Chapter 5

A Theoretical and Empirical Investigation into Service Failure and Service Recovery in the Restaurant Industry

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ABSTRACT

Despite organizations' best intentions to achieve zero defect service environments, this objective is unlikely due to the multi-dimensional nature of service encounters. Organizations should therefore provide effective service recovery in the event of service failures. This chapter theoretically and empirically considers service quality, service failures, and service recovery among South African restaurant patrons and compares findings to similar studies among United States and Irish restaurant patrons. Despite experiencing a service failure, most restaurant patrons would support the restaurant again in the future provided that service recovery was effective. Even a simple apology may rectify customer satisfaction and lead to customer retention.

INTRODUCTION AND CONTEXT

It has been suggested that higher levels of service quality lead to higher levels of customer satisfaction, which ultimately leads to increased repeat business (Chow, Lau, Lo, Sha, & Yun, 2007).

Businesses should therefore try to maintain high levels of service quality, as poor service would reduce the probability of repeat business (Cranage & Sujan, 2004). However, despite service organizations' best intentions to achieve 100% customer satisfaction, it is unlikely that this objective can be achieved due to the multi-dimensional nature

of service encounters (Mattila & Patterson, 2004; Mueller, Palmer, Mack, & McMullan, 2003). Achieving a service environment with zero defects is therefore difficult, perhaps even impossible (Sparks & Fredline, 2007).

Although it is important for businesses to strive towards reducing the number of service failures, it is necessary to investigate the best service recovery methods (Sparks & Fredline, 2007) as ineffective service recovery implies that the customer has been let down for a second time (Lewis & McCann, 2004). Poor service recovery efforts could therefore lead to customers defecting to a competitor, losing confidence in the business, spreading negative word-of-mouth and a breakdown in the relationship with the business (Lewis & McCann, 2004).

Restaurants in particular should strive to offer customers quality service. Such service should be backed up by effective service recovery in the event of a service failure. This is because it is extremely difficult for restaurants to sustain a competitive advantage (Enz, 2008) in an ever-increasingly competitive restaurant industry (Ladhari, Brun, & Morales, 2008). Service failure is actually non negotiable in an industry where the growth in the number of restaurants surpasses demand (Dutta, Venkatesh, & Parsa, 2007). Concomitantly, successful established restaurants face increasing challenges. The challenges may be from competitors or start-up restaurants who will attempt to imitate elements of good practice. Such imitation by these restaurants is mainly intended to increase their success rates (Hajar & Burt, 2010).

The purpose of this chapter is to twofold, namely to discuss relevant theoretical constructs and testing these constructs empirically. The theoretical concepts pertaining to service quality, service failures and service recovery are first discussed. The theoretical constructs are then empirically tested among South African restaurant patrons. These results are finally compared to the findings from a similar study by Mueller, Palmer, Mack & McMullan(2003) among United

States (US) and Irish restaurant patrons to test the applicability of some of the constructs associated with service failure and service recovery across different countries.

THEORETICAL OVERVIEW

A number of theoretical constructs should be considered when studying service failures and service recovery as these two constructs cannot be viewed in isolation. This chapter will provide a brief overview of some of these constructs by specifically applying the theory to the restaurant industry due to its relevance in the empirical study.

Service Quality

The concept of service quality and its importance in the service industry has become widespread in services marketing literature. Service quality can be defined as the difference between the expectations customers have of the service they are procuring and their perception of actual performance when the service is delivered (Boshoff & du Plessis, 2009). Customers dining at restaurants would therefore perceive service quality in terms of how they evaluate the overall service offered by the restaurant. Elements that customers could consider when evaluating the quality of services provided in restaurants would therefore include, among others, the quality of the food, employees' behavior towards customers, cleanliness of the restaurant, value provided, price, variety offered, décor and atmosphere.

Ensuring optimal service quality is essential for businesses to remain competitive, and in particular the restaurant industry, which has been faced with increased competition in the last twenty years (Silber, Israeli, Bustin, & Zvi, 2009). Offering quality services that satisfy customer needs and meet their expectations can aid in building relationships with customers, thereby possibly contributing to greater

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