hotel guests in a UK hotel to identify any service failures, recovery strategies, and their satisfaction with those recovery strategies. They found that only about half of the guests were satisfied or very satisfied with the hotel's efforts to recover from a service failure. Of those who were satisfied, 77.8 percent said they would stay again compared to only approximately half of the dissatisfied who said they would stay at this hotel again. Lewis and McCann also asked guests to report the occurrence and severity of twenty-six possible causes of failure.³⁵ A guest had to experience a certain failure more than once for it to be counted. They found a number of interesting results. For example, 61.7 percent of guests reported slow restaurant service. Nearly half reported that the staff was inefficient and the receptionist unfriendly and unhelpful. Since the inefficiency of staff ranked fourth in severity out of the twenty-six possible causes of failure, this hotel obviously needed to

focus on this frequent, severe problem. The most serious problems in terms of severity were unclean rooms and billing errors, experienced by nearly one-third of guests reporting. Hotels receiving such ratings will want to consider them seriously if they hope to improve.

Service Recovery: A Message to Employees

Addressing service failure well has one more important outcome: It makes the organization a better place to work. It tells the employees how committed the organization is to customer satisfaction. Employees need to know that this commitment is more than a slogan. How the organization finds and fixes its service errors is a loud message to the employees about what the organization truly does believe in. Let us say that the management of Hotel A is defensive about customer complaints and keeps them secret (though employees will hear about them), resolves complaints as cheaply and quietly as possible, and seeks people to blame for the complaints. The management of Hotel B, on the other hand, aggressively seeks out and fixes service failures. It disseminates findings about complaints and failures to employees, makes quick and generous adjustments for failure, and seeks solutions rather than scapegoats. Which organization's employees will give guests better service?

How the organization handles service recovery will also impact employee morale and satisfaction with the organization. After all, for whom would you rather work—a company that won't let you fix guest problems quickly and fairly, or one that empowers you to tell guests you will find a way to recover from service failures? Most will agree that it is more fun and rewarding to work for a company that wants you to fix guest problems than it is to work for one that doesn't. Research shows that when employees feel a company is committed to providing excellent service, and employees are supported in their efforts and rewarded for doing so, employee job satisfaction is significantly higher.³⁶

The Yellow and Black Tags

People on the front line are often the first to notice or be informed of system faults or failures. If they have been properly selected and motivated, they will report the need for system improvement. For example, a British Airways baggage handler at London's Heathrow Airport noticed that passengers waiting for their luggage at the carousel were asking him a strange question: How can I get a yellow and black tag for my bags? The passengers had noticed that bags with those tags arrived first, so they wanted the special tags. The baggage handler realized that because the passengers asking him the question were the first ones to arrive at the carousel, they had to be first-class passengers, who deplaned first. And, yet, they had to wait twenty minutes on average for their bags, while some other passengers were getting first-class luggage service. First-class passengers are highly profitable to airlines, and something was wrong with the service being provided to them.

The baggage handler's inquiries revealed that the passengers perhaps least deserving of "first-class" luggage service, those flying on stand-by, were getting it. Since they were the last to board, their luggage was loaded last and unloaded first. The baggage handler made a simple suggestion: load first-class luggage last. Although the idea was simple and had obvious merit, implementing it meant that BA had to change its luggage-handling procedures in airports all over the world, and that took time. But it was done, and the average time of getting first-class luggage from plane to carousel dropped from twenty minutes to less than ten worldwide, and under seven minutes on some routes.³⁷

A dedicated, motivated, observant employee saw a way to improve the system and got it done. He had no idea he would also end up receiving a service award, a cash award of \$18,000, and two round-trip first-class tickets to the United States.

Looking for Service Failures

The Complaint as a Monitoring Device

Preventive strategies can reduce the number of problems, but some will inevitably occur, and the organization cannot fix problems it doesn't know about. The research shows clearly that the most important process strategy is to get unhappy guests to complain while they are still in the guest experience. This is a more difficult challenge than one might think. While some guests are all too happy to complain, most are not. They are unwilling to take the time, or they believe that no one cares or will do anything even if they do complain, or they are too angry to say anything and they just leave. Hospitality organizations must let their guests know they and their employees are receptive to complaints. Research on this issue has identified some important ways in which the organization can encourage and recognize customer complaints.

Encouraging Complaints

All service personnel should be trained and encouraged to solicit complaints. Since many service problems involve server errors, getting the servers to solicit complaints about their own performance may be a challenge. If servers see that mistakes are punished more heavily than catching errors is rewarded, it will be difficult to find or fix the errors they make. Most people are less enthusiastic about admitting their mistakes than they are about sharing their successes, and the complaint strategy needs to accommodate this reality of human nature. Furthermore, it is difficult for guests to feel it worthwhile to complain to the very person who just made them angry or offended them.

Body Language as a Complaint

Service personnel can be trained to read body language for clues to an unhappy guest. If a frowning guest walks by a Disney cast member, that person is supposed to inquire as to why “the unhappy face.” Taking this initiative can elicit complaints that might otherwise go unmentioned. Food-service workers, hotel front desk agents, and other people who interact directly with guests can also be trained to recognize the signs of unhappy people. Employees must also learn how to be receptive and sympathetic to the complaint once it is elicited. Guests must perceive employees as interested and concerned. If guests do not think anyone cares, they generally won't say anything.

For example, a child visiting the Magic Kingdom at Disney world was excited to see that her favorite character, Captain Hook, was standing next to one of the rides posing for pictures and signing autographs. She too wanted her picture taken with the Captain and to get his autograph. As she got to the front of the line, the cast member in charge suddenly cut off the line and escorted the character off stage for a break. The child was heartbroken, and nothing her parents could say could cheer her up. That night at dinner an alert wait staff member noticed the sadness in the little girl's face and asked her, “How was your day?” After hearing her story and taking the order, the waitress told her shift supervisor the story of the sad little girl. The shift supervisor called the character supervisor to talk about this service failure. While a simple solution would have been to summon Captain Hook to the restaurant to greet the little girl, the two employees agreed that this would be out of character for the ill-mannered Captain. They then hit upon an in-character service-recovery strategy. A plush toy of Peter Pan was taken to the little girl's room and left along with the following note: “Dear Sally: I am sorry that Captain Hook was mean to you today, but he is sometimes mean like that. Next time I see him, I will tell him that he shouldn't be so mean to our guests. (signed) Peter Pan.” The little girl was thrilled, and her parents told this story to anyone who would listen to them.³⁸ Server sensitivity to a little girl's nonverbal communication turned an unfortunate situation around.

Don't Forget to Ask

Although already discussed in Chapter 12, this is a point worth reiterating. The most basic way to find out if there is a service problem is to simply ask the guest “Was everything OK?” though there are a number of more sophisticated options—like comment cards, toll-free 800 numbers, surveys, focus groups, and reports from mystery shoppers. If the guest says no, be prepared to follow-up and try to resolve the service failure.

RECOVERING FROM SERVICE FAILURE

The organization failed. It got the guests in the door, and then it let them down. Now what? Hospitality organizations should train their employees to handle and empower them to creatively resolve the problems when they find them. Scenarios, game playing, video recording, and role playing are good ways to train them on how to respond to an angry guest. Just as umpires can be trained to recognize balls and strikes through watching videos, hospitality personnel can be trained to recognize service errors and taught how to correct the failures they find.

Obviously, the more an organization depends on repeat business, the more critical it is for the organization to acknowledge and act on customer complaints. Some organizations report the results of their complaint investigations back to complaining customers in detail, including information on what people were affected and what systems were changed. In that way the organization shows that it is responsive to the customer's complaint and gives that person a sense of participation in the organization that may positively enhance loyalty and increase repeat visits. If the complaint shows the organization a flaw that can be corrected, and if knowledge of the correction provides the customer with a sense of satisfaction for reporting the complaint, a true win-win situation can result. The key is, if there is a service failure, the company must take action.

Do Something Quickly

The basic recovery principle is to do something and do it quickly. Satisfaction with service-recovery efforts decreases as the amount of time taken to provide a resolution increases.³⁹ Strive for on-the-spot service recovery. Its many benefits are one major reason why benchmark organizations empower their frontline employees to such a great extent. The one answer a guest does not want to hear is, “I'll have to ask my manager.” That's why a standing guideline for empowered employees of the best organizations is: Provide immediate service recovery.

The Ritz-Carlton is famous for empowering its employees to find and fix failures. Here are three of the “Ritz-Carlton Basics” that appear on the Credo Card depicted in Chapter 2, carried by every employee:

- Any employee who receives a customer complaint “owns” the complaint.
- React quickly to correct the problem immediately. Follow up with a telephone call within twenty minutes to verify that the problem has been resolved to the customer's satisfaction. Do everything you possibly can to never lose a guest.
- Every employee is empowered to resolve the problem and to prevent a repeat occurrence.

How the problem came about or who caused it does not matter. Every employee is empowered to resolve it. The \$2,000 each employee is authorized to use to recover from a service failure and achieve guest satisfaction backs up that philosophy.

Management must empower employees with the necessary authority, responsibility, and resources to act and act quickly following a failure. The higher the cost of the failure to the guest in terms of money, personal reputation, or safety, the more vital it is for the organization to train the server to recognize and deal with it promptly, sympathetically, and effectively. Of course, empowering employees to recover from failure will not be sufficient if recovery mechanisms are not in place. If the rest of the organizational systems are in chaos, empowering the front line won't do much good.

A necessary further step is that employees should inform their managers about system failures even if they initiate successful recovery procedures. If they don't, the problem may recur elsewhere. In part to help encourage employees to share how they handle service failures, Federal Express created the Golden Falcon Award to recognize employee initiatives in service recovery. Winners not only get a pin to commemorate their success, but they also have an article published in the company newsletter about what they did. In addition, they get a telephone call from the chief operating officer and receive ten shares of the company's stock.⁴⁰

All hospitality personnel should be trained to apologize, ask the guests about the problem, and listen in a way that gives guests the opportunity to blow off steam. Considerable research indicates that having the chance to tell someone in authority about the service failure and the problems it created is very important in retaining the guest's future patronage. This strategy is even more effective when the organization expresses its thanks for the complaint with a tangible reward, even if it is small.⁴¹ Many restaurants will apologize to guests who complain about a longer-than-expected wait and offer a free dessert as a small recognition of their sincere regret for disappointing the guest. Some restaurants do this even if the guest does not complain.

Benefits of Quick Recovery

A quick reaction to service failure has numerous benefits. Solving a problem up front instead of over time reduces the overall expense of retaining guests. It is generally less expensive to fix a problem on the spot than it will be if the guest is further aggravated by the inability of the server to solve the problem without checking with the supervisor. This is where minor annoyance can become true anger and the reason the benchmark hospitality organizations empower their employees to fix the problem on the spot if at all possible. The sooner the guest is satisfied, the more likely the guest will remain with the hospitality organization and the sooner the organization will benefit from the guest's repeat business. Fix their problems and most guests will come back. Fix their problems on the spot and there is a very good chance that they will not only come back but will also likely recommend the organization to their friends. Reward programs and recognition for employees who have done an especially good job of recovering from a service failure offer strong incentives to other employees while providing role models of the organization's commitment to service quality.

How Do Customers Evaluate Recovery Efforts?

A service failure has occurred, and the organization has made an effort to recover from it. Does the guest feel fairly and justly treated? Four dimensions of justice—distributive, procedural, interactive, and informational—need to be considered.⁴² According to Tax and Brown, justice dimensions explain 85 percent of the variation in customer satisfaction with how complaints are handled.⁴³

Distributive Justice

Distributive justice, or outcome fairness, is an assessment by the customer of the fairness associated with whatever compensation he received to rectify a service failure. What did the organization actually give or distribute to the unhappy customer as compensation

for the problem? If the guest complains about a bad meal and gets only a sincere apology because that's all company policy calls for, some guests will feel unfairly treated; sometimes "We're sorry" isn't enough, in the guest's judgment, to compensate for the poor service. Once again, it all comes down to meeting the guest's expectations. The issue is difficult because each guest is different. For many guests, an apology is fair enough compensation for many service failures. For others, nothing is good enough to make up for the problem or difficulty that the service failure created for them. Finding satisfactory compensation may involve methodical trial and error on the organization's part, but the easiest way is to ask the guest. For example, a hotel could offer a disgruntled guest a choice of either a refund or an upgrade.

Procedural Justice

Procedural justice refers to whether the customer believes company procedures for handling service failure are fair and not a procedural hassle full of red tape. Best Buy believes that not giving customers the best value possible is a kind of service failure, so it will pay customers a refund plus 10 percent if they show they were not given the lowest price in the area on a purchased product. Customers feel this is a fair policy. Customers also want an easy process for correcting failures. They feel that if the organization failed them, it is only fair that the organization makes it easy for them to receive a just settlement.

Interactional Justice

Interactional justice refers to the customer's feeling of being treated with respect and courtesy and being given the opportunity to express the complaint fully. If the customer has a complaint and is denied the opportunity to state it to someone because the offending server is rude, indifferent, or uncaring, and the manager cannot be found, the customer will feel unfairly treated. A study of traffic-court offenders by Lind and Tyler revealed that many offenders whose cases were dismissed without a hearing were dissatisfied with the process and angry about the outcome, even though the dismissal was a favorable result for them.⁴⁴ Since they were denied their day in court, they were unhappy with the process even though they had won.

Common sense suggests and research shows that a customer who is encouraged to complain—and is then treated with respect, courtesy, and given a fair settlement—is more likely to be satisfied with the experience, spread positive word of mouth, and repatronize the organization than one who was given a fair settlement but only with reluctance and discourtesy.⁴⁵

Informational Justice

Informational justice refers to guests' satisfaction with the adequacy of the information and communication provided by the organization. Were employees of the organization candid with you, or did they not tell you what was going on, hide information, or simply did not communicate to you what the current situation was and what they knew? If a guest is unhappy about a flight delay, it is generally perceived as worse if the airline does not let the guest know the reason for the delay and how long it should realistically take to resolve. Recall from Chapter 11 on waits that, an unexplained wait feels longer than an explained wait. Saying "we're sorry" shows the company is apologetic for the delay, but the guest still wants the service product she originally purchased: the flight from point A to point B. Feeling that the company was honest and forthright with information can go a long way with helping the guest at least understand that there is a legitimate reason for the service failure.

How the Recovery is Managed

Fairness can mean different things in different situations and with different people. A lot of research has been done to see which is more important and when. Studies have found that while all four justice dimensions influence customer satisfaction, procedural justice seems to be most influential.⁴⁶ Since this dimension is most closely aligned with the idea of receiving the service you were promised, this conclusion seems reasonable. Some research indicates that customers feel more fairly treated when organizations extend options as compensation for service failure.⁴⁷ A separate study of restaurant customers found that interactional justice and procedural justice had a positive effect on customer satisfaction and positive word of mouth but only procedural justice impacts revisit intention. Distributive justice had no impact on any outcomes studied.⁴⁸

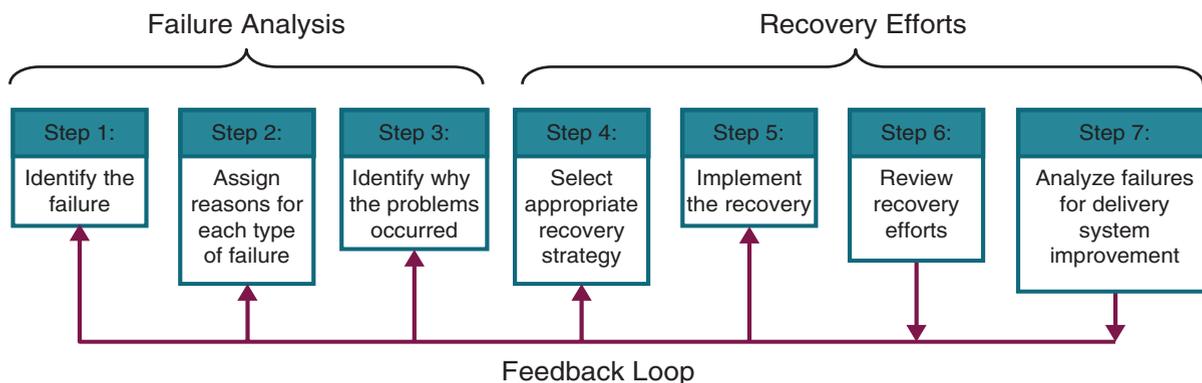
More recent studies have found that the impact of justice is more complicated. Wirtz and Mattila found that the recovery outcome (such as compensation or apology), the procedures used to determine that outcome, and the interactional treatment used to deliver that outcome (such as the attitude of the server offering an apology) combine to impact the satisfaction with the recovery.⁴⁹ In other words, the research is supporting what common sense would suggest: a compensation that the guest sees as fair for the pain and suffering caused by the failure, delivered in a quick and easy-to-use complaint process by an employee who seems genuinely apologetic for the failure and appreciative of the opportunity to fix it, will seem fair to the guest. Guests who feel fairly treated will likely come back, spread good words about your organization, and be satisfied with the experience.⁵⁰

These effects of justice are well illustrated by the following example, where a customer emerged highly satisfied by what began as a horrendous service failure. Southwest reports a story of how a passenger wrote a letter thanking Southwest for a trip that took twenty-two hours. While most would think this is a cause for a major complaint, the customer saw it differently because of the actions taken by several customer service employees. It seems that weather had caused cancelled flights and closed airports for a traveler trying to get from Salt Lake City to Chicago. The customer service agent, working a seventeen-hour shift to help stranded customers, found a way to book the passenger on actual flights instead of sending him on his way to hope for the best on standby status. Booking a triple connection, the agent got him confirmed seats to his home. At the same time, another agent booked his bags directly to Chicago so they would be there when he finally arrived, and another agent met him at the end of the first leg of his trip and provided him with a snack. In the letter summarizing his experience, the passenger wrote, “Due to your amazing customer service, a flight plan that could have been a nightmare instead became a great story to tell. I received much more attention than expected because your organization truly under-promised and over-delivered.”⁵¹

The important lesson that justice theory teaches is that different people will see failure and recovery through different perceptions of fairness. The extent of dissatisfaction is affected by such factors as the customer involvement in co-production requirements; the length, frequency, closeness, and importance of the relationship to the customer; and the costs of switching to another provider.⁵² The stronger guests feel about these factors, the angrier they will be when the organization fails them in some important way. One might then assume that satisfaction with service recovery would only be a function of how much the person gets (i.e., distributive justice) in compensation, but the prior research and the Southwest example shows this not to be the case. Instead, perceptions of service recovery are influenced by the fairness of the process used (procedural justice),

FIGURE 13-1 The Steps of Failure Analysis and Recovery Efforts

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the empathy of the employee (interpersonal justice), and the way in which the customer was kept informed (informational justice). The way in which the recovery is managed can thus either help or hinder the guest's future relationship with the organization.

There are a number of key lessons for service recovery that we can learn from the research on fairness: If there is a problem, fix it quickly. If the guest is a long-time loyal customer, fix it quickly and especially well. But solving it quickly and well does not mean just throwing money at a complaint, as that won't make it go away. Find out and care about the problem, be honest when solving the problem, and approach the solution fairly.

Service-Recovery Systems Analysis

Besides the individual tools and techniques discussed in the previous chapters, an overall strategy for failure analysis will serve the guestologist seeking to prevent any guest from being disappointed. Based on a model presented by Gonzalez and his coauthors,⁵³ Figure 13-1 presents a model that describes how managers should analyze their failures and their efforts at failure recovery. This figure shows that analyzing and correcting service failures has seven steps. The first three steps involve failure analysis, while the last four steps involve the recovery effort.

Specifically, the first step is to identify the failures. The second step is to put them into categories for further analysis. These steps require organizations to be on watch for service failures and to have a system in place to document and track any errors that occur. The third step is to assign reasons for each type of failure, attributing them to who was in charge, how often they happen, and whether those in charge could have controlled what happened. This step is not designed to focus on finding someone to blame or punish, but rather to identify why the problems occurred so that the system can be changed, the employee involved can be trained, or the necessary changes can be made.

The recovery effort begins where the failure analysis ends. The fourth step of the model is to select the appropriate recovery strategy for each type of failure. Strategies can range from a simple apology to some level of compensation to no response at all. During the planning phase, companies must consider the types of failures that might occur and prepare appropriate responses for them. The fifth step is the implementation of the recovery. Its success is grounded in how fair customers perceive it to be, in terms of the justice types we have just discussed. The sixth step is to review the recovery efforts and follow up to see if they were successful. The organization should assess the extent to which the

employees involved in attempting recovery performed appropriately and whether the details of the failure have been recorded and retained in the company database for future use and further study of failure causes.

Another critical component of a good failure analysis system is the feedback loop. Information obtained from each part of the process should be shared throughout the organization to help correct problems, prevent similar problems, and help teach other employees how to handle problems. While this feedback should occur throughout the process, in the seventh step the organization should look beyond the specific service failure incident and consider the implications of service failures for the entire service delivery system. For a system to “heal itself” it must be able to learn from its mistakes. The model seen here echoes the point of “the cycle going on” in the planning model presented in Chapter 10.

Characteristics of a Good Recovery Strategy

While the exact mechanisms of a good recovery system will depend on the specific nature of the business and its service product, in general a service-recovery strategy should satisfy several criteria.⁵⁴ First, the strategy should ensure that the failure is addressed quickly and fixed in some positive way if possible. Second, recovery strategies must be communicated clearly to the employees charged with responding to customer dissatisfaction. The service people must know that the organization expects them to find and resolve customer problems as part of their jobs. Third, recovery strategies should be easy for the customer to find and use. Finally, they should be flexible enough to accommodate both the different types of failures and the different expectations that customers have of their guest experiences. The service-recovery strategy developed should be based on management understanding that because the customer defines the quality of the service experience, the customer also defines its failures and the adequacy of the recovery strategies.

No Better Makes It Worse

A strategy that does not improve the situation for the complaining customer is worse than useless because the organization makes plain that it can’t or won’t recover from failure even when informed of it. The work of Hart, Heskett, and Sasser suggests that most recovery strategies are in serious need of improvement. More than half of organizational efforts to respond to consumer complaints actually reinforce negative reactions to the service.⁵⁵ In trying to make things better, organizations may make them worse.

Costs of Failure to Guests

One reason that customers view many recovery strategies as inadequate is that they do not really consider all of the costs to the customer. Bad meal? Replace it. Theme park attraction broken? Give a complimentary one-day return pass. Busy signal on the telephone line for airport information? Interject a recorded apology. After such recovery efforts, the organization may think the relationship is back where it started but, for the customer, many other tangible and intangible costs may be associated with failures. The effective organization will try to identify these costs and include some recognition of them in selecting the appropriate service recovery. After all, the customer will think that the fact that the service failed is “not my fault.” Why should I have to wait on the side of the road for a long time because the rental car broke down? Why should I have to call back repeatedly to reservations because the airline messed up the original reservation? Why should I have to return ten miles to the restaurant because the drive-through people didn’t get the order right?

Making It Right Is Not Enough

Customers clearly think that when a failure occurs, organizations need to do more than simply make it right by replacing it or doing it over again. Of course, organizations should do that, but they should do more. For example, if the failed meal causes the guest to be embarrassed in front of a client or boss, then the recovery strategy must not only include compensation for the meal but some consideration for the guest's other costs and emotional outlays as well. If a dad tells his family about the terrific time they all will have at a famous resort, uses his only week of vacation to go there, and spends all the extra money he has so carefully saved, he has a lot at stake. If the experience fails somehow to meet the family's expectations, the dad loses his time, his money, and his credibility with his family. The outstanding hospitality organization systematically considers how to compensate guests for losses other than financial and makes extra effort to ensure that dissatisfied guests not only have their financial losses addressed in a recovery effort, but the guests have their ego and esteem needs met as well. They want dad to go home a hero to his family.

Being Wrong with Dignity

Even when the guests themselves make mistakes, good hospitality organizations help to correct them with sensitivity. That way guests leave feeling good about their overall experience and appreciating how the organization's personnel helped them redeem themselves. Imagine how depressed you would feel if you came back to the parking lot after a long day at an amusement park to find that you have lost your car keys and are locked out of your car. Then you see the park's "Auto Patrol" coming to your rescue. They even make you a new set of keys for free! Even though such problems are not its fault, the guest-oriented organization believes that the guest needs to be wrong with dignity. It knows that guests who are angry at themselves may transfer some of that anger to the organization. To overcome this very human tendency, guest-centric organizations find ways to fix problems so that angry, frustrated people leave feeling good because a bad experience has not been allowed to overshadow or cancel out all the good. By providing this high level of guest service, the hospitality organization earns the gratitude and future patronage of guests and enhances its reputation when such service successes are circulated to both external and internal customers.

Matching the Recovery Strategy to the Failure

The best recovery efforts match the nature and severity of failure. For example, if a restaurant is out of a certain menu item, compensating the guest with a "rain check" might be appropriate. If the failure is server inattentiveness, an apology by the manager would be a more appropriate response. Sometimes, customers demand more than is reasonable, and a company must respond while finding a way to stay within sensible limitations. For example, a customer claimed that a Starbucks store had sold him two defective coffee makers with a total value of \$500, neglected to include a promised free half-pound of coffee, and treated him rudely. The customer was not satisfied by company apologies, replacement and refund offers, and gifts. His suggested recovery strategy was that Starbucks take out a full-page ad of apology in the *Wall Street Journal*, give him a \$2,500 coffee maker, and fund a shelter for runaway children.⁵⁶ Needless to say, the customer's demands were not met.

Categorizing the severity and causes of service failures is a useful way to show the type of recovery strategy that a hospitality organization might select. In Figure 13-2, the vertical axis represents the severity of the failure ranging from low to high. The horizontal axis divides service failures into those caused by the organization and by the guest. When severity is high and the failure is the organization's fault, the proper response is the red-carpet treatment, as in the case of a sold-out hotel "walking" a guest with reservations to

FIGURE 13-2 Matching the Recovery Strategy to the Failure

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Severity of failure	Relatively severe	Red Carpet treatment and apology	Provide help to the extent possible and apologize
	Relatively mild	Apologize and replace	Apologize and extend sympathy
		Organization	Guest
		Cause of failure	

a fully paid, upgraded room at another hotel. The organization needs to bend over backwards to fix this guest's problem and should consider trying to provide a wow level of recovery to overcome the negative feeling the guest will have after a severe failure. A less severe problem caused by the organization might be a server bringing to a guest a cold food item that is supposed to be hot. A fitting solution here is to apologize and replace the item quickly. Providing a complimentary dessert might also be appropriate. McDonald's has a policy that anyone bringing a food item back to the counter with the complaint that it is cold is immediately given an apology and a replacement item with no questions asked.

The two general situations in which the guest caused the failure provide terrific opportunities for the organization to make guests feel positive about the experience even when they caused the failure. In a low-severity situation, a sincere apology is sufficient and will make the guest feel that the organization is taking some of the responsibility for a situation that was clearly not its fault. Indeed, some organizations will do even more, if the cost to make a guest feel better is not too high. Many restaurants don't charge their guests for meals or items they don't like or want. Some photo developers have the same policy. The poor pictures may not be the developer's fault, but the customer feels good that the organization won't make customers pay for their own mistakes. The upper-right box represents situations where the problem is relatively severe and the guest or some external force created the problem. These are opportunities for the organization to be a hero and provide an unforgettable experience for the guest.

A Domino's delivery man showed up with pizzas at a house that was still smoldering from a devastating fire. The distraught couple, standing in the front yard of their ruined house looked up at the delivery man with some annoyance, said they hadn't ordered any pizza, and wondered if the delivery person couldn't see that they were overcome by the tragedy. The delivery man responded that he knew; he had passed the house earlier, saw it burning, and had told his manager. The two decided that it would be a kindness to cook up some pizzas and just give them to these people in their hour of sadness. The company became a hero to the couple—customers who didn't even know they were customers.

Learning from Failures

From a guestology view, a failure is an opportunity to improve. If the data collected show that older guests are having problems with reading the signs, then an organizational response would be to increase lettering size. If the data show that the source of customer dissatisfaction is other customers cutting in line, being too loud, or otherwise intruding on

guest experiences, then policies and processes can be created to add rope lines, separate guests by a wider space, or institute cautioning measures. If the data show that the loyalty program is making promises on which the organization does not deliver, then the program must be revised to ensure that loyalty awards are easy to obtain, with accessible procedures, as valuable as promised, and actually available when desired. Finally, if the data show that the organization itself has policies, processes, and procedures that cause customer dissatisfaction or service failures, then it has valuable knowledge about what it needs to fix, improve, or change, what employee training to develop, and what innovations to make.

As is true of any data that report failures in any system, guest complaints are valuable and should be collected and analyzed regularly. In an interview with Bruce Laval, retired vice president for planning and operations for the Walt Disney Company, he was asked how he found the things to fix. His response, as the inventor of the term *guestology*, should be a guide to all who wish to create a guest-focused organization: measure what you want to manage and, especially, everything that touches or impacts the guest. In a company like Walt Disney, that includes everything they do.

Service Recovery: Ow! to Wow!

Companies that have invested in the formation and operation of units designed to handle complaints can realize substantial returns on their investment. Putting money and effort into service recovery is good business. A Disney saying is, “Turn tragic moments into magic moments.” The best hospitality organizations view a service failure as a great opportunity to create an unforgettable, outrageously positive response. If the guest is upset that the hotel is overbooked and her room is gone by the time she arrives tired and ready for bed, the hotel should not only drive her to a nearby hotel with the price of the room paid but should consider upgrading her room from whatever she had reserved. This guest who was denied her standard room but got a paid-for night in a VIP suite at another hotel might readily forgive the hotel that failed to save her a room. The organization extended its hospitality to a guest, then failed her. It should go the extra mile and then some to repair the damage. The right failure-recovery strategy can turn an irate guest, ready to head for the competition, into a raving evangelist.

Consider the example of how CruiseWest managed a problem that was clearly outside their control, and turned it into a memorable experience. Scott, driving a tour bus with twenty-five guests, was traveling from Fairbanks, Alaska to Denali National Park for CruiseWest, a premium tour company. Suddenly, just outside Nenana, he was forced to stop at the end of a long line of busses from a number of other tour companies making the same journey. They were stopped because of a dangerous fire burning across the road in front of them, and there was no word on when it would be again safe to travel. Scott immediately called back to the supervisor in Fairbanks to report the situation. The supervisor told him to take the guests to a restaurant in Nenana while she sorted this out. While the group was dining, the supervisor called five bush pilots she knew of and arranged for them to fly to Denali. She then called Scott and told him to take the group to the Nenana airport where the bush pilots were now waiting, and who would fly the guests and Scott over the fire (and the fifteen waiting tour busses from the other tour companies). After the short flight, they landed near Denali at Healy where a bus picked them up and took them to their hotel to continue on with their scheduled tour activities. While this creative solution added nearly \$10,000 to the operating cost of the tour, it was a far less expensive solution than what the other tour operators faced as they had to both reimburse their angry travelers for the unfulfilled trip experience and give them vouchers



© CruiseWest

CruiseWest, when faced with a potential service failure caused by circumstances out of its control, used a creative solution to get its guests to the cruise they had purchased and ultimately provide a “wow” experience for its guests.

for another trip. This creative and quick solution to what might have otherwise been a complete disaster for CruiseWest guests turned an “ow” into a “wow.” In fact, these guests indicated on their comment cards that the flight over the fire was the highlight of the trip and they could hardly wait to tell all their friends what a great cruise experience CruiseWest provided. (As an aside, consider that the bus, and the unanticipated plane trip to Nenana, was really a “wait” for the real service product, the cruise. Because of the way the situation was handled, the guests actually ended up finding the wait for service to be a great moment on the trip!) A motivated and creative employee not only saved the trip and the costs of a major service failure but also created tremendous word of mouth for his company.

Even if you are not responsible for a failure, recovering is an important way to get the guest’s attention with impressive service. When no one expects you to fix someone else’s mistake and you do it anyway, people are wowed.

Successful Service Recovery

Although beginning a discussion with a definition is customary, we will end with one, by Michel, Bowen, and Johnston: Service recovery is “the integrative actions a company takes to re-establish customer satisfaction and loyalty after a service failure (customer recovery), to ensure that failure incidents encourage learning and process improvement (process recovery) and to train and reward employees for this purpose (employee recovery).”⁵⁷ If these recovery actions that the company takes are unsuccessful, then the company has added failure to failure. If the actions restore customer satisfaction and loyalty, then the recovery has succeeded from the customer’s point of view, and that is the main thing. But from the company’s perception, a truly successful service recovery will be a set of integrative actions that also improve the process and the employees involved. After successful service recovery, the people and the process are all better off.

LESSONS LEARNED

1. If the guest thinks you failed, you failed.
2. Fix their problems and most guests will come back; fix their problems on the spot and they will almost certainly come back.
3. Encourage guests to tell you about problems and failures; a complaint is a gift.
4. Train and empower your employees to find and fix failures.
5. Train your employees to listen with empathy.
6. Don't cause a service-failure problem and then fail to fix it. Don't fail the guest twice.
7. Find a fair solution, and know how guests determine what is fair.
8. Find ways to help guests fix problems they caused.
9. Unhappy guests will tell twice as many people about bad experiences as happy guests will tell about good experiences.
10. Even the best organizations fail a guest occasionally. Be prepared for failure; have a recovery strategy in place.
11. Find out and share with employees how much a dissatisfied guest costs; that will show your staff the importance of recovering from service failure.
12. Service-failure recovery works only if the system works; even an empowered employee can't recover from service failure without support from the system.
13. When you work to solve the service failure, also work to improve the service delivery system.

REVIEW QUESTIONS

1. Recall a service failure during a guest experience of your own.
 - A. Describe the failure and your reaction to it.
 - B. Describe the organization's response to the failure. Did your reaction to the failure seem to affect the organizational response?
 - C. As a result of what happened, how do you feel about this organization now?
 - D. If you were not completely satisfied, what could the organization have done to satisfy you and perhaps cause you to be even more loyal to the organization than before?
2. If you ran a hospitality organization, how would you plan to recover from failure?
 - A. Would you give employees a list of common failures and their corresponding acceptable recovery strategies, or would you empower employees to use whatever recovery strategies they saw fit? Or both?
 - B. Would you try to quick-fix problems immediately or look for longer-term solutions that might prevent future problems?
 - C. What would be the characteristics of your service-recovery plan?
 - D. One hospitality leader instructs employees to keep offering successively more significant remedies to failure until the guest smiles, then stop. Discuss this strategy.

3. Many service failures occurring during guest experiences at a hotel or at a restaurant can be predicted and fixed. Name two problems that a hotel and a restaurant probably cannot fix. What should the managers do if those failures occur?
4. A guest in your organization starts an argument with another guest who has tried to cut into a waiting line.
 - A. Is this a service failure? If so, who or what failed? What should you as a manager do?
 - B. If, rather than starting an argument, the first guest punches the second guest, what should you as a manager do?
5. Do you believe that a complaint is “a gift” from the complaining customer to the organization? If you have complained to organizations, has the reaction suggested that they believe you are presenting them with a gift?
6. According to this chapter, some experts suggest that apologizing for failures of which the guest may not even be aware might be a good idea. Do you agree?

ACTIVITIES

1. Have you experienced a recent service failure? If so, write a letter to the establishment’s manager complaining about the dissatisfying or failed service experience you have had. (*Do not make up a false complaint!!!*) Describe how the organization responds to your complaint. How does the organization’s recovery effort correspond to the suggestions for recovery offered in the chapter?
2. Write a letter to a local hospitality manager complimenting a service experience you have had recently. Send a copy to the company president. Report back on the results. It is okay to mention names in this letter.
3. Be on the lookout for a service failure that others are experiencing. Observe and report how the organization recovers from the failure. Evaluate the recovery strategy based on the material presented in the chapter.
4. Divide into groups. For those who have been employees, describe service failures in which you have been involved. Have you been trained in how to recover from these failures? What recovery steps did you take? Pick the best service recovery and compare with the best of other groups. What lessons can be learned from these successful recoveries?
5. Have a classroom discussion on the topic “Who is more responsible for most service errors: servers or managers?” (Remember that managers plan and implement delivery systems.) Go out to some local restaurants or other hospitality organizations and ask some servers and some managers this question, “What service failures do guests most frequently experience in your place of business, and who is more responsible for most of them: servers or managers?” and report back your results.

ETHICS IN BUSINESS

A certain restaurant has no policy in place about service recovery, and servers have no specific authority to provide any free products to customers. A server in the restaurant sees that an error occurred at her table. In order to keep the customers happy (and to protect her tip), she gives them free drinks without getting permission to do so from her supervisor. A friend who tends bar gives her these drinks when he can do so unobserved. The server feels justified in doing this because her regular salary is low, and she depends on tips from

satisfied customers for most of her income. Is her behavior unethical? Does the cost of the free item affect the appropriateness of her actions? Free soft drinks cost the restaurant only pennies. Complimentary drinks from the bar are much more expensive, and alcoholic beverages make up a considerable part of the restaurant's revenue. Does the server's motivation affect your answer—giving the free items because she wants to protect her tips, versus wanting to ensure that her customers have the best possible experience?

A second restaurant does have the policy of ensuring customer satisfaction, and servers have the authority to remove the cost of a meal if a customer is dissatisfied. A patron complains that she did not like her meal, although she did eat it in its entirety, said nothing during the meal, and the server saw no indication of a problem during the meal. The server is suspicious that the customer knows the company's policy and is simply trying to get a free meal, but he has no evidence to support this beyond his gut feeling. What is the right course of action?

CASE STUDIES

Pizza-to-Go

Bob Callahan led a very hectic business life consisting of hard work, long hours, and eating on the run. Bob also liked pizza. It is therefore no surprise that he did a lot of business with his neighborhood Pizza-to-Go outlet. About once a week, just before leaving work, Bob would call PTG; order a medium thin-crust pizza with olives, sausage, and double anchovies; and pick it up on his way home. The PTG people once forgot the sausage and once put pepperoni instead of olives, but Bob forgave them and never mentioned these small slipups. He could do with a little less sausage in his diet, and he liked pepperoni almost as well as olives anyway. Besides, they never got the anchovies wrong, and Bob's favorite part of the entire pizza experience was the overabundance of anchovies swimming in mozzarella cheese.

Last week Bob got home from work and kicked back, ready to enjoy a beer and some pizza fixed "his way." The pizza he took out of the box was fixed somebody else's way; it was covered with olives, sausage, and what looked like a double order of onions. Bob couldn't imagine what kind of person would eat a combination like that. He called PTG immediately. The phone was answered by Vito Cifrese, who had been serving Bob regularly for about two years.

"Very sorry about that, Mr. Callahan. If you could just scrape those onions off this one time, next time you come in I'll comp you your regular order and I'll also throw in a small complimentary pizza with double anchovies for free!" Bob thought that was a pretty fair adjustment. He thanked Vito, scraped off the onions, and

tried to eat the pizza. But the onion flavor remained. Bob couldn't finish the pizza; the combination of olives, sausage, and onion flavor was too much for him.

That all happened on an early Monday evening. On Thursday of the same week, Bob called in and ordered the usual, plus a small pizza with double anchovies. When he got to Pizza-to-Go, Vito was nowhere to be seen. Bob identified himself to the counter server who handed over the two boxes. Bob explained that both items were to be "no charge" because of an error that had been made on a previous order.

The server laughed and said, "I don't think so. Check that sign out there. This is Pizza-to-Go. Pizza-for-Free is up the street."

Bob stayed calm and asked for Vito; he could straighten this out.

"Vito quit Monday night and said he never wanted to see another pizza."

"I've gotten one or two pizzas a week from you people for the past two years. My name's Bobby Callahan. Check under my name in your database and see if Vito left any special instructions."

"What database?" said the server.

Bobby gave up. He'd find another place to do business. "I'll just take the small pizza with double anchovies."

"You don't want the big one?"

"That's right."

“Even though you called in for it? Well, we can warm it up for somebody else, I guess, if anybody else wants a weird combo like olives, sausage, and anchovies.”

Bob paid without tipping, left, got home, grabbed a beer, turned on TV, kicked back, opened the box, and took out a small pizza covered with onions.

Recovery to the Max

Ben Sharpless, manager of the tackle store at Farney Spa and Fish Camp, had just finished explaining to new sales employee Max Gilley the importance of getting and retaining customers, recovering from service failure, and other basics of serving guests, whether they were fisher-folk who also had spa privileges or spa patrons who wanted to do a little fishing. About an hour later, Ben saw Max talking with regular customer Sally Higgins. He thought he would monitor Max’s sales technique, so he moved to a spot where he could hear but not be seen.

Sally Higgins was saying,

“Max, I thought I’d fish down at the bend where you can see them feeding on the bottom.”

“Ms. Higgins, you don’t want to fish for those little minners. You want to put your bait about 30 feet out, where the big ones are. Here, what about this Orvis reel with the matching graphite rod and tackle box full of lures and other gadgets? I think that’ll do the trick. But fishing’s even better on the other side of the lake early in the morning. We’ve also got a fully equipped camping rig here that I can let you use, with the tent, the stove, all the supplies you could ever need. You can camp out, turn in early, and be up and at ’em with the dawn.” Ms. Higgins agreed that it was a beautiful rig. Visions of huge trout leaped in her mind. Visions of a big sale leaped in the mind of store manager Ben Sharpless.

“What kind of car do you have, Ms. Higgins? A Mercedes 300-SL, isn’t it? This stuff isn’t going to fit in there. We just received a special-order Land Rover with matching trailer. You’ll look good in that, and you can haul all this camping and fishing equipment in the trailer with room to spare. We could let you use that for a couple of days.”

Manager Sharpless was really impressed with Max’s results. Max and Sally finished the paperwork, Sally Higgins left, and Sharpless went to Max Gilley to congratulate him on a big sale.

1. Was service recovery called for in this situation?
2. If so, what recovery options would you have considered?
3. What should Bob Callahan do now?

“Gilley, you’re quite a salesman. I don’t know if I would have loaned her all that fancy camping equipment and the Land Rover, but that Orvis rod and reel plus a fully equipped tackle box is a big sale, maybe several hundred dollars, so I guess it’s worth it.”

Max looked puzzled. “No, Mr. Sharpless, you got it all wrong. Ms. Higgins was just out for a walk. We started to talk, and she told me the spa was busted. Uh-oh, I say to myself. Service failure. I remembered what you told me: ‘It costs several times as much to get a new guest as it does to keep a present guest, Max, so when you see any service failure, spa or fish camp, that service failure becomes yours to correct. You own that service failure until it’s fixed, Max. And don’t just fix it; go above and beyond. Anything we lose on that transaction will be made up in future business for the spa and fish camp. If we do lose money, what’s the worst that can happen? We’ll have a satisfied guest.’ Wasn’t that about it, Mr. Sharpless?”

Sharpless said, “Yes, Max, you learned well, but ...”

“So I said to her, ‘Since the spa is busted, why don’t you go fishing?’ Then I gave her the fishing tackle and the tackle box but I only loaned her the rest of the stuff. She seemed right happy, didn’t she?”

Manager Sharpless sighed. “Max, if I hadn’t been here, I guess you would have given her the whole darn tackle shop.”

1. What do you think would have been an appropriate adjustment for this service failure? Or should a fish camp employee even be concerned about a spa service failure?
2. How can organizations encourage their employees to take ownership of service failures and try to fix them on the spot, without “giving away the store”?

Letter of Complaint

Consider the following letter of complaint, an actual letter written by the lead author of this book, and tell how you would respond to it if you received it.

* * *

Mr. P.D. Bacon
 Chief Executive Officer
 Sun International Limited
 27 Fredman Drive
 Sandton 2031 Gauteng
 Republic of South Africa

Dear Mr. Bacon:

I am writing to tell of an experience I had during my recent visit to one of your resorts, The Zambezi Sun. I want you to know that my experience had good and bad points to it. The good points are largely attributable to two of your employees, Mr. Craig Storkey and Ms. Suzette Venter. The bad points are due to what seems to me to be policies and procedures that did not meet my expectations nor would I expect them to meet those of most American travelers. Thus, please consider this a letter of both compliment and complaint. Let me first detail the situation so you can see the reason for both my compliments and complaints.

In the late morning of June 24, my wife and I were standing in the porte-cochere of the Zambezi Sun in Victoria Falls, Zambia behind our transport to the airport. As I stepped back to avoid the downward closing tailgate of the transport van, a quickly moving jeep clipped my leg with its left side rear tire. Somehow, the tire grabbed my leg to make it stationary while it was wrenched and broken. While we do not know the vehicle number, we were later told it was a Zambian government vehicle. The result was two broken bones in my left leg. At the same time, apparently some hotel employees contacted both the hotel manager and the hotel clinic nurse.

The nurse did a competent job of calmly organizing my care. I was transported back to the hotel clinic (which had no working x-ray machine) and, while I was being interviewed by Zambian police about the accident, she called around to the local medical facilities to find a working x-ray so we could see the extent of damage to my leg. When she finally found one, she then contacted the local ambulance service to transport me. By this time the hotel manager had arrived and was talking to

me in the clinic. He was reassuring and concerned. He told us that he would pay the ambulance fee cash requirement and put it on our bill so we could pay by credit card. We were concerned about how much cash we had to pay all that we had to in this cash-driven country. While we were surprised we would pay this fee, we appreciated his help.

The nurse was wonderful. After locating an x-ray and transport, she accompanied us to the Livingstone clinic where the doctor and x-ray were located. She was calm and reassuring throughout this ordeal. That was especially important to me and my wife as we contemplated the challenges of getting medical care in Zambia and then wondered how we would proceed from there to either home or our next medical treatment facility. After getting my leg x-rayed, the Zambian doctor put on a cast and told me I could travel onward. The nurse cautioned me that this might be a problem with a hard cast on an airplane so she persuaded the doctor to put on a cast that could be readily cut to relieve pressure while flying onward.

We then went back to the hotel where the manager had thoughtfully provided a room in the Royal Livingstone for us at no charge. The nurse and he had agreed that I needed to stay on the ground that night in case any complications arose that would be harmful to my flying out. The nurse consulted with her supervisors in Johannesburg about what to do with me. They told her to Medivac me and would not approve any other means to transport me out of Zambia. Suzette then consulted with my travel insurance company which would not approve the fee for such transport. They told her that they would only pay for commercial transport and that if I wanted to go out by Medivac, it would be my financial responsibility. This is where the nurse really showed her medical expertise and decision making skills. Since she was able to assess my physical condition and also knew the financial considerations of the options, she patiently and skillfully reviewed what I could do next. After some discussion, we agreed that flying commercially to Johannesburg the next day to seek further treatment was the best choice for me to make.

We found the nurse's handling of my situation remarkable and want to commend her for it. First, her response to my injury was quick, calm, and competent. She made a bad situation tolerable and reduced our level of panic by her calm demeanor and obvious professionalism. She exuded competence. Second, her management of the various steps involved in getting treatment was terrific. She handled it all and made sure we knew what was happening all the time. Third, she helped tremendously

in going through the various options we had to carefully consider to decide what to do next. While she had to respect her own leadership's directions as to what to do, she also had to consider our needs and circumstances and we always felt she was considering her patient's needs first. In other words, we were tremendously impressed with her competence, calmness, and professionalism. You are fortunate to have such a terrific employee and you need to know that.

Now, however, I wish to make a complaint about your procedures for handling such situations. Perhaps we in the USA have a distorted picture of what the responsibility of a hotel is in such a situation because of the volume of personal injury litigation we have. I may even be more sensitive to this because I teach, conduct management development seminars, research, and write in the academic field of guest services management. Further, I live in Orlando where the Walt Disney Company has become the world benchmark for guest service excellence. From all these perspectives, I feel your company has much work to do before it matches the standards expected by today's upscale American traveler. For example, no American I know would ever expect to pay for an ambulance to be taken from an injury suffered in the hotel's own porte-cochere. No American would expect to be taken to an upscale hotel clinic that had no working x-ray machine. No American would expect to be asked to pay for emergency medical treatment resulting from an injury on hotel property, and no American would expect the hotel to ask him/her to pay for the meals or telephone calls made while trying to notify all the people that had to be notified to get on to the next destination. While I am certain the manager did all he was authorized to do, I would strongly encourage you to authorize him to do more. In the USA, a hotel manager would typically have picked up all these costs hoping that by doing so he/she could make the guest feel better (and less litigious) about being hit by a car on hotel property. Most of these costs are fairly minimal, especially food costs, and would have made a difference in the feelings that at least this guest had towards the hotel.

As we teach in our classes, this is the type of service failure that every hospitality organization fears. Once it happens, however, the organization should do everything it can to make the failure as tolerable as possible. We call this, in my own textbook on guest services management, the red carpet treatment. While we greatly appreciated your manager's concern with our situation and his helpfulness in making arrangements to get us back to Johannesburg, we teach that a free room upgrade is

only one part of the service-recovery effort available to recover from a major service failure like this.

While you may feel that I am overly influenced by what litigation has done to American hotel guest expectations, the point is that those are the expectations that your American guests now have and that you must meet if you wish to satisfy this market. I strongly urge you to revisit your procedures and consider revising them to meet the expectations of your guests no matter where they're from. In my opinion these are becoming the world class standards you must meet if you wish to be considered a world class hotel. There are many things that could have been done to mitigate the anguish I suffered, and world class hotels do the things that make a difference. I would encourage you to hold a simple brainstorming session with your general managers to consider failure scenarios and develop the best way to deal with various service failures like mine. This might help you think through the things that might have been done better here and which, for the most part, have nominal or little cost.

Thank you for the opportunity to share my thoughts with you. You have excellent people trying to do a terrific job in serving their guests, but based on my experience, your own procedures and service-recovery processes leave much to be desired. I hope you find this information useful and that you will publicly recognize the positive contributions that your employees made that made our bad situation less bad. My intent in sharing my complaint is to bring to your attention the need to think through the many other things that you might do to make this dissatisfied guest less dissatisfied. I think that a careful rethinking of some simple procedural changes would allow you to make this type of bad situation less bad for any future guests who suffer the misfortune I did. I urge you to take the time to consider them.

Sincerely,

Robert C. Ford, PhD

Professor of Management

1. What did the letter include or not include that a good complaint letter should contain?
2. What response should the hotel's CEO make to this letter?
3. How do you think the company actually responded?
4. Draft a response that you feel represents what the chapter teaches about how a complaint is a gift.

The Hillsbrook Lodge

During the busy times of the year—ski season and the period when the leaves turned—a portion of visitors to New England bed and breakfast establishments sometimes made reservations at two or even three B&Bs. They knew that some B&Bs customarily overbooked, and these guests wanted to be sure they didn't end up after a long drive without a place to stay.

The Hillsbrook Lodge followed the practice of the other bed and breakfast places in its area. During those busy times of the year, the Lodge customarily overbooked by 10 to 15 percent. At first, owners George and Audrey Spain didn't like to overbook; it seemed dishonest somehow. But the other owners were doing it, and the Hillsbrook Lodge couldn't afford to have anything less than 100 percent occupancy during the two periods of the year that enabled them to get sufficiently ahead financially to stay open during the leaner periods. Things usually balanced themselves out; the Hillsbrook Lodge overbooked by about 15 percent, and about 15 percent of the guests usually didn't show up.

The B&B owners in the area had a cooperative service-recovery plan. They networked and kept in touch, so that any owners finding themselves facing guests whose reservations could not be honored could usually make a few phone calls to find another acceptable accommodation for the guests nearby. But supply and demand did not always even out, so occasionally George and Audrey were in the uncomfortable position of telling guests with reservations that not only did they themselves have no room for the guests, but neither did anyone else in the area. Guests did not usually take that news very well. But under the pressures of the next day's activities, the George and Audrey forgot these incidents quickly.

When the prime autumn weekend for viewing the turning of the leaves came, Audrey and George found that they were grossly overbooked. In addition to the 15 percent overbooking that they had reluctantly agreed to, they had each carelessly booked parties without the other's knowledge. So by the middle of Friday afternoon, all ten Hillsbrook rooms were taken, with several parties yet to come.

A fashionably dressed woman and a large man came into the Lodge, announced that they were Bruno and Sophie Tattaglia from New York, and asked to check in.

"Hi, Mr. and Mrs. Tattaglia. Can I call you Sophie and Bruno? Welcome to Hillsbrook Lodge! We've got a little problem. More guests showed up than we thought we were going to get, so since we operate on a first-come, first-served basis, I'm sorry to say we're filled up. But I think I can find accommodations for you at one of the other B&Bs nearby. They're all quite fine."

Sophie Tattaglia protested, "But we had a reservation."

George said, "Well, unfortunately, a reservation doesn't always equal a room on one of the busiest weekends of the year. Let me make some phone calls and see what we can do for you."

George found accommodations for the Tattaglias about twenty miles away. "They don't have quite the view that we do, but it's a nice place," said Audrey. The Tattaglia couple was not smiling but they seemed to accept the situation. After they left, George said to Audrey,

"Well, that wasn't so bad. We recovered pretty well, I thought. I hope these next people coming up the drive are as reasonable."

When Mr. and Mrs. Tattaglia got back to New York, they were still irritated about the Hillsbrook situation. George and Audrey Spain had thought about setting up a page on the World Wide Web to make more people aware of the Hillsbrook Lodge, but they didn't really have the time or the expertise. Mrs. Tattaglia was self-employed as a creator of Web pages. It was easy for her to set up a Web page, available to anyone in the world who had a computer and an Internet connection, describing the Tattaglia experience at the Hillsbrook Lodge, soliciting other stories of negative experiences with the Lodge, and urging potential visitors to New England not to patronize the Hillsbrook.

* * *

1. Overbooking is common in some parts of the hospitality and travel industry. Can you justify overbooking on ethical grounds?
2. Did the Hillsbrook Lodge have any alternatives to overbooking?
3. Once George and Audrey find out about the Hillsbrook page on the Web, can you think of any service-recovery steps they might take?

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