Customer Forgiveness Following Service Failure and Recovery

Wenting Zhang
University College London
Cheng Wang
Xi'an Jiaotong-Liverpool University

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Abstract

Service failure is inevitable, and all service firms face the risk of upsetting their customers. Thus, effective recovery is crucial to alleviating the negative effects of service failure. Prior research typically focuses on customer satisfaction and retention when examining service recovery effectiveness. However, forgiveness as an immediate, direct customer response is overlooked. Hence, this study investigates customer forgiveness following different service failures and recoveries. A 2 (failure types: outcome failure, process failure) ×3 (recovery strategies: compensation, apology, speedy response) experiment was conducted in a hotel service context in China. The results show that compensation and speedy response lead to higher forgiveness for outcome failure, whereas apology is more effective for process failure. This provides managers with insights into winning customer forgiveness in the moment of truth by offering appropriate recovery strategies for different service failures.

Keywords: *Customer Forgiveness; Service Failure; Service Recovery*

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