A Framework for Customer Involvement-Based Service Recovery Design

Yen-Hao Hsieh

Department of Information Management, Tamkang University

Abstract. In the era of experience economy, the most important purpose for service providers is to provide quality service experiences with customers. However, a service experience is composed of a set of service encounters. Delivering a high-quality service experience is very complicated and needs to be carefully designed. Furthermore, service recovery is one important key to influence service experiences but is difficult to manage. Meanwhile, customer involvements are also a possible way to co-create values with service providers. Hence, this study is to explore if there is any opportunity for service providers to enable customers to join the service recovery process to generate innovative values. Consequently, this study is to build a conceptual framework for service recovery design by considering customer involvement. We also use a scenario to demonstrate the feasibility of the proposed framework via service blueprinting.

Keywords: Service recovery, Customer involvement, Value co-creation, Service experience, Service science

1. Introduction

In the era of experience economy, service providers aim to create memorable and valuable service experiences to customers in order to satisfy customers and maintain long-term customer relations (Pine and Gilmore, 1998; Haeckel et al., 2003). When service providers can get high customer satisfaction, it can attract more customers and increase customer loyalty for high business profitability. However, a service experience is composed of a set of service encounters. In other words, a service experience can be affected by many factors including service operation, service quality, customer expectation and etc. Delivering a high-quality service experience is very complicated and needs to be carefully designed and managed. Besides, one important factor influencing the performance of service experiences is service recovery. Service recovery is resulted from service failures.

Thus, service failures mean that service providers have lower service performance which can't meet customer expectation (Hoffman and Bateson, 1997). In the moment of service failure, customers always get dissatisfaction and feel uncomfortable. Service providers have to implement service recovery processes for customers during service experience delivery. The main purpose of service recovery is to execute some actions to find customer dissatisfaction and response to errors and mistakes. Hart et al. (1990) proposed that an appropriate service recovery approach can alter angry and dissatisfactory customers to be loyal ones. Since the topic of service recovery for service experience design has been an important issue, to our knowledge, there is less research investigating the relationship between service recovery and customer involvement during service experience delivery (Dong et al., 2008).

According to Carlzon (1987) and Normann (2000), service recovery requires a repeated "moment of truth". If service providers can successfully be accepted again by customers through the faith of trust, these interactions between service providers and customers can return customers from dissatisfaction to satisfaction. In service science, customersinvolvment in service activities is an important feature of service-dominant logic (Vargo and Lusch, 2004). Service providers deliver appropriate services that customers can join in order to create high values together. Consequently, there are still a lot of encounters that customers can touch in the service recovery process. Underlying service-dominant logic service providers can design and manage appropriate services for better recovery service experiences. Service providers have potential opportunities to involve customers in the service recovery process by employing innovative services.

Although we understand the importance of service recovery and it goes without saying that service providers have to response to customers in time, the research question is as follows: is there any possible to involve customers with a service recovery process? In order to deal with the proposed research question, this study is to examine the relation between service recovery and customer involvement during service experience delivery. Hence, the purpose of this study aims to propose a conceptual framework for service recovery design by considering customer involvement.

This study is developed in several sections. We describe the service recovery and customer involvement literatures. Next, a conceptual framework for customer involvement-based service recovery design is detailed. Then, we employ scenarios to demonstrate the proposed idea. Finally, we conclude several implications for service recovery design and opportunity for the further research.

2. Literature Review

2.1. Service Recovery

As mentioned earlier, the goal of service providers is to fulfill customer needs to offer suitable service experiences in order for high customer satisfaction. Service failures and service recovery are the key factors influencing customer perceptions of service experiences. According to Gronroos (1988), service recovery means that service providers adopt feasible actions and approaches to respond to service failures. Furthermore, service recovery can be considered as a process for altering dissatisfactory customers to a level of satisfaction with a service provider after service failures occurring (Zemke and Bell, 1990). Service providers have to immediately and effectively implement the service recovery process to serve customers while service failures are occurring.

Mattila (2001) noted that customers could be willing to give service providers a second opportunity while service failures are overcame successfully. In other words, when service providers can appropriately deal with service failures, customers may get higher customer satisfaction and give a positive word-of-mouth (Bitner et al., 1990; Maxham III, 2001). Understanding the significance and the clues of service recovery design for service providers is extremely important (De Matos et al., 2007; Seawright et al., 2008). Furthermore, the efficiency of service recovery is the important factor to directly influence customer satisfaction and loyalty (Smith et al., 1999).

2.2. Customer Involvement

According to Vargo and Lusch (2004) and Lusch and Vargo (2008), there are two main perspectives for the considerations of services which include goods-dominant logic (namely, G-D logic) and service-dominant logic (i.e., S-D logic). G-D logic focused on the end products that are tangible (goods) and intangible (services) units of output. However, as the main trend of the globalization extremely influence world economics, the service mindset gradually becomes more and more important in the twentieth century. S-D logic can be considered as a new direction for enterprises to get high competency. S-D logic usually utilizes the intangible and dynamic resources, so-called operant resources, to create values. Human skills, knowledge, and experiences are the main resources to generate services.

In the S-D logic, customer involvements play the important role within services. For instance, Apple provides their customers with many on-line services integrated through iPods with appropriate value proposing among Apple, online service providers and customers. iPod is a platform for users to download and upload favorite music and other information and users can conveniently acquire useful messages, share personal information and communicate with other users, online service providers and Apple via Pods. In other words, iPod adopts the value-creation network model and emphasizes on the servicing and experiencing by involving their users.

Bitner et al. (1997) emphasized that customers plays a key role to perform service activities and customer can be involved in co-creating valuable merits with service providers during service experience delivery. Besides, when customers are involved in a service recovery process, they can get high customer satisfaction with the service recovery and will be willing to co-create values in the future (Dong et al., 2008). The importance is to explore service innovation and values with service recovery by customer involvement.

Hence, this study proposes a framework for service recovery design by taking customer involvement into account.
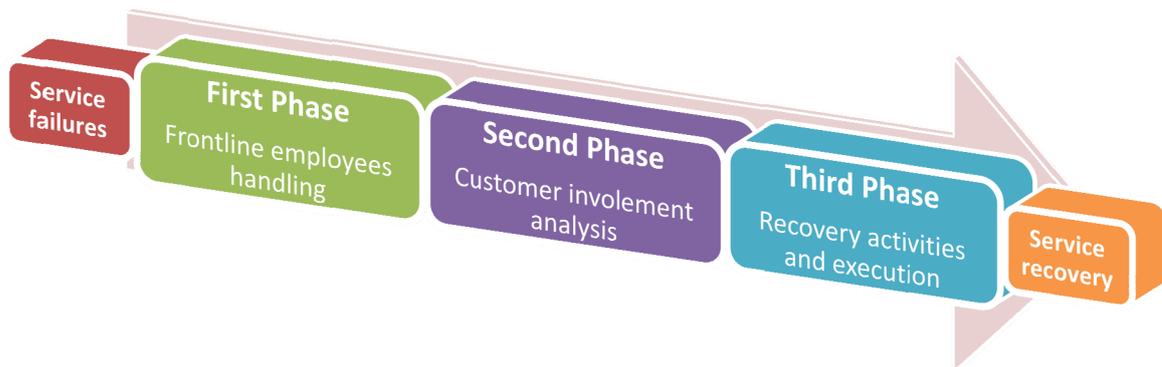

Fig. 1: The design logic of service recovery

3. Conceptual Framework

In order to illustrate the idea of service recovery design, this study establishes the design logic of service recovery (as shown in Figure 1). There are three main phases of the design logic including frontline employees handling, customer involvement analysis and recovery activities and execution. In the beginning, service failures occur. In the first phase, the information of service failures is delivered by either a service system or customers. Frontline employees have to efficiently and immediately deal with the situations after receiving the information of service failures. Hence, customers can feel comfortable because they consider that the service provider will take responsibility for this mistake. Then, the second phase is to analyze the possibility of customer involvement during service recovery process. According to Bitner et al. (1997), there are three levels of customer participation including high, moderate and low levels of participation. We would like to build a mechanism which can immediately analyze what customers can be involved in the service recovery process based on the above category. A historical customer database which stores past customer data is also established to support service providers to get useful synthesis of different levels of customer participation. Last, service providers design and propose proper recovery activities according to different levels of customer participation. These recovery activities are implemented and executed by service providers and customers. Customers can contribute their past experiences and knowledge to help service providers to cope with service failures. On the other hand, service providers also can efficiently deliver correct services to customers and respond to customers' feedback. Either service providers or customers can create values with each other through the service recovery process.

According to the design logic of service recovery (Figure 1), this study also builds a conceptual framework (as depicted in Figure 2) to illustrate the important considerations during the service recovery process. From the Top-down viewpoint, service providers aim to deliver satisfactory recovery experiences to customers. They would like to show their capabilities to deal with service failures in order to enable customers to employ their services next time. For achieving appropriate recovery experiences, there are two aspects including the customer aspect and the service provider aspect which are needed to take into account. First, service providers have to design suitable recovery activities to solve the service failures. For example, Hoffman et al. (1995) investigated that the free food and discount approaches are two main recovery activities for customers who are facing service failures in the restaurant. These recovery activities are implemented by appropriate service operation setting including employees, hardware and software, service contexts and etc. On the other hand, we want to enable customers to involve in service recovery processes in order to increase high customer satisfaction and create unique values. Before taking part in service recovery processes, customers will judge if they can contribute to service recovery by their psychological realization of the service provider and service contexts. For instance, while customers have trust in a service provider, they are willing to join the service recovery activities and offer their contributions. Furthermore, above elements should be developed based on proper service recovery value propositions. The service recovery value propositions will be the guideline for design the detailed service strategies and service operations.

Meanwhile, customers also will be influenced to have different levels of customer participation by the service recovery value propositions of service providers.

Fig. 2: The conceptual framework of service recovery

4. Scenario Demonstration

In this section we will conduct a scenario to demonstrate the conceptual framework by using service blueprinting (as shown in Figure 3). Service blueprinting is a useful design tool to understand the service process in detail for service innovation. This scenario is to show that all interactions and activities during the service recovery process in the museum.
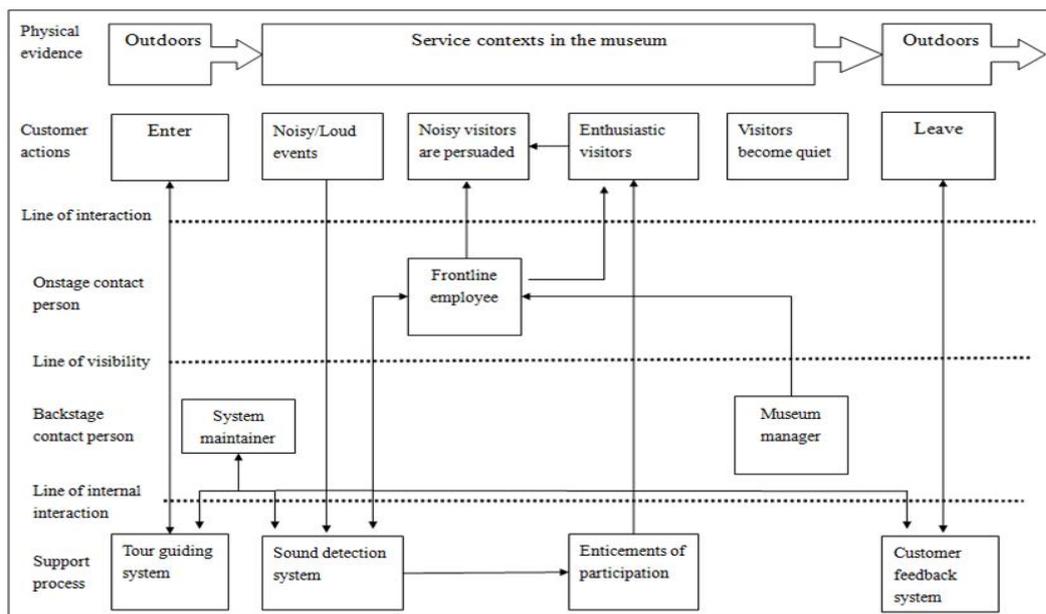

Fig. 3: The service blueprinting of service recovery

The museum is a comfortable and tranquil place for visitors to learn and visit the exhibits. While visitors enter and leave the museum, they all are served by a tour guiding system and customer feedback system respectively. The tour guiding system is to deliver the guiding service to visitors to check the location and the customer feedback system can collect customer responses for further analyzing. Once some service failures are occurring, such as visitors generate loud noises, the sound detection system can automatically detect where visitors are noisy. Thus, the message from the sound detection system can be delivered to the frontline employees who have to immediately admonish visitors to be silent in order to build a satisfied environment. Meanwhile, the sound detection system also proposes attractive information (such as awards or

discount) to encourage volunteers to persuade noisy visitors. If some visitors realize that they would like to share their skills to communicatewith others, they will be a valuable member of the museum. Accordingly, the museum can efficiently deal with the noise event by a detection system and visitor involvement. Visitors can have a suitable and pleasure service experience in the museum.

Consequently, we use service blueprinting to design a service recovery process which service providers and visitors all take part in. It also helps us to understand the detailed interactions and activities of service recovery design. By using this scenario of the museum, we aim to illustrate the feasibility and possibility of the proposed idea.

5. Conclusion

In the traditional mindset, since service providers only deliver immutable services which must be beneficial for themselves rather than the consideration of customers, customers must accommodate these services. However, service-dominant logic changes this during service delivery (Vargo and Lusch, 2004). Service providers can design the service delivery process which customers can be involved and co-create value together. As mentioned earlier, when customers encounter service failure, how to involve customers with the service recovery process for high value co-creation is a very difficult issue. What kinds of motivation and service concepts do service providers have in service recovery? How are customers willing to join the service recovery process given they are unsatisfied with service failure? Is it any possible for customers and service providers to create values together in service recovery? Hence, these questions are so interesting issue that we aim to propose a conceptual framework for service recovery design by considering customer involvement and also want to investigate and find feasible resolutions to answer above interesting questions. For the further research directions, we will continue to examine the relevance between service recovery and customer involvement by conducting interviews and build a real service system for the field testing in order to illustrate the idea of the customer involvement-based service recovery design.

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