

The influence of service failure and service recovery on airline passengers' relationships with domestic airlines: an exploratory study

P.G. Mostert, C.F. De Meyer &
L.R.J. van Rensburg

ABSTRACT

Service failures and the subsequent service recovery efforts of an organisation can have a profound effect on customers' satisfaction with an organisation as well as on the quality of the relationship with the organisation, despite other efforts by the organisation to build long-term relationships with its customers. Airlines in particular are faced with several challenges affecting their survival, and one such challenge is the fact that they are particularly susceptible to service failures. This study investigates the effect of service failures and an airline's service recovery efforts on their customer relationships and future patronage of the airline. Data were collected from passengers flying with South African domestic passenger airlines departing from OR Tambo International Airport. The findings indicate that customer satisfaction with an airline's service recovery efforts significantly influences their relationship with the airline as well as their future patronage of the airline. Dissatisfied respondents indicated that their relationship with the airline was weakened or broken and that they would fly less frequently or never again with the airline following the service failure. Satisfied respondents' relationships with the airline were unchanged or strengthened, and they flew with the airline all the time or as frequently as before the service failure.

Key words: relationship marketing, service failure, service recovery, customer retention, customer defection, South African airline industry, airline passengers

Prof. P.G. Mostert is an Associate Professor, Dr C.F. De Meyer is a Senior Lecturer and Prof. L.R.J. van Rensburg is a Professor in the School of Business Management, North-West University (Potchefstroom Campus).
E-mail: Pierre.Mostert@nwu.ac.za

Introduction

Although the characteristics of airline services have lent themselves to a relationship marketing approach, many of the customer-related efforts of airlines centre around loyalty programmes that aim to increase short-term sales instead of focusing on long-term quality relationships between the airline and its customers (Bejou & Palmer 1998: 7). The logic of such a short-term perspective is questionable when considering the number of challenges facing the airline industry, including intense competition; the fact that the demand for air transport has decreased during the past few years due to a global economic decline (Fodness & Murray 2007: 493); lower profitability in the industry (the world's airlines cumulatively lost \$43 billion between 2001 and 2005 – Anon 2006: 33); the rising price of oil (accounting for approximately 15% of an airline's costs; oil costs for the industry, which surged to \$97 billion in 2005 at an average price of \$57 per barrel of oil – Anon 2006: 33); the reality that supply far exceeds demand, and demand fluctuates by season, day of the week and time of the day (Tiernan, Rhoades & Waguespack 2008: 213; Anon. 2006: 33).

It therefore stands to reason that airlines should build relationships with their customers and retain them to increase profitability over the longer term. In order to do so, airlines must find ways to deliver their services more satisfactorily than those of their competitors (Nadiri, Hussain, Ekiz & Erdoğan 2008: 266).

These complexities in the airline industry probably contributed to airlines being some of the early adopters of relationship marketing strategies (Bejou & Palmer 1998: 7). Torres and Kline (2006: 293) state that a relationship marketing approach suggests that building long-term relationships with customers is a source of profitability for the organisation, as costs can be reduced by offering customers delight and retaining them, rather than continuously acquiring new customers. Cheng, Chen and Chang (2008: 490, 496) suggest that airlines face a very specific problem that could influence their relationships with customers, namely that they offer multiple opportunities for mistakes to occur during service delivery and are therefore particularly prone to service failures, and many internal mistakes or external disruptions could cause customers to experience service failures. It is specifically the response to a service failure (service recovery) that could give airlines a competitive advantage, as an organisation's response to a service failure could either restore customer satisfaction and reinforce loyalty, or aggravate the situation by driving the customer to a competitor. It is therefore important for organisations to understand how customers respond to service failures and how service recovery influences their relationship with the organisation (Bejou & Palmer 1998: 18; Schoefer & Diamantopoulos 2008: 66; Smith, Bolton & Wagner 1999: 356). Although service

recovery efforts hold the potential to satisfy customers, increase their loyalty and retain them, few organisations have the necessary strategies in place to recover from such failures (Boshoff & Staude 2003: 9–10).

The focus of the current article is to determine the influence of an airline's service recovery efforts on their customer relationships, and also to establish the effect of the service recovery effort on future patronage of the airline.

Theoretical background

Relationship marketing

Relationship marketing refers to efforts by organisations to retain customers by building and maintaining long-term relationships with them (Christopher, Payne & Ballantyne 2002: 4; Torres & Kline 2006: 293). Relationship marketing therefore focuses on customer retention by developing and maintaining customer relationships over the lifetime of the customer rather than focusing on attracting new customers (Zineldin & Philipson 2007: 230).

The importance of relationship marketing is highlighted by the fact that building relationships with customers and retaining them can contribute to the success of the organisation (Patterson, Cowley & Prasongsukarn 2006: 263), since the length of the customer relationship influences the organisation's profitability (Buckinx & Van den Poel 2005: 253). This gives rise to the notion that repeat business can be regarded as the lifeblood of the organisation (Zineldin & Philipson 2007: 230).

Relationship marketing should form the foundation of an organisation's efforts in building and improving relationships with customers, since the ability of the organisation to build positive long-term relationships with customers leads to long-term success (Claycomb & Martin 2001: 385, 396; Gilpin 1996: 148). Indeed, it is this ability to build relationships with and retain customers that has become a key factor for many organisations (Nasir & Nasir 2005: 37), and that probably offers them a competitive advantage.

Once organisations have formed relationships with their customers, they must consider their customer retention efforts to keep these customers.

Customer retention

Customer retention refers to the way in which organisations focus their efforts on existing customers (Hoffman, Kelley & Chung 2003: 339) in an effort to continue doing business with particular customers in the future (Murphy, Burton, Gleaves & Kitshoff 2006: 60, 144).

The importance of focusing on customer retention is based on the principle that it is easier and considerably less expensive to retain a customer than to continuously attempt to acquire new customers (Kim & Cha 2002: 322; Magnini & Ford 2004: 280; Murphy 2001: 1–2; Rosenburg & Czepiel 1983: 45). In addition, Chi and Qu (2008: 624) propound that customer retention is of such significance that it can be directly linked to an organisation's bottom line.

Customer retention holds both economic and non-economic benefits for the organisation. Economic benefits include that it is possible to forecast customers' future purchases; sales, marketing and the acquisition costs of customers can be reduced; satisfied customers may be willing to pay premium prices and often make referrals to others; and 'per customer' income is likely to grow as customers are likely to increase their spending with the organisation as the relationship grows (DeSouza 1992: 24; Kassim & Souiden 2007: 218; Payne 1993: 230–231; Reichheld 1996: 57; Rosenburg & Czepiel 1983: 45). Non-economic benefits include the willingness of customers to work with the organisation to improve product and service offerings as well as the formation of relationships with other partners, such as employees and suppliers (Ahmad & Buttle 2001: 36).

DeSouza (1992: 24) suggests that although many organisations understand the benefits associated with customer retention, this principle tends to be ignored during strategy development, since emphasis is often placed on customer acquisition rather than retention (Christopher et al. 2002: 59). By focusing on customer acquisition instead of customer retention, organisations will not be attentive to customer defections (customers forsaking one organisation for another) (see Garland 2002: 318). Considering the benefits of customer retention, it stands to reason that organisations should attempt to hold on to their customers and to pay greater attention to customer defections.

Causes for defection

According to DeSouza (1992: 25–26), organisations can gain valuable information as to the reasons why customers defect by interviewing customers who have defected. By understanding why customers defect, organisations can implement strategies to address shortcomings in an effort to retain customers.

Customers defect to competitors for a number of reasons (DeSouza 1992: 25–26), including: product reasons – customers could obtain a better quality product from a competitor and would therefore perceive the competitor product as being superior; market reasons – customers could leave the market and are therefore lost to the organisation and its competitors; technology reasons – customers may defect

to product offerings outside the industry by discovering products or technologies that can better satisfy their needs; organisational reasons – customers could defect for internal or political reasons; price reasons – customers may defect to competitors offering lower prices and would usually defect as soon as they can obtain better prices elsewhere (Martin-Consuegra, Molina & Esteban 2007: 461); and service reasons – customers could defect due to poor service from the organisation (Seawright, DeTienne, Bernhisel & Hoopes Larson 2008: 253).

By noting the reasons why customers defect, organisations are in a position to draft strategies to combat customer defections. By providing the highest levels of customer satisfaction through service delivery, organisations could attain high levels of customer retention (Jones, Mothersbaugh & Beatty 2003: 708). Despite the best efforts of organisations to deliver satisfactory service, service failures do occur and, if not properly addressed, could cause customers to defect to competitors. This article will focus on customer defection for service reasons, and specifically due to the experience of a service failure.

Service failure

From a customer's perspective, a service failure refers to a real or perceived service-related problem, or where something has gone wrong in dealing with an organisation (Palmer 2001: 74, 492; Maxham 2001: 11). The customer's expectations of the service encounter are therefore not met by the organisation (Chan & Wan 2008: 775), and the customer could even perceive a loss as a result of the failure (Patterson et al. 2006: 264).

Mattila and Cranage (2005: 271) and La and Kandampully (2004: 390) suggest that although customers and organisations increasingly seek a flawless delivery of core and supplementary services, this is virtually impossible in a service setting due to human involvement in service production and consumption. In addition, the inseparable and intangible nature of services also gives rise to service failures (Palmer, Beggs & Keown-McMullan 2000: 513).

Bejou and Palmer (1998: 8) explain that the airline industry is especially prone to service failures due to the service processes employed in service delivery. Although airline passengers may hold certain expectations prior to their impending travel (Coye 2004: 60), research indicates a number of causes leading to service failures in the airline industry, including flight cancellations, diversions or delays, attitudes of ground and cabin staff, strikes, reservation problems and overbooking of flights (Bamford & Xystouri 2005: 314).

A service failure not only impacts negatively on customers' confidence in an organisation (Cranage 2004: 210), but it could also result in their defecting from the

organisation. Organisations should therefore identify the probable failure points as well as methods aimed at preventing failures from reoccurring (Cranage 2004: 211).

Although it is highly unlikely that organisations can eliminate service failures, they can learn to deal with these failures effectively (through service recovery) in an attempt to maintain and even enhance customer satisfaction (Bamford & Xystouri 2005: 307; Maxham 2001: 11; Miller, Craighead & Karwan 2000: 387).

Service recovery

Service recovery refers to those actions taken by an organisation in response to a service failure (Grönroos 1990: 7) in order to change customers' dissatisfaction to satisfaction (Bell 1994: 49) and ultimately to retain those customers (Miller et al. 2000: 388). Management should support service recovery in the organisation, since poor or ineffective service recovery implies that the customer is let down for a second time. This could result in customers spreading negative word-of-mouth communication, defecting from the organisation for a competitor (Lewis & McCann 2004: 8), or rating organisations lower than they would have immediately after experiencing the failure (Maxham 2001: 12).

Despite the possible consequences of a service failure, the outcome does not necessarily have to be negative. Magnini, Ford, Markowski and Honeycutt (2007: 213) and Ngai, Heung, Wong and Chan (2007: 1388) suggest that an effective service recovery could result in a win-win situation for the customer and the organisation. Torres and Kline (2006: 294), Magnini and Ford (2004: 279) and Miller et al. (2000: 387) explain that well-executed service recovery could enhance customer satisfaction and loyalty; may have a direct influence on whether dissatisfied customers remain with or defect from an organisation (Yuksel, Kilinc & Yuksel 2006: 12); and could also lead to a higher level of satisfaction than the customer would have experienced if the service failure had not occurred (Baron & Harris 2003: 64; Lorenzoni & Lewis 2004: 12; Schoefer 2008: 216). Service recovery could therefore possibly be seen as equal to, if not more important than, initially providing good service (Eccles & Durand 1998: 68).

Literature suggests a number of strategies that organisations can implement to achieve successful service recovery, including: recovering the service failure immediately or offering customers alternative options that will meet their requirements; communicating with customers who are experiencing service failures (including providing feedback and offering an explanation for the reasons for the service failure); and ensuring that service recovery personnel are professional in their actions (La & Kandampully 2004: 394; Boshoff & Staude 2003: 11). Organisations

should also provide an apology for the service failure and consider presenting customers with some form of tangible compensation, for example, offering discounts or vouchers (Boshoff & Leong 1998: 40–42; Mattila & Cranage 2005: 276; Smith et al. 1999: 356). Since the success of the service recovery will largely rest on the actions, decision-making skills and judgement of employees, Magnini et al. (2007: 221); La and Kandampully (2004: 392) and Boshoff and Leong (1998: 40) recommend that employees must be trained and empowered to deal with the service failure effectively. Magnini and Ford (2004: 281) suggest that service recovery training should include the following: assuring customers who have experienced a service failure; managing employees' emotional response to these customers; employee empowerment; and paying attention to how employee satisfaction can be enhanced through effective service recovery.

Service recovery is especially relevant in the airline industry, as airlines will, by effectively recovering from service failures, minimise customer defections and strengthen relationships with their customers (Christopher et al. 2002: 60).

Problem statement, objectives and research hypotheses

Service failures are likely to occur in any organisation, possibly leading to dissatisfied customers. Organisations can, however, attempt to maintain and even enhance customer satisfaction by recovering from service failures effectively. Although service failure and recovery have received considerable research attention, no studies could be found that considered the effect of a service failure on South African airlines' customer relationships or customers' subsequent patronage following service recovery efforts by the airlines. The airline industry was chosen for the study, as this industry is ideally suited to measuring the effects of service failures for a number of reasons, including the fact that it fulfils the criteria for services of inseparability, intangibility, perishability and heterogeneity;¹ there is a high degree of interaction between the service provider and the customer (which allows for the occurrence of service failures); and deregulation in the airline industry has increased its competitiveness (Lorenzoni & Lewis 2004: 14).

The objectives of this article are therefore:

- To determine the effect of airlines' service recovery efforts on customers' relationships with the airlines
- To establish whether the service recovery efforts by the airlines have influenced the number of times customers have flown with the airline following the airline's service failure.

Considering the problem statement, objectives and literature review, the following hypotheses are set:

- H₀1: Passengers' satisfaction or dissatisfaction with the airline's service recovery efforts does not significantly influence their relationship with the airline.
- H₀2: Passengers' satisfaction or dissatisfaction with the airline's service recovery efforts does not significantly influence how often they have flown with the airline following the service failure.

The alternative hypotheses are two-sided in both instances.

Research methodology

Sample

A non-probability convenience sampling method was used to survey passengers of domestic airlines in South Africa. A self-administered questionnaire was randomly distributed by trained fieldworkers to passengers at the check-in counters of the various domestic airlines at OR Tambo International Airport. The fieldwork was conducted over a period of two weeks outside school holidays to ensure that the data would not be skewed by holidaymakers. Questionnaires were distributed during the early morning, late morning, afternoon and early evening to ensure that a variety of respondents completed the questionnaire and to accommodate the departure times of different airlines. Although the sample consisted of 324 respondents, this article focuses on only 71 respondents who had experienced a service failure with the domestic airline.

Measuring instrument

Self-administered questionnaires were chosen due to their cost-effectiveness (Struwig & Stead 2001: 86–88) and because they offer respondents greater anonymity, thereby encouraging the respondent to disclose feelings and attitudes more readily (Cooper & Schindler 2003: 341). The questionnaire comprised six sections. Section A consisted of a number of screening questions. Section B dealt with service failures and service recovery, while section C determined the importance of, and satisfaction with, the various services provided by airlines. Sections D and E considered respondents' relationships with and loyalty towards the airline. Section F was devoted to capturing demographic information. In order to ensure that there

were no errors in the questionnaire and to prevent misinterpretation of questions (Trochim & Donnelly 2006: 119–120), the questionnaire was pre-tested on 30 respondents who had flown with a domestic airline more than once in the past year.

Data analysis

The hypotheses set for this article were tested by determining whether associations exist between respondents' satisfaction or dissatisfaction with the airline's service recovery efforts and their relationships with the airlines as well as their future patronage of the airline. By cross-tabulating the variables, the Pearson's chi-square statistic was used to determine whether calculated values were statistically significant (Reid 1987: 113). In all tables, the expected frequencies were >5 for chi-square tests. For the purposes of this study, a p -value of ≤ 0.05 will be regarded as indicative of statistical significance. Although statistical significance shows whether statistical differences exist between variables, it does not indicate the strength of the significance. It was therefore decided, in conjunction with the chi-square statistic, to calculate the w -value (effect size for associations) to determine whether practical associations exist between variables. Steyn (1999: i) and Bagozzi (1994: 248) explain that practical significance measures the strength of the significance of values that cannot be measured by statistical significance and provides the researcher with the ability to judge the practical importance of an effect or result. Steyn (1999: 8) suggests the following guidelines for interpreting effect sizes (w -value) as indicated by the phi-coefficient in two-way frequency tables:

$w = 0.1$: small effect,

$w = 0.3$: medium effect, and

$w = 0.5$: large effect which is practically significant, indicating an association between variables observed.

Results

Sample profile

A total of 324 (or 80%) of the 405 distributed questionnaires were sufficiently completed and returned by respondents. The main reason for incomplete questionnaires was that respondents had to board their flight. Respondents who participated in the study flew with South African Airways (33.3%), Kulula.com (21%), Nationwide (15.4%), Mango (14.5%), 1-Time (7.4%), South African Express (5.9%) or South African Airlink (2.5%). It should be noted that the results from

passengers flying with Nationwide (which ceased its operations in April 2008) were retained, as the airline was still operational at the time of the study.

Seventy-one respondents (21.9%) indicated that they had experienced a service failure with a domestic airline. These respondents were slightly biased towards males (59.2%), while their ages varied between 20–30 years (28.2%), 31–40 years (25.4%), 41–50 years (25.4%) and 51–60 years (19.7%). These respondents usually travel for business (59.2%) or leisure (36.7%) purposes, and typically fly alone (59.2%), with family (26.8%) or with colleagues (12.7%). The majority of respondents indicated that in the 12 months preceding the study, they had flown three to six times (54.9%) or seven to 12 times (28.2%) with the domestic airline that they most often use.

Reason for service failure and airline’s response

Respondents who experienced a service failure with a domestic airline were asked to describe in their own words the nature of the service failure. These responses are shown in Table 1.

Table 1: Nature of service failure

Nature of service failure	n	%
Delayed flight	44	62.0
Poor service	12	16.9
Lost luggage	8	11.3
Technical problems	7	9.9
Total	71	100.1

The majority of respondents (62%) attributed a delayed flight as the reason for the service failure they experienced. These results correspond with those of Bamford and Xystouri (2005: 314), who found that 62.53% of passengers complained about flight cancellations, diversion of flights or delays as reasons for service failure.

Respondents who experienced a service failure with a domestic airline were asked to explain what the airline had done to solve the problem or rectify the mistake (Table 2) and to indicate whether they were satisfied with the response to the failure.

It can be seen from Table 2 that the majority of respondents indicated that the airline had done nothing to rectify the service failure (57.7%). It was therefore not surprising that 68% of respondents indicated that they were dissatisfied with the airline’s response. Respondents were furthermore asked to describe in their own

Table 2: Airline's response to service failure

Airline's response to service failure	n	%
Airline did nothing	41	57.7
Offered discounts or vouchers for a next flight	15	21.1
Booked on next flight	7	9.9
Apologised for the failure	6	8.5
Delivered luggage at home	2	2.8
Total	71	100.0

words what the airline had done, or should have done, in response to the service failure. Table 3a lists the reasons given by respondents who experienced a service failure with a domestic airline that was satisfactorily resolved by the airline as to why they were satisfied with the airline's response. Table 3b lists the views expressed by respondents who experienced a service failure with a domestic airline that was not satisfactorily resolved by the airline as to what they thought the airline should have done to rectify the failure.

Table 3: What airline did or should have done to rectify service failure

a. Reason for satisfaction	n	%	b. What airline should have done	n	%
Kept me informed by giving explanation for service failure	11	47.8	Keep me informed and apologise	25	51.1
Professional and friendly staff	8	34.8	Offer better service	15	31.9
Put me on the next flight	2	8.7	Offer discounts	6	12.8
Provided me with vouchers	2	8.7	Put me on the next flight	2	4.2
Total	23	100.0		48	100.0

An interesting observation from Table 3 is that respondents who were dissatisfied with the airline's response listed similar expected responses from the airline to those listed by satisfied respondents who indicated how the airlines had responded to the failure. The majority of dissatisfied respondents (51.1%) expected that the airline should simply have kept them informed and should have apologised, while the majority of satisfied respondents (47.8%) listed a similar reason ('kept me informed by giving explanation for service failure') for

their satisfaction. Very few dissatisfied respondents (six respondents, or 12.8%) expected discounts, while only two satisfied respondents (8.7%) expressed a monetary response (namely, vouchers) as the reason for their satisfaction.

Effect of service recovery on respondents' relationships with the airline

Respondents who experienced a service failure with a domestic airline were asked to categorise the effect of the response of the airline to the service failure on their relationship with the airline. The results are shown in Table 4.

Table 4: Effect of response to service failure on relationship with the airline

Effect on relationship	n	%
Broken	10	14.1
Weakened	37	52.1
Unchanged	21	29.6
Strengthened	3	4.2
Total	71	100.0

The majority of respondents (66.2%) indicated that the response of the airline to the service failure either weakened (52.1%) or broke (14.1%) their relationship with the airline, while only three respondents (4.2%) indicated that their relationship was strengthened.

Table 5 shows the results of a cross-tabulation between respondents' satisfaction with the airline's service recovery efforts and the effect thereof on their relationship with the airline (see Tables 5a and 5b in the Annexure for a detailed exposition of statistical values).

Table 5: A cross-tabulation of respondents' satisfaction with airline's service recovery efforts and the effect on their relationship with the airline

		Effect on relationship		Total
		Broken or weakened	Unchanged or strengthened	
Satisfaction with airlines' response to service failure	Satisfied	6 26.1%	17 73.9%	23 100%
	Dissatisfied	41 85.4%	7 14.6%	48 100%
Total		47 62.2%	24 33.8%	71 100%

From the cross-tabulation, it can be determined that respondents who were dissatisfied with the airline's response were of the opinion that their relationship with the airline was weakened or broken (85.4%), whereas satisfied respondents felt that the relationship was either unchanged or strengthened (73.9%). A chi-square test was performed to determine whether a statistically significant association exists between respondents' satisfaction with the airline's service recovery efforts and their relationship with the airline. The test realised an exceedence probability of $p < 0.001$, indicating a statistically significant association between the variables. The realised effect size ($w = 0.54$) indicates a practically significant association between the variables. Hypothesis 1 should therefore be rejected, since passengers' satisfaction or dissatisfaction with the airline's service recovery efforts significantly influences their relationship with the airline.

Effect of service recovery on the number of times respondents have flown with the airline following the service failure

Respondents who experienced a service failure with a domestic airline were asked to indicate how often they had flown with the airline following the service failure (Table 6).

Table 6: How often respondents have flown with the airline following the service failure

How often flown with airline following service failure	n	%
Never again	10	14.1
Less than before - avoid the airline if possible	30	42.3
The same as before	28	39.4
More than before - fly with the airline whenever possible	0	0.0
All the time	3	4.2

The majority of respondents (56.4%) indicated that they had flown less than before with the airline (42.3%) or that they had never again flown with the airline (14.1%) following the service failure. None of the respondents indicated that they fly with the airline more than before, while three respondents (4.2%) indicated that they fly with the airline all the time, and 39.4% that they have flown with the same frequency as before the service failure. Table 7 shows the results of a cross-tabulation between respondents' satisfaction with the airline's service recovery efforts and how often they have flown with the airline following the service failure (see Tables 7a and 7b in the Annexure for a detailed exposition of statistical values).

Table 7: A cross-tabulation of respondents' satisfaction with the airline's service recovery efforts and how often they have flown with the airline following the service failure

		How often flown with the airline following the service failure		Total
		Never or less often than before	Same as before or all the time	
Satisfaction with airlines' response to service failure	Satisfied	4 17.4%	19 82.6%	23 100%
	Dissatisfied	36 75.0%	12 25.0%	48 100%
Total		40 56.3%	31 43.7%	71 100%

From the cross-tabulation, it can be determined that respondents who were dissatisfied with the airline's response were more inclined to have flown less than before or never to have flown again with the airline (75%), whereas satisfied respondents fly with the airline with the same frequency as before or all the time (82.6%). A chi-square test was performed to determine whether a statistically significant association exists between respondents' satisfaction with the airline's service recovery efforts and how often they have flown with the airline following the service failure. The test realised an exceedence probability of $p < 0.001$, indicating a statistically significant association between the variables. The realised effect size ($w = 0.59$) indicates a practically significant association between the variables. Hypothesis 2 should therefore be rejected, as passengers' satisfaction or dissatisfaction with the airline's service recovery efforts significantly influences how often they have flown with the airline following the service failure.

Conclusions and recommendations

From the literature review, it was established that organisations can use a number of strategies to recover from service failures, including communicating with customers to provide feedback and offer an explanation for the failure (Boshoff & Staude 2003: 11; La & Kandampully 2004: 394) and that the organisation should apologise for the failure (Boshoff & Leong 1998: 40–42; Mattila & Cranage 2005: 276; Smith et al. 1999: 356). The findings of this study support these service recovery strategies in that the majority of respondents who were satisfied with the airline's response listed the fact that the airline kept them informed by giving an explanation for the

service failure as the reason for their satisfaction, while the majority of respondents who were dissatisfied with the airline's response expected the airline to keep them informed and to apologise for the service failure.

An alarming finding of this study is that, despite some recovery efforts by airlines, the majority of respondents who experienced a service failure with a domestic airline (57.7%) indicated that the airline did nothing to recover from the failure. This lack of response (together with an unsatisfactory response) was probably the reason why 68% of respondents indicated that they were dissatisfied with the airline's response to the service failure. This finding is similar to that of a study in the hotel industry, where only 40% of guests reported that the hotel had offered them service recovery, suggesting that hotels are not doing enough to resolve service failures (Lewis & McCann 2004: 15).

The effect of the airline's response (or lack thereof) to the service failure resulted in the majority of respondents (66.2%) indicating that in their view, their relationship with the airline was either weakened (52.1%) or broken (14.1%). It was furthermore found that respondents' satisfaction with the service recovery efforts of the airline significantly influenced their relationship with the airline. Respondents who were dissatisfied with the service recovery indicated that their relationship with the airline was either weakened or broken, while satisfied respondents felt that their relationship was unchanged or even strengthened. Airlines should therefore take note of the fact that not offering (or offering inadequate) service recovery could result in broken or weakened relationships with customers. However, providing adequate service recovery will at least ensure that relationships with customers are not changed or may even contribute to the relationship being strengthened.

Considering the effect of the airline's service recovery (or lack thereof) on customers' future patronage of the airline, it was found that most respondents either flew less than before with the airline (42.1%) or had never flown with the airline again (14.1%). When considering the respondents' satisfaction with the service recovery and the number of times they had flown with the airline following the service failure, it could be concluded that their satisfaction with the recovery effort significantly influenced their subsequent use of the airline. Respondents who were dissatisfied with the service recovery tended to fly less frequently or had never again flown with the airline, whereas respondents who were satisfied with the service recovery would fly as often as before or all the time with the airline. Similarly, Lewis and McCann (2004: 13) found that guests who were satisfied with hotels' service recovery efforts were more likely than dissatisfied guests to express an intention to return and stay at the hotel again. Wirtz and Mattila (2004: 161) support these findings, noting that customers' satisfaction with service recovery influences post-

recovery behaviour, including their intention to re-purchase from the organisation. Considering the findings of this study, airlines should thus recognise that the way in which they deal with service failures influences the future spending of customers with the airline.

It can therefore be recommended that airlines should ensure that they have service recovery strategies in place, as service failures are very likely to occur in the airline industry. By failing to adequately address service failures, airlines may damage their relationships with their customers, possibly leading to customers defecting to competitor airlines. This could potentially result in customers never flying with the airline again, or at best flying with the airline less frequently than before experiencing the service failure. The lack of service recovery (or inadequate service recovery) will therefore have a direct influence on the airline's profitability, since customers will not be retained, despite the airline's relationship marketing efforts. Airlines' service recovery efforts do not necessarily need to incur considerable costs, as customers may be satisfied by simply keeping them informed and explaining the reason for the failure or offering an apology for the failure. Airlines could, through effective service recovery, possibly retain their customers in their competitive industry. The findings of this study can probably also be generalised to other service industries (for example, hotels, banking and health services) that share similar characteristics with airlines.

Limitations and future research

This study is exploratory in nature, and its limitations should therefore be noted. Firstly, the researchers used a non-probability convenience sampling method, as airlines were unwilling to release their customer databases. By using this sampling method, conclusions can be drawn only from the respondents who participated in the study and not from the population at large. Secondly, the study was conducted at a single domestic airport (OR Tambo International Airport). The service recovery efforts of airlines were therefore specific to their employees at OR Tambo International Airport, ignoring possible differences between the same airlines at other airports. Finally, the sample was relatively small, as only 71 of the original 324 respondents had experienced a service failure. The sample size is therefore adequate only for exploratory analysis. A larger sample is needed to validate the findings of this study. A more extensive sample could probably have been obtained (with possibly more respondents who had experienced a service failure) if the period of the fieldwork had been extended. This was unfortunately not possible due to time and financial constraints.

Future research should note these limitations and determine whether airlines at different airports provide better service recovery efforts and what the effect of these efforts are on customers' relationships with airlines. In addition, it is suggested that the study be replicated for international passenger airlines to determine cultural influences. It is further suggested that the study be replicated in other service industries where service failures are likely to occur.

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Endnotes

These four terms are explicitly associated with services:

- Inseparability implies that the production of a service cannot be separated from the consumption thereof, i.e. a service is produced and consumed at the same time (Pride & Ferrell 2006: 365);
- Intangibility is the major service characteristic that distinguishes it from a product in that it cannot be perceived by the senses, i.e. a service is not physical (Pride & Ferrell 2006: 364);
- Perishability implies that unused service capacity cannot be stored for future use (Pride & Ferrell 2006: 366); and
- Heterogeneity suggests that services are, due to the fact that they are delivered by people, susceptible to variation in quality (Pride & Ferrell 2006: 366).

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Annexure

Annexure Table 5a: Respondents' satisfaction with airline's service recovery efforts and the effect on their relationship with the airline

Chi-square tests

	Value	df	Asymp. sig. (2-sided)
Pearson chi-square	20.979 ^a	1	.000
Likelihood ratio	22.045	1	.000
Linear-by-linear association	20.683	1	.000
N of valid cases	71		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.04.

Annexure Table 5b: Respondents' satisfaction with airline's service recovery efforts and the effect on their relationship with the airline

Symmetric measures

		Value	Approx. sig.
Nominal by nominal	Phi	-.544	.000
	Cramer's V	.544	.000
	N of valid cases	71	

Annexure Table 7a: Respondents' satisfaction with airline's service recovery efforts and how often they have flown with the airline following the service failure

Chi-square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson chi-square	24.460 ^a	1	.000
Likelihood ratio	24.558	1	.000
Linear-by-linear association	24.116	1	.000
N of valid cases	71		

^a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.77.

The influence of service failure and service recovery on airline passengers' relationships

Annexure Table 7b: Respondents' satisfaction with airline's service recovery efforts and how often they have flown with the airline following the service failure

Symmetric measures

		Value	Approx. Sig.
Nominal by nominal	Phi	-.587	.000
	Cramer's V	.587	.000
	N of valid cases	71	