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**Determinants of customers' responses to online service failure and recovery strategies during Covid-19 pandemic: the difficulties of transition**

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**Key words:** Covid-19, online service failure, recovery strategies, interviews, millennials

**Description**

*While the debate on online service failure and recovery strategies has been given considerable attention in the marketing and information systems literature, the evolving Covid-19 pandemic has brought about new challenges both theoretically and empirically in the consumption landscape. To fully understand customers' responses to service failure during a crisis we asked 70 millennials from three European Countries – Italy, France and the UK – to describe their responses to service failure during the Covid-19 pandemic (30 completed a 4-week diary and 40 completed a 4-week qualitative survey). Drawing on phenomenological, constructivist and hermeneutical approaches, and utilising an actor–network theory perspective, the current study proposes a new framework for understanding customers' responses to online service failure and recovery strategies during Covid-19 pandemic. Conclusions highlight implications for theory, policy and management practice through extending comprehensions of service failure recovery processes by examining how marketing policies generate different social impacts during a crisis situation which facilitate the achievement of customer satisfaction and positive outcomes.*

**Research Question**

Research reveals that the evolving Covid-19 pandemic represents an unprecedented and unanticipated set of challenging circumstances for several business sectors. A stream of researchers and media outlets have largely documented the impact of the Covid-19 pandemic on consumer buying behaviour, and have identified the social barriers that have an impact on their everyday life, particularly digital forces (Blackburn et al., 2020). More specifically, researchers have demonstrated that the Covid-19 pandemic is increasingly prompting consumers to undertake behavioural changes, such as shifting their consumption to online environments, under conditions of mandatory domesticity (Hennekam and Shymko, 2020). Fashion providers are increasingly facing challenges in meeting demand and maintaining image quality and authenticity, prompting many fashion brands to balance their digital transformation and brand identity (Lay, 2018). As fashion retailers look for innovative ideas and flexible ways to deliver sustainable customer services in the wake of rapidly changing market environments, service failure is becoming an increasingly important mode of customer experience created by social distancing and lockdown rules (Osborne, 2020). A unique characteristic of these failures fuelled by the Covid-19 crisis is the breakdown of service during the process of delivery and/or outcomes, thus creating the emergence of dissatisfied customers (Duffy, Miller and Bexley 2006). In the event of these failures, customers expect effective service failure and recovery strategy (SFR) to address their negative experience (McCollough, Berry and Yadav, 2000). In our view, consumers' responses to online SFR differ under conditions of "mandatory domesticity and social distancing rules" when faced with threats such as the Covid-19 crisis and they tend to rely on contextual rationality (Hennekam and Shymko, 2020, p. 790). To our knowledge, no previous study has investigated how consumers' responses to SFR strategies are affected by crises such as the Covid-19 pandemic. The aim of this paper, therefore, is to assess both the changing nature of consumers' behaviour during the Covid-19

pandemic in the UK, France and Italy and, equally, to assess consumers' perceptions and experiences of online SFR in relation to a crisis situation. Finally, of central importance for the current paper is the broader question of whether the impact of Covid-19 leads to the emergence of new online SFR processes.

### **Methodology and Methods**

To fully understand the data collected for this study we utilised a phenomenological hermeneutical methodological approach. The aim was to comprehend the impact of Covid-19 on millennials' perceptions of SFR in three European countries. To facilitate this methodological approach we employed a grounded theory sampling technique (Glaser and Strauss, 1967) which enhanced the idea of "givenness" and how this emerges through the research process. In the context of the research, we explored the construction of a reality in terms of online interaction through an investigation of the development of this reality through an analysis of qualitative data. In terms of methodological orientation and fit (Dubois and Gadde, 2002; Ozuem, Willis and Howell, 2022), we employed exploratory qualitative methods with the aim of obtaining detailed insights into the perceptions of service recovery experiences under situational crises, and within a millennial consumer context. We conducted two studies using self-completion qualitative diaries (Wilson, 2016) and qualitative surveys. The participants were millennials from Italy, France and the UK. 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; they expect a seamless shopping experience, are the growth engine of the fashion industry (Helal, Ozuem and Lancaster, 2018) and are experts at finding alternatives during service failures. We approached a 108 individuals, however, 70 actively participated in the study. For both studies, we recruited millennials between 18 and 39 years of age from three European countries: France, Italy and the UK.

**Data Collection methods**

Study 1 was a qualitative diary study conducted in the UK, France and Italy. Forty eight individuals were approached and asked if they would participate in the study. Of those approached, 30 individuals (10 UK, 10 France, 10 Italy) wrote about their experiences on a daily basis for 4 weeks focussing on SFR strategies during the Covid-19 crisis. The use of diaries allowed individuals to record their daily experiences within locations convenient to them. In Study 2, we used a qualitative survey method to collect data from participants. Semi-structured questionnaires were sent to the participants electronically, enabling them to complete the survey at a place of their convenience, which is a beneficial factor for time-limited research or samples of individuals that are geographically dispersed (Braun, Clarke, & Gray, 2017). This technique was useful for data collection during a situation such as the Covid-19 crisis. Forty participants (15 UK, 13 France and 12 Italy) successfully completed the survey over 4 weeks. It comprised 16 open-ended questions concerning perceptions and experiences of SFR during the Covid-19 crisis.

**Conclusion**

This study is the first to empirically investigate how customers respond to SFR processes during a global pandemic crisis. Thus, it extends knowledge about customers' emotional reactions towards firms' service recovery processes. The study identifies how customers responses to SFR strategies in a crisis are more emotionally inclined and incorporate the crisis environment and their relationship with brands. The characteristics and behaviour of customers described in this study may provide insight to marketers on how customers respond to crises and what recovery strategies would be most appropriate for them under such circumstances. To maintain customer retention, providers must focus their attention on their customers' state

of mind and demonstrate genuine care towards them. 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.

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