

# Customer Satisfaction Recovery: *What is it and Why Should I Care?*



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Many customer service professionals are unaware of the benefits of customer satisfaction recovery. With the heightened competition in the market, it is paramount that they have an in-depth understanding of what customer satisfaction recovery is, how it works and what benefits it gives them. Similarly, they have to know the impact of service failure on the business and how to deal with it effectively.

Customer satisfaction keeps a business up and running. However, service failures can be due to both human and non-human errors. If not dealt with properly, customers become disappointed and dissatisfied. When this happens, all consequences fall on the service provider. The worst thing that could ever happen is when customers spread their complaints to others. According to studies, a customer usually shares their buying experience with ten or twenty more people. This means the service provider's potential patrons step back before they even try buying.

Every time a service failure occurs, it is crucial that providers cover up their poor service delivery. Doing so helps them reduce the damage and pacify complaining customers. It has also been proven that service recovery can mean higher customer satisfaction rates.

### **Importance of Customer Satisfaction**

Many businesses have the wrong perception that customers depend on them.

The truth is that they are actually the ones depending on the customers. The following are reasons why customer satisfaction is important.

#### *Selling after the Sale*

Customers and companies do not terminate their relationship upon purchase. The post-purchase interaction is equally important. If customers are unhappy about the service received, they may end up not coming back. This is why it is important to maintain the connection through customer satisfaction. Doing so leads to a seamless buying experience from the very first purchase.

#### *Loyalty*

When customers are satisfied, they come back for more. This means they become loyal to the company and promote not only the product bought but the entire brand. With this, companies will find it easy to promote their brand and grow. In addition, loyal customers increase their purchases that lead to more sales and profit for the provider.

Loyalty is difficult to achieve. This is especially true with the tougher market competition. If the business ensures their customers are satisfied, they can be sure that they will stick with the brand no matter how wide their options are.

## Service Failure

When service failure happens, customers typically expect to get some payback for the inconvenience. This may be in the form of credit, refunds or discounts and maybe even apologies. A classic service failure is serving cold food at a restaurant. It may appear like it is just a simple problem, but customer reactions may vary. Some may ignore it while others complain excessively. A good response from the server is to offer an apology, have the meal reheated and serve it again. Often, first-time customers will not come back. Those who have gone to the restaurant and received excellent service for a long time may be less likely to react negatively. Nevertheless, they have high hopes not to receive sub-par services again.

In reality, new customers have higher expectations. They are more demanding when service failure happens. This is because their perception towards the service has been dominated by only one experience. Meanwhile, long-time customers set their expectations when they first received service. In either case, the restaurant manager has to compensate for their failure. Doing so ensures them that the new customer will still come back and old ones keep patronizing the business.

Service failures are often recurring. However, none of this matters if appropriate actions are taken. If a service provider fails to handle these failures

properly, then they are not customer-oriented. If they do not excel in this area, a business is doomed to fail.

## Types of Service Failures

According to research, there are two main types of service failure. The first has to do with the outcome, and the other is process failure. Outcome service failure happens when customers have actually not received a service such as a clean hotel room. On the other hand, process failure means that the service is not delivered in a proper manner.

### *Service Provider's Manner of Dealing with the Failure*

Should the service delivery fail, customers expect employees to respond to their requests. Their response will determine whether the customer is satisfied or discontented. These failures can be due to unreasonably slow service, unavailable service or other failures in core services.

Slow services can be in the form of employees being lax when dealing with customer complaints such as extremely lengthy queuing, flight delays and more. Unavailable services refer to normally accessible services that may be lacking for quite some time like overbooked hotels and cancelled flights. Meanwhile, core service failures mean that the provider fails to meet basic customer demands such as serving a cold meal, a dirty hotel room or



damaged baggage due to inefficient transport.

### *Service Provider's Responses to Unique Customer Demands*

Another service failure involves the staff's response to customer requests. It is essential that employees deliver customized service to every customer considering that each one of them has unique demands. Research describes customer needs as being explicit or implicit. The service provider fails to meet an explicit need such as customer errors, preferences and other special requests. On the other hand, implicit needs have been neglected when the service provider was unable to notify customers of temporarily unavailable service that causes inconveniences. This could have been solved if the staff had contacted the customers and worked out alternatives.

### *Inefficient and Unsolicited Service Provider Behavior and Actions*

Unsolicited and unprompted employee behaviors and actions are other forms of service failures. In a customer's perspective, service providers have to provide what they have paid for. When customers sense unexpected actions or responses from employees, they tend to become dissatisfied. These actions can include a lack of attention and unusual behavior that suggest abusiveness and rudeness. In addition, employees may also

violate some cultural norms that customers see as unfair treatment. All these responses to customer demands can make the customer displeased. Eventually, they will end up complaining about the particular employee and perhaps the whole company.

### **Customer Satisfaction Recovery Paradox**

There are studies suggesting that customers who experience excellent service recovery are more likely to be satisfied than those who were happy with their first purchase. It is believed that these customers have a higher chance to repurchase than anyone else. One common example is a customer who already booked a certain type of room in a hotel and arrived to find none of the rooms available. This is clearly a mistake on the booking staff's behalf. In order to compensate, the hotel receptionist can offer the customer another room with upgraded amenities for free. Doing so makes the customers thrilled with the compensation. As a result, they pledge to be loyal to the hotel.

However, there are some who believe that planning this event can be a good strategy. They think that businesses have to disappoint customers and offer them with luxurious compensation in order to gain their loyalty. This idea is also referred to as the service recovery paradox. In contrast, there are some experts who do not believe in this idea. They reiterate that it is more

expensive to fix these failures. It also seems unreasonable to keep on practicing service failures only to win customers.

Studies say that the customer's decision to repurchase is primarily based on their experience. If it was an awful experience, they are less likely to return. However, the excellent compensation can overpower the negative impression. With this, service recovery is highly essential.

The recovery paradox has been a controversial issue that gained little support. There are many studies that say customers who have experienced service failure have consistently low satisfaction rates no matter what the recovery is. Doing the job right the first time is always the safest and the most effective method. Because service failure is inevitable, customer service professionals have to adopt strategies that will help them handle these circumstances accurately. There are many customer service recovery techniques out there that may or may not be applicable to one's business or industry. With this, it is best that professionals take time to study and discover what customer satisfaction recovery can do for them.

### **Customer Satisfaction Recovery Definition**

There is a need to adopt service recovery strategies if something goes wrong in delivery. Basically, the service provider

has to compensate customers for the service failure. It could be that the customer wants to get what was promised, personal attention or simply an apology. These are signs that the service provider has to go back to their process and find out what went wrong so that the failure does not reoccur.

However, customer satisfaction recovery is not only limited to customers who voice out their complaints and dissatisfaction. Businesses should understand that this strategy is not the same as complaint handling. The main goal of customer satisfaction recovery is to seek out and deal with service failures. This is what makes it different from complaint handling. This is because there are a number of discontented customers who do not bother to complain and would rather change providers.

In the recovery process, emotions tend to influence customers. The feelings of anger and regret add to the customer's dissatisfaction. Typically, customers become angry when another person is blamed for the failure. With this, they become more disappointed and end up behaving aggressively. This is why service providers also have to take measures so that customers will not see them as not caring at all. This is where a good service recovery should come in.

## **Importance of Customer Satisfaction Recovery**

What makes a business survive despite the stiff market competition is both new and old customers. However, it has been found that attracting new customers cost five times more than retaining older ones. With this, business owners and managers become more concerned about adopting customer satisfaction recovery.

Customer satisfaction recovery is building up loyalty even after the service failure. In simple terms, it is bringing back the smile to customers' faces after messing up their orders. The best advantage of employing effective service recovery strategies is the reduction in advertising expenses. This is mainly because the word of mouth will do it on their behalf. Customers will most likely spread the word when the service provider is able to meet their demands. Because emotions play a crucial role in service recovery, a happy customer will only have good news for others. This could mean free advertising and increased loyalty.

## **Factors that Influence Customer's Perception of Service Recovery**

There are some factors that may affect the customer's perception over service recovery aside from their emotions. This includes cultural and gender differences. According to research, values and cultural norms will most likely influence how the

customers take the effects of service recovery.

The study further explains that offering compensation for service failure is usually taken positively in American culture. However, properly explaining why the failure happened can have better outcomes no matter what the culture is. It appears that men and women also have varying reactions to service recovery. While women want to be heard during the process, men tend to speak less about the experience.

## **Coming Up with Customer Recovery Process Strategies**

### *Serve the right type of justice*

In a customer's view, an excellent service recovery strategy should focus mainly on fairness and justice. It could involve interactional justice or how the employees treat the customers, procedural justice or how the process works and distributive justice or the outcome of the recovery situation such as a product replacement, apology or refund.

Often, customers become more dissatisfied because service providers tend to focus more on distributive justice rather than interactional justice. With this, they focus more on training their staff to handle customer complaints in a more formal way. They overlook the importance of taking the customer's experience into account.

As a result, customers are more distrustful and unhappy even if they receive compensation in the form of a refund or a new product.

#### *Take the customer's emotions into account*

In order to maintain loyalty, the service provider should make customers feel that they are well-understood. This means they have to deal with the customer's emotions first before addressing the service failure. Most importantly, customers need to see upfront that the service provider is wholeheartedly doing their best so that they can find solutions or offer alternatives.

#### *Understand the extent of the problem*

Companies should understand the extent of customer's dissatisfaction. They have to anticipate service failures and prepare appropriate actions. The problem with some service providers is that they take the number of complaints as their basis for service failures. They have to be aware of the fact that only a small portion of discontented customers take time to file or voice complaints. In addition, customer service employees actually know where these troubles come from but may be hesitant to make their supervisors aware because they are worried about how they might react.

Apparently, it is paramount that companies employ a service culture with customers as

the highest priority. The front-line staff should encourage honest customer responses even if they are being hit below the belt. In the digital age, it is best that companies take time to view blogs and other online reviews that talk about them. If they are able to find the root cause of the problem, they can determine areas that need improvement.

#### *Encourage and accommodate customer complaints*

Many companies are not able to appreciate the value of customer complaints. This is because they have the fear of getting negative comments. Additionally, they are stuck with the false belief that fewer complaints mean that the business is doing well and more complaints means otherwise.

However, more dangers come from discontented customers who do not voice out complaints. The truth is that those who do not complain are more of a problem for a company. This is because the service provider is left unaware of the existing problem. This means they have no chance of fixing the trouble that could get even worse over time. Chances are that they will spread out their complaints to other people. They will convince others not to make purchases from a certain company that gives them a negative experience. Businesses have to take complaints as a sign of trust that help them provide good service.



### *Identify real service failure*

A common mistake that companies often commit is not being careful about identifying a service failure. There are some instances when customers do not just get the whole idea of service, and it is not exactly a failure. Nevertheless, they still need to listen to the customer's feedback and concerns.

### **Getting Started with the Customer Satisfaction Recovery Process**

It is imperative that companies have a good customer satisfaction recovery process. Doing so will allow them to have more usable and realistic customer feedback metrics. They will also be able to empower their frontline employees to respond and recover from the failure in order to boost customer loyalty. The following are steps that can help when mapping out this process.

#### *Design a complete service recovery approach*

In the design phase, the company should lay out the things that they want to accomplish with the service recovery process. They have to determine their mindset about the complaints and set policies for responding to them. In addition, they have to identify the experiences they want their customers to have and the process to collect their feedback and complaints. Solutions like

CRM should also be included in the design process.

When companies come up with a comprehensive service recovery approach, they can get the opportunity to hear about service flaws that would otherwise be left undiscovered. Most importantly, it will allow them to save their investment in time, effort and finances.

#### *Establish a baseline*

Companies should establish a baseline before the process kicks off. This means they have to determine their goals and how they will know when they are getting closed to them. It is equally important that companies are aware of the services that they currently do well and how they fare when compared to competitors. Moreover, metrics that deal with product and service failures have to be clearly defined and measured. With this, they can easily determine whether the service recovery process is working for or against them.

#### *Align everything*

When customers voice their concerns and disappointments, the company's first concern is how to recover from them. With this, they have to make sure that issues like refunds, return policies and guarantees are aligned with how far the company wants to dive in for their customers should failures arise. It may not be an easy task for frontline employees to face customers who

who are complaining.

### *Respond and recover efficiently*

All customer service professionals have to be well trained when it comes to complaint handling and recovery. They should be educated about the nature of this business process so that they will be empowered to take reasonable and fair positions.

Additionally, the upper management should provide them support so that they will be more eager to take responsibility for customers voicing out their complaints.

### *Integrate customer feedback*

Businesses have to make a firm decision to listen to their customers and spread this information to the appropriate company personnel. The most common mistake with organizations is that they employ systems that enable them to gather information from customers but fail to share it with the other personnel involved.

In order to integrate customer feedback, it is highly recommended that companies utilize a system for sharing the information with the whole company. If they fail to do so, the recovery process may not make any changes to the business at all. Customer complaints should not only be heard and addressed at the front desk. They must be delivered inside the company so that proper measures will be taken to avoid recurrence. New platforms that handle these problems must be made to ensure

excellent service delivery and customer satisfaction.

### **Get Training**

Coming up with a customer satisfaction recovery strategy can be challenging. However, it is not something that customer service professionals can ignore. They have to gain more knowledge about the process in order to come up with and make use of it properly. Fortunately, there are training and seminars that can help them. They are the perfect venues to learn and find out which strategy best suits their business or the industry where they belong. Most importantly, this learning media will equip them with more than the basic knowledge of customer satisfaction, complaint handling and service recovery.

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