



Article Title

The Effect of Recovery Locus Attributions and Service Failure Severity on Word-of-Mouth and Repurchase Behaviors in the Hospitality Industry [Summary]

Citation

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Abstract

Based on a survey of 377 American hospitality customers, this study examines the effect of recovery locus attributions and service failure severity on customer word-of-mouth and repurchase behaviors. Findings indicate that for satisfactory recoveries attributed to a hospitality firm, relative to employee or customer attributions, the customer is more likely to discuss the encounter, share information with a wider social network, and both convince others to use the service provider and to have repatronized the firm. The results also suggest that the more severe the initial failure, the greater the likelihood that a critical incident had been discussed with a wider social network and the greater the likelihood of warning and convincing others to not patronize the hospitality organization. For unsuccessful (i.e., dissatisfactory) hospitality-based recovery attempts, the recovery locus attribution was not significantly associated with the word-of-mouth and repurchase behaviors investigated in this study.

Summary:

Hospitality-based organizations seek defect-free customer interactions but recognize the inevitability of failure. As such, it is critical to identify customers' perceptions of failed encounters and identify recovery strategies and methods to manage these failures and related loss of customers and negative WOM. The study suggests that the agent a customer perceives to be responsible for the recovery effort is related to the customer's subsequent behavior. When a customer attributes satisfactory recovery to the hospitality firm, he or she is more likely to discuss that encounter

with a wider social network and give more positive recommendations than if he or she attributes the recovery to an employee or to the self. Effectively addressing the initial failure by the firm, as perceived by the customer, likely builds trust and reinforces perceived reliability. Most service firms realize that customer satisfaction can lead to positive behavioral intentions (e.g., loyalty), but they may not recognize the importance of being a “first mover” in correcting service failures. As service failures are inevitable, our findings offer a powerful reason for the hospitality firm taking active responsibility to resolve problems and communicating the primary role of firm policy in the recovery process.

Finally, customer behavioral responses are found to be more negative when the magnitude of the initial service failure is high. In particular, customers are more likely to discuss an incident with a wider social network and are more likely to warn and convince others not to use the hospitality provider, as a service failure is perceived to increase in severity. These findings are consistent with the notion that the level of customer satisfaction is related to the magnitude of the failure (Hoffman, Kelley, & Rotalsky, 1995). To hospitality managers, these findings suggest that it is important to conduct research to clearly identify how customers perceive the severity of different failure types. Armed with information regarding failure types and related severity, the hospitality manager may be able to put processes in place that minimize the occurrence of these failure types. The findings related to the perceived magnitude of a service failure also reinforces the importance of contact employee training for hospitality professionals. Firms should train their employees to be empathetic, be good listeners, and empower experienced employees to carry out the service recovery plan when service failure occurs.

Conclusion

Finally, as cultural factors affect consumer expectations (Kanousi, 2005), attributions (Mattila & Patterson, 2004), and customer response to service failures (Lee & Sparks, 2007), it would be of value to study the effect of recovery locus attributions and service failure severity on WOM and repurchase behaviors in a cross-cultural context. Mattila and Ro (2008a) go so far as to state that “there is a dire need for more cross-cultural research in both satisfaction and service recovery” (p. 312). Insights on how consumers with different cultural backgrounds respond to a service organization’s failure and recovery could help multinational hospitality firms better manage service encounters.