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How did customers respond to online service failures and recovery strategies during the pandemic?

Dr Wilson Ozuem

Professorial Inaugural Lecture

Lecture roadmap

- Personal Journey
- Introduction
- Background and Context
- Terms of reference
- Theoretical Context
- Methodological Orientation
- Emergent Themes and conceptual framework
- Conclusion

My journey



Introduction

While the fashion industry may not be the first thing that comes to mind when one thinks of COVID-19, like so many industries, it has been significantly impacted by the global pandemic.

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- ❑ When COVID-19 hit, the impact on the fashion industry was immediate.
- ❑ Due to public health concerns and social distancing measures, within days, governments around the world demanded the closure of non-essential retail, including fashion.
- ❑ In the wake of COVID-19, we see the fashion industry's response to crisis only serving to reinforce deeply entrenched inequalities

Consumption Shifts

Between 2019 and 2021 (the peak of Covid-enforced lockdowns), retail platforms reported a surge of 22 billion visits in June up from 16 billion visits just five months earlier, in January 2021 (Statista, 2021)

Consumption Shifts

- ❑ Scholz (2020) report that e-commerce, as a share of US retail sales, increased as much in 8 weeks as it had in the previous 5 years.
- ❑ The Covid-19 pandemic has led fashion customers to be more conscious about the sustainability of the clothing industry (Rabimov, 2020)
- ❑ During the global pandemic, 83% of UK consumer were in favour of clothing items designed to last longer and clothing that is more repairable (Statista, 2020)
- ❑ Global Data Research revealed that 90% of the top ten ecommerce sites such as Amazon and Alibaba saw double-digit revenue growth. This was due to an increase in the number of people visiting online retail platforms as a result of Covid.

Background and context

- ❑ Covid-19 pandemic represents an unprecedented and unanticipated set of challenging
- ❑ Companies initiated and implemented several innovative marketing strategies;
- ❑ The combined effects of the Covid-19 outbreak have seen several fashion flagship retailers either disappear or struggle for survival

- ❑ The fashion industry has been negatively affected by the COVID-19 outbreak on every level from retailers to supply chains to vendors
- ❑ With large corporations trying to save their profits, some workers and customers have been exploited for this reason.

- ❑ Covid-19 pandemic is increasingly prompting consumers to undertake behavioral changes, such as shifting their consumption to online environments (Hennekam & Shymk)
- ❑ As fashion retailers look for innovative ideas and flexible ways to deliver sustainable customer services, service failure is becoming an increasingly important mode of customer experience (Donthu & Gustafsson, 2020)

Terms of reference

- ❑ Consumers' responses to online failure recovery differ under conditions of “mandatory domesticity and social distancing rules” when faced with threats such as Covid-19 crisis and they tend to rely on contextual rationality.
- ❑ The central importance for the current study is the broader question of whether the impact of Covid-19 leads to the emergence of new online SFR processes

Defining service failure and recovery

- ❑ A service failure is describe as service performance that fails to deliver or meet a customer's expectations
 - ❑ Failures occur in companies' core services or in services and products marketed to the customer that did not deliver as advertised or as usually performed
- ❑ Service recovery refers to actions companies and their employees perform to restore customers' losses from a failed service delivery (Hess et al., 2003)



Streams of service failure and recovery (SFR) research

Streams of Service Failure Recovery (SFR) research

- ❑ The critical effect of SFR strategies on a firm's service quality and performance (Baliga et al., 2020; Johnston and Michel (2008)
 - ❑ Economic and customer retention benefits of SFR.
 - ❑ Formal complaint management procedures, embedded in organizational structures, led to better financial performance.

Cont'd

- ❑ Dual recovery strategies that partially employ customers in firm-initiated SFR strategies (Giebelhausen et al., 2014; Umashankar et al., 2017)
 - ❑ Existing rapport increased postfailure customer satisfaction, decreased negative word of mouth.
 - ❑ Customers' direct involvement in SFR requires directly asking for input on how service failure should be addressed

Cont'd

- ❑ Customers' motivations to cocreate a SFR self-service process (Bitner et al., 2002; Dao & Theotokis, 2020).
 - ❑ It increases customers' autonomy and responsibility in SFR procedures
 - ❑ SST provides customers with information-learning benefits and some firms encourage customers to take the initiative using SST to recover from service failures on their own

Service Failure Recovery Experiences

- ❑ Double deviation scenarios represent consumption experiences where customers are doubly faced with a service failure, the initial service failure and the failed service recovery (Azemi et al 2019)
- ❑ The service recovery paradox (SRP) refers to a particular effect whereby an excellent recovery can turn angry and frustrated customers into loyal ones (Kim et al 2021)



**What does COVID-19 tell us about
the fashion industry's ability to
respond to service failure recovery?**

Theoretical Orientation

- ❑ COVID-19 has highlighted heightened SFR, making it increasingly apparent in the fashion industry
- ❑ The fashion industry, and fast fashion in particular, has a history of actively working to hide certain facets of its service provision which ultimately undermine SFR

Actor Network-Theory (ANT)

- ❑ ANT approach is conceptually useful in helping to appreciate the complexity of reality (including the complexity of organisations) and the active role of technology in this context (Creswell et al 2010)
- ❑ It provides a lens through which to view the role of technology in shaping social processes
- ❑ It is practically useful in providing a theoretically informed approach to sampling (by drawing on informants that are related to the technology in question) and analysis



Methodological Orientations

A way of seeing is a way of not
seeing (Poggi, 1965)



What paradigm of inquiry?

Constructionist Philosophical Paradigm

- ❑ Constructionists view knowledge and truth as created not discovered by the mind (Schwandt 2003) and supports the view that being a realist is not inconsistent with being a constructionist.
- ❑ Social constructionism accepts that there is an objective reality. It is concerned with how knowledge is constructed and understood.

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Fundamentally, the basis of understanding the development of knowledge involves “the lived experience in the lifeworld” (Howell, 2013, p. 62)

Sampling and Recruitment

- ❑ Purposive sampling- Individuals were selected for important information that would be unlikely to come from alternative samples (Maxwell, 2013)
- ❑ Experience and knowledge of SFR
- ❑ Non-representative sampling

Participants' profile: millennials

- ❑ The classificatory age range of millennials is overly fluid and varies from one social context to another (Dimock, 2019; Tolani et al., 2020).
- ❑ A plethora of meaningful distinctions suggests that the birth years of millennials are between 1980 and 2000 (Dimock, 2019)
- ❑ Millennials are highly networked and constantly engaged in digital systems (Melović et al., 2021)
- ❑ Millennials are experts at finding alternatives during service failures

Data Collection and Thematic Analysis

- ❑ Recruited 108 millennials
- ❑ 70 actively participated
- ❑ Age range of 18 to 39 years
- ❑ 30 individuals (10 UK, 10 France, and 10 Italy) wrote about their experiences on a daily basis for 4 weeks
- ❑ Forty participants (15 UK, 13 France, and 12 Italy) successfully completed the survey over 4 weeks

The obvious truth



SFR and COVID 19

customer experience

Emotional response

Service Failure Recovery

Social isolation

Technology as resilience

Customer Experience

The Covid-19 crisis has increased individuals' emotional responses, particularly to economic pressures, and the need to feel socially connected with organisations and other customers' following the physical restriction policies (Karpen and Conduit, 2020)

Technology as resilience

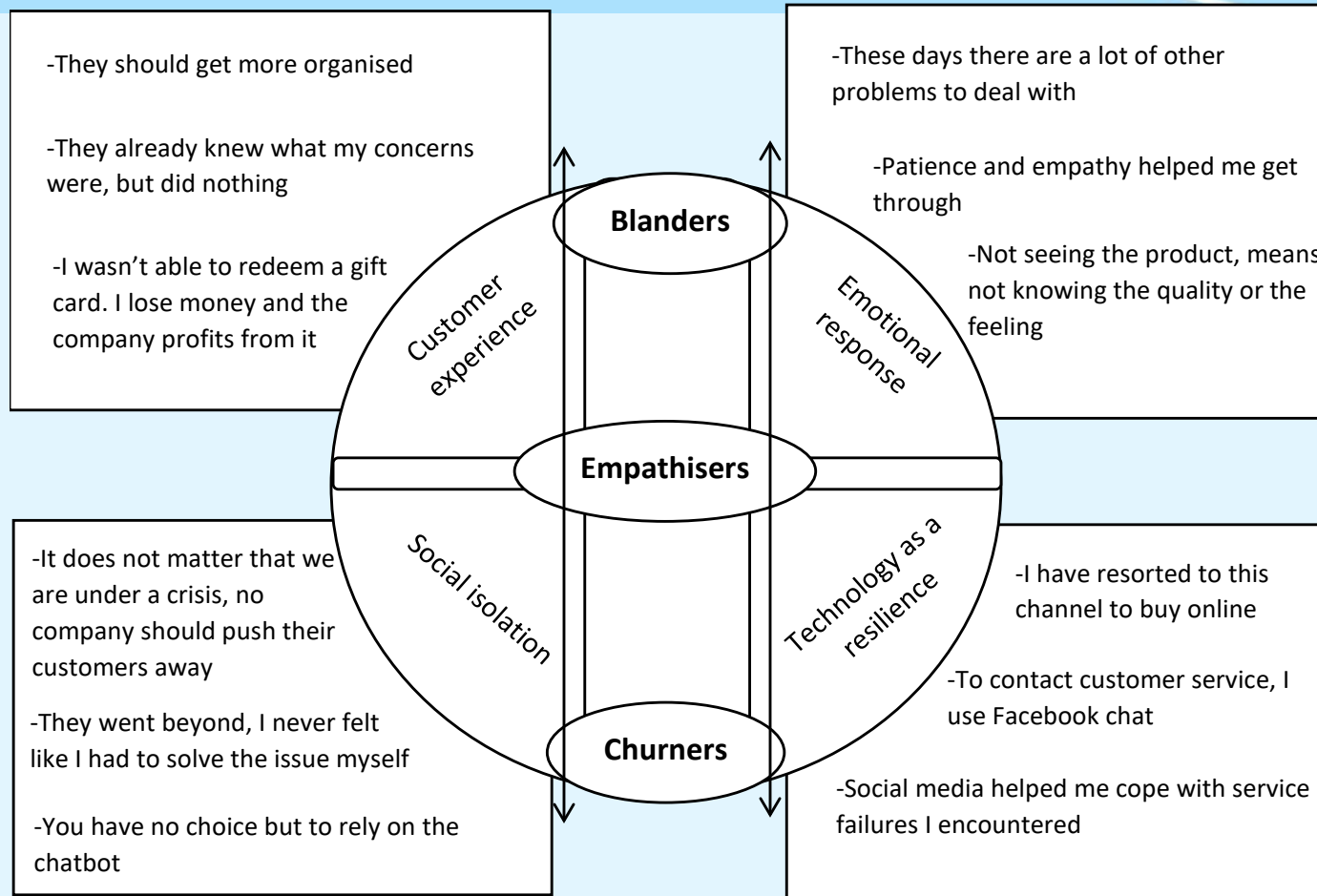
Technology helps individuals achieve focal goals like satisfaction and personal growth... there has been an increase in the usage of the internet for entertainment purposes (Beech, 2020)

Social Isolation

Loneliness and social isolation are two of the predominant outcomes of Covid-19... customers are more concerned than usual with how service problems are solved (He and Harris, 2020)

Customer Experience

Covid-19 has had a global impact on businesses... under the economic strain of Covid-19 lockdowns, several firms could not deliver their services to their full capacity (Gordon et al 2020)



Blanders, empathisers and churners (BEC) framework

BEC framework: Blanders, empathisers and churners

Blanders

- ❑ Are categorised as such because they are not easily excited or impressed with the recovery solutions offered to them following service failures
- ❑ Perceive recovery solutions as a service they expect companies to deliver
- ❑ For customer experience, blanders expect a regular service delivery, if not better

BEC framework: Blanders, empathisers and churners

Blanders

- ❑ Continued and maintained service delivery during failure and recovery influences blanders' emotional response
- ❑ With the availability of technology, blanders see no justified reason brands cannot deliver during service failure situations
- ❑ Failure to deliver customer support and recovery solutions, causes blanders to feel socially isolated and damage the brand relationship

BEC framework: Blanders, empathisers and churners

Empathisers

- ❑ Have a positive relationship with brands which they seek to continue even if they experience service failures
- ❑ Are forgiving and respond more positively to any recovery attempt companies deliver, even minor efforts
- ❑ Rarely respond negatively to brands following service failure and are unlikely to be influenced by negative reviews

BEC framework: Blanders, empathisers and churners

Empathisers

- ❑ Empathisers are experienced customers and do not hold high expectations and often empathise with the company
- ❑ Less focused on the negative outcomes and more on the efforts companies
- ❑ May also engage in social support activities by providing encouragement and assurance to other customers or service providers

BEC framework: Blanders, empathisers and churners

Churners

- ❑ The customers who will put less effort into reconciling with a brand even if recovery procedures were successful
- ❑ Have little to no emotional attachment to a brand and are prone to switching to other brands
- ❑ Do not evaluate service failure and recovery deliveries based on a relationship with the brand, but on the experience

BEC framework: Blanders, empathisers and churners

Churners

- ❑ May not necessarily feel that the service failure was severe, but will find it easier to switch to another brand
- ❑ May observe the pattern of repeated failures and how they impact the customer experience
- ❑ The least likely to remain compared to blanders and empathisers who seek to maintain positive brand relationships

Conclusion

- ❑ While customers appreciate the challenges firms face from the global pandemic;
- ❑ It is important to deliver customer service that is perceived by customers as treating them with fairness and dignity
- ❑ Such treatment will increase the likelihood of customers' forgiveness for service failure, even if the service failure was not fully resolved

Questions?

Please feel free to contact me directly
if you would like to talk about
anything:

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