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# Marketing in the Cyber Era: Strategies and Emerging Trends

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A volume in the Advances in Marketing,  
Customer Relationship Management, and  
E-Services (AMCRMES) Book Series



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# Chapter 10

## Recovery Strategies in On-Line Service Failure

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### ABSTRACT

*Despite a proliferation of a number of studies on service failures and recovery in e-service settings, there is a paucity of knowledge of ways in which service failures and recovery practices are implemented in the fashion industry. Drawing on constructivist perspective, this study offers a new perspective on an effective relational mechanism that would bridge the rupture between consumers and companies particularly in the on-line fashion sector. The analysis adds to studies on service failures and recovery by elucidating recovery strategies relevant to retailers' operations in on-line environments. This analysis advances knowledge of on-line service failures and recovery in the UK fashion industry. Findings indicate that consumer expectations of service failures and recovery are context driven, which requires companies to fine-tune their recovery strategies to improve recovery satisfaction.*

### INTRODUCTION

Over the past two decades, the broader institutional contexts in which we exist have been caught up in a major cultural transformation (Ringbern, Odekerken-Schroder and Christensen, 2007; Hoffman, et al., 2003). All forms of organisation have become engaged in an endless process of negotiating choices among a diversity of options

under conditions of intensified globalisation and reflexivity. In this altered social, political and economic context, the use of information technology has permeated all forms of organisations, from private to public, from local to global, old and new. Parallel to this development, companies have developed and experimented with new ways of interacting with their customers, and have devised and applied a variety of marketing

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strategies. The deployment of the internet along with its prototypical subsets is not only creating a number of new opportunities, but also a range of new uncertainties and burdens, particularly on consumer perceptions of service quality, service failure and recovery.

Literature on service failure and recovery has demonstrated that firms proactively seek to identify the nature of consumer complaints and effective service recovery (Bitner, Booms and Tetreault, 1990; Henning-Thurau, et al., 2004; Ward and Ostrom, 2006; McColl-Kennedy and Sparks, 2003; Berry and Seiders, 2008; Shimp, 2010). Knowledge about passive customers who are dissatisfied, and the recovery paradox, is highly dependent on context and situation. Extant literature on service failure and recovery tends to blindly adopt existing recovery strategies in traditional marketing programmes into computer-mediated marketing environments (CMMEs). In the light of these issues, it could be said that the success of a firm's strategies in service failure and recovery in the physical marketplace cannot be extrapolated to online marketing environments. Our focus is to examine the level of service failure and recovery strategies in relation to UK online fashion retailers. The objective of the study is two-fold: it aims to contribute to the extant knowledge on service failure and recovery on CMMEs, particularly the impact of online service failure and recovery in the UK fashion industry. Second, the emerged analysis could reinforce behavioural related issues, e.g. understanding consumer behaviour in the development of innovative business models in the industry.

## **THEORETICAL FRAMEWORKS**

Technological advancements have led to changes in customer expectations and methods by which businesses interact with consumers (Ozuem, Howell and Lancaster, 2008; Walker, et al., 2002; Rodrigues, 2012; Magnini and Ford 2004). Aca-

demical research into the UK fashion industry has formerly considered customer retention and the advantages of the internet in sustaining a loyal consumer base (Ashworth, et al., 2006). Extant literature has focused on quantitative methods to research the means of service recovery from a managerial and operational perspective, in ensuring customer retention. Customers arguably have a life cycle which can be directed if retention strategies are used in the optimal manner (Ang and Buttle, 2006; Sharma, 2009). In their study of self-service technologies in general, including, but not limited to, the internet, Meuter, et al (2000) identified four types of service failures:

1. **Technology Failures:** Those that prevent the customer from engaging with the service (e.g. web site is down or not working properly).
2. **Process Failures:** Those that occur at some point after the customer's interaction with the web site, but preventing correct service fulfilment from occurring (e.g. items ordered through the internet are never received).
3. **Poor Design:** These affect all customers using the service and can be technology design problems (e.g. web site difficult to navigate) or service design problems (e.g. an aspect of the design of the service beyond the web site interface that the customers do not like, such as the service taking too long to be performed due to the way it has been designed).
4. **Customer-Driven Failures:** Those that occur as a result of a customer mistake (e.g. not being able to remember a password to access the service).

Customer complaints provide precious ideas into key causes of operational failures. Service failure and recovery can be learning opportunities for companies to help to retain consumers. Flourishing organizations strive to provide maximum levels of customer service, as consumers are in-

creasingly looking for added value (Cook, 2011; Smith, et al., 1999; Roehm and Brady, 2007). Yet, this critical stream of research has not really elaborated on one of the most fundamental issues: service failure and recovery. This is unfortunate as it has impeded researchers from understanding how and why management fails to deal with individual complaints and problems concerning service failure and recovery.

Thus, the most beneficial perspective for an organization to consider is customer perceptions. It is with this background in mind that we decided to proceed with a qualitative study which we felt would be necessary in gaining a critical case perspective from the consumer in order to discover whether service failure recovery is in fact a method of customer retention. The effect of recovery strategies on a company's revenue and productivity can be remarkable. Moreover, keeping relationships with current customers is a key business strategy. Customer dissatisfaction may lead to future purchases with competitors if recovery is ineffective. Many mainstream fashion stores have migrated to the Internet which has become a global phenomenon. According to the Guardian (2012) sales for the Arcadia group online, dominantly Topshop.com, increased by 27% in 2011 whilst 60 stores within the Arcadia group were closed worldwide. Thus, the potential for profit on-line is vast and optimum customer service is a vital component of the marketing mix to maintain customer repurchasing.

In his analysis of customer loyalty in the emerging technological marketplace, Szwarc, (2005) ascertained that through the internet, consumer pressure groups are emerging to highlight poor examples of customer service, or service that is no longer considered acceptable. Customers may only give loyalty to those companies who have earned this right and have displayed loyalty to them. Levels of service expectation have increased and there has been a change in purchasing processes as customers seek to interact with each other to decrease purchase risk. Good service recovery

can build dedication and trust between company and customer, which increases customer satisfaction and loyalty. Customers are likely to talk positively about the company which can assist in image enhancement.

These arguments are consistent with findings concerning the drawbacks of repeated service failures and ineffective recovery strategies (Bickle, 2010; Harris, et al., 2006). For example, Bickle (2010) found out that whenever a customer is dissatisfied with an item of clothing, it is assumed that they either blame themselves for choosing the wrong size; or blame the company for having a different size system. Uncertainty can often occur in the crediting of blame for service failure. Despite 'self-service' when shopping on-line, a company is essentially responsible in shifting the customer back to the satisfied state. The reception of prompt recovery is thus crucial in reducing the level of stress experienced by the consumer after discontent when shopping on-line. The World Wide Web is a valuable tool in communicating service and value to consumers, but it also operates in a highly competitive environment. Customer decisions into entering and maintaining a long term relationship with a company is largely driven by the assessment of the core service they will receive. In the recent past, the marketing of brands was through traditional methods, and the growth of the digital era allowing consumers access to a wide range of products in the same market with much more ease. Through the transparency of the internet, brands are able to become salient in consumers' minds, but competition is also close by. The shift of traditional marketing to the digital era highlights the importance of ensuring strong service, due to the close proximity of neighbouring competition on-line. In evolving technologically induced environments, dissatisfied consumers are a click away from other competing brands in the market-space.

Technologically induced marketing environments offer a higher order of shopping which offers streams of competing and highly differentiated

brands. This environment allows dyadic modes of communication, and association with customers and consumers are able to justify their feelings about brands on-line through 'Word of Mouse'. As Kalb (2002: 62) summarised: "Unappealed claimers form the top of a negative word of mouth pyramid publicising negatives about your company." By implication, the reputations of companies on-line are not only due to the company themselves, but consumers who have opinions about them. This can be advantageous for brands, as consumers may connect and share interests about it (Kotler and Keller, 2009). However, through the growth of pressure groups, service failure without recovery can be broadcast through media such as forums and blogs. The on-line community is well informed about company activities (Kerr, et al., 2012; Dahlen, et al., 2010). Thus failing to recover after customer dissatisfaction may lead to potential customers choosing competitors. Service recovery after failure may be seen as one of the essential strategies in ensuring sound company reputation, encouraging consumers to communicate positive feelings about a company (Ringberg, Odekerker-Schroder and Christensen, 2007; Aaker, Fournier and Brassel, 2004; Hui et al., 2011). Companies' efforts to reduce risk associated with a growing number of encounters could be possible determinants and desires for customers to remain loyal and continue their relationships (Hess, Ganesan and Klein, 2003).

Changes in technology offer new opportunities to the way products are marketed and services are offered. Although on-line media has distinct characteristics compared to traditional media, it is arguably more valuable to combine both forms in order to produce synergy (Ozuem, 2004). Thus, companies must ensure that they make use of technological assets which present added value for their customers and return on investment (ROI). Despite these advantageous technologies, the

tangible product cannot be felt or tried on by the consumer when shopping on-line. Drawing on Internet Retailer (2005) findings, Kandampully, (2012) contended that 62% of consumers prefer to try on clothes before buying them. In other words, shopping on-line cannot replace the process of touching, actually trying on the clothes before purchasing, allowing bricks-and-mortar stores to continue being the real retail experience. Because of the digital barrier between the consumer and product, there is a higher risk that consumer expectations may not be met. Thus ensuring that recovery can be implemented and consumer expectation levels can be heightened is essential.

A growing body of research has acknowledged the role of internet in the UK fashion culture as consumers are able to adapt to the evolving intrinsic and culturally context environment (Moore, 1997; Ahmed, 2002; Sousa and Voss, 2009). Research conducted by Reuters (2012) states that the UK fashion industry was worth an approximate £21 billion. Similarly, Hines and Bruce, (2007) identified that the internet is a compelling channel for distributing fashion; photographs, video and sound technology can be used at the advantage of both company and consumer. In a recently study, Niessen, (2012) stated that E-Bay sells an item of clothing every 7 seconds from their website, showing the fast growing nature of the fashion sector on-line. In their study on fashion marketing, Jackson and Shaw, (2006) explained that the UK is an important artistic platform and a home of fast fashion and luxury fashion. The metropolitan presence of cities such as London and Birmingham, are home to a segment of individuals who are fashion focused and keen to follow trends. London is home to London Fashion Week, London College of Fashion, and global fashion giant Topshop. There is also a significant media presence in the UK through traditional and on-line formats.

## **RESEARCH METHODOLOGY**

From what has been discussed under theoretical framework, it was decided that the optimum approach for this study would be to adopt a constructivist perspective and then utilise an inductive approach to empirically examine the extent of service failure and recovery in on-line settings. Guba and Lincoln, (1989) posited that for the constructivist paradigm, the core assumption is that realities are not objectively 'out there' but are constructed by people, often under the influence of a variety of social and cultural factors that lead to shared construction. In Howell's, (2012) terms, constructivism understands reality as being locally constructed and based on shared experiences, and because groups/individuals are changeable, identifies it as 'relativist realism' or 'relative ontology'. In a complex world, particularly computer-mediated marketing environments, multiple frames of reference are needed to understand complex reality. Any given perspective is an incomplete abstraction that cannot describe all aspects of a phenomenon. For example Poggi, (1965) advises researchers that each form of knowledge is partial i.e. 'a way of seeing is a way of not seeing.' Given the theory-laden nature of observations and data, we do not view the world with a 'blank slate'. We view reality from our theoretical viewpoint or perspective.

Data collection proceeded in two major ways. From our semi-structured interviews in 2012 with participants drawn across occupational spectrums, twenty-three informants were interviewed on the nature of service failure and recovery that they had encountered in the past years. Selection of participants was mainly based on purposive sampling, carefully drawn based on participants' preference for on-line shopping. Although, most of the interviews were conducted outside physical retail stores in the busy Oxford Street, London, participants were asked to discuss their on-line service failures and recovery. Participants were asked several questions on the level of on-line

dissatisfaction related to purchases and sequences used by retailers to recover online service failure. While it is possible to collect information from journals and trade papers, our understanding and experiences of on-line failures and recovery forms part of the data collection process. Denzin and Lincoln, (2006) explained that qualitative research is a situated activity that locates the observer in the research process. It consists of a set of interpretive, material practices that make the world visible. Consistent with this line of thought Gadamer, (1970) explains that understanding is not 'an isolated activity of human beings, but a structure of our experience of life. We are always taking something as something. That is the primordial given-ness of our world orientation, and we cannot reduce it to anything simpler or immediate' (p.87). As researchers, examining the perceptions and experiences of 'others' we cannot isolate our understanding and values from those researched. Therefore, our knowledge and understanding of the phenomenon are living forces that unconsciously and consciously condition the way we understand 'others'. Guest, et al (2012) noted that thematic analysis has moved beyond counting explicit words or phrases and focuses on identifying and describing both implicit and explicit ideas within the data. In our research, empirical data were categorised into four major themes and synthesized both implicitly and explicitly to represent participants' ideas or words within the context. In this case, major themes have been categorized as explicit ideas and words expressed by respondents, while implicit ideas have been identified and developed from respondents' comments.

## **COMMUNICATION**

On-line fashion consumers were keen to emphasize the importance of companies to stay in touch with them when they were expecting an order, or had not received something on time. The key issues when communicating with consumers were



personalized contact and the dislike of automated e-mails. Communication, ultimately, is often the key driving force in reassuring customers on the level of services being provided by companies. Understanding how communication occurs and choosing the right means could facilitate higher order of interaction between customers and companies. Yadav and Varadarajan (2005) noted that interactivity in the marketspace could be perceived by each of the entities involved in communicating in the exchange process to be 1) bidirectional 2) timely, 3) mutually controllable, and 4) responsive. As noted by a twenty-six year old female Dentist:

*E-mail is a really quick and easy way to stay in touch with customers. I find that if I order something and they keep me posted, I feel like I can rely on them more. I don't appreciate spending money on a website before I get the product if they're not even going to tell me when I can expect my order, especially if it's already late. When you buy some clothes and they know that they've made a mistake with your order, or if they stay in touch with you like a real person, you feel like you can rely on them in the future even if they've messed up this time.*

This respondent raised an interesting issue on how on-line service failure could be recovered. For this respondent, companies should be more proactive in communicating with their customers when products arrived late or due to unforeseen circumstances an order is being delayed. Similarly, a twenty-six year old designer noted:

*It's good to know that the company have recognised where something has gone wrong because then you feel like a real person. An e-mail saying we know this is what you expected and we're doing all we can to get you what you want, means I won't blame them as much, because they've let me know.*

For this respondent, companies realising that there is a breakdown on their service should effectively notify their customers on time rather than

waiting for the customers to make some enquiries about the non-delivery of their order before apologies can be made. For her, recognition depends on communicating with customers explaining the nature of the failure and the recovery processes initiated by the company. Another respondent, a twenty-nine year old accountant said:

*Sometimes I'll get an e-mail from a company telling me I've ordered this dress and that top and when I can expect the delivery to come. I prefer it if they text me the time of my delivery and they do that when I order for the next day. I've experienced some deliveries too late with a company for a particular occasion like weddings or parties, so now I always order early and for the next day. It is five pounds extra, but I think it's worth it because they tell you it's going to happen and you believe that it will, once you've done it before.*

This respondent felt that mobile communication was a useful way for companies to guarantee that consumers trust their services. It was appropriately understood that despite the encounter of service failure, this consumer was willing to pay an extra amount in order to receive goods on time and be kept up to date with a purchase. The idea of texting the consumer to give the time of delivery shows value for the consumer and the money that they have paid. E-mail was seen to be rather generic and mobile communication a more solid, personal method of communication to the consumer.

*I do trust that I'll receive whatever I've ordered, but it's not ideal when you're expecting it on the day, but never receive it. Some of these companies don't even bother to apologise and say it might be late or something. If they do, at least you know they're trying to sort it.*

This respondent offers some intriguing thoughts on on-line fashion retailers. For this respondent, apologies from retailers that orders are being delayed beyond what was originally

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expressed can be more pacifying than keeping customers in an expectation frame of mind. Consistent with this respondent's assertion, a thirty-three year old school teacher noted:

*I just like to be informed really; it's not a big deal if it is a day late, but if they tell me that it's fine. It's not the greatest because you have already paid, but by letting you know that they are still going to deliver to you it makes me feel better.*

### **EXPECTED TIME OF RECOVERY**

Building solid relationships is the key to successful service recovery. Results indicate that trust and dependence play some fundamental role in determining the long term orientation of both provider and customer (Krishna, et al., 2011). A theme from a number of respondents can be summarised from one specific respondent as a forty-two year old management consultant avers:

*If I am left with nothing after buying something online and they don't try and fix it as soon as possible, it just isn't good enough. I've had experiences with bad customer service on-line when I have paid a lot of money for clothes, they send the wrong thing and don't respond or do anything about it for so many days. It's annoying when they don't make an effort to fix the problem quickly.*

From a service recovery position, identifying the right means of communicating with customers on time could improve any relational rupture between companies and customers. Relationship building is a process intensive event which requires responsiveness, assurance and exceptional service over time (Maxham and Netemeyer, 2002). Similarly, a twenty-three year university graduate noted:

*You don't want to be left hanging on for days after you've already had the money exit your ac-*

*count and they haven't even given you what you expected. That's just cheeky. They should sort it out really quickly.*

Thus promptness of recovery after failure was expected to be as soon as possible to show reliability coupled with an apology from the company to the consumer. This makes the company seem respectful and understanding towards the consumer. The swiftness of recovery actions could develop unique understanding between consumer and company, thus improving the relationship and interaction between them (Lweicki and Bunker, 1995). Consistent with this assertion, a thirty-three old social worker expressed that:

*I definitely wouldn't bother shopping with a company again if they hadn't apologised after messing me around, or done anything about it ASAP. Unless they were the only place that did a certain type of product of course, but nowadays there are so many fashion sites on-line and they all have good stuff. It's pretty simple with the internet.*

This respondent is saying that the competitive nature of the internet is highlighted. Her response had a strong feeling of urgency for the company to apologise and compensate for service failures, otherwise her loyalty would be taken to another company. The accessibility and ease of a wide variety of sites is seen as threatening to a company if they fail to employ service recovery. The time of recovery after service failure is therefore imperative in maintaining customer relationships.

### **Fairness and Understanding**

Understanding is a psychological process related to an abstract or physical object, such as an individual, circumstances, or message whereby one is able to think about it and use concepts to deal adequately with that object. Understanding is a two way process and it develops when two or more parties have mutual sharing and caring behaviour.

Consumers' experiences with a company impact on the existence and extent of understanding (McGill and Iacobucci, 1992).

*I am happy even if the product arrives late or I get the wrong thing, if they give me a promotional code for money off my next purchase. It's good because even though they've obviously messed up, they give you money off which means you can get a good deal from them next time.*

When describing her experiences, this twenty-five year old female fashion stylist, introduced value laden expectations and fairness in the recovery process. She then went on to say:

*I remember once I shopped with a company and yeah it came a bit late and I got a voucher code. That was alright. But another time, I basically bought a playsuit on-line and it said it was in stock on the site, but they e-mailed me saying it wasn't and instead of cancelling it they sent me another one they thought I might like. I checked the price and it was a few pounds more expensive and actually was even nicer than the one I chose! I was really happy about that, because I wanted something nice for my holiday and this exceeded my expectations.*

The perceptions of such respondents confirm that resolute and fair recovery after service failure is important in maintaining loyal custom. The consumer expects to receive more than what they paid for because the company has ceased to deliver to their first expectation. In the case of this respondent, it is noted that promotional codes are a strategic tool in order to keep the consumer from switching their loyalty to other competitors. The urge to re-establish emotional bond through promotional and other compensatory actions enhances value for money in the consumer's mind and alters the perception of mistreatment. Apologising con-

verts these actions to loyalty. When respondents experience successful recovery, it improves only the satisfaction level but customer loyalty (Smith and Bolton, 1998). Correspondingly, a thirty-six old health care assistant noted:

*I remember a while ago I ordered something out of stock on-line, and they said which store I could pick it up from closest to me, and also if I'd like something else which they recommended. It's pretty cool that they picked up on my taste. Although the order was delayed for a few days, the added compensation and support in recommending similar products was very helpful.*

Personalisation can be seen as a vital tool when implementing service recovery as the consumer feels like an individual as opposed to part of a mass of consumers. It gives the company competitive advantage by providing the consumer with extra insight into the knowledge of their taste. Suggestion of alternatives if the consumer may not receive the product they asked for shows the company is taking an extra initiative in order to satisfy them through compensation of substitute products.

## **Satisfaction**

The impact of service recovery is dependent on the effectiveness of the service recovery strategies that can be achieved in e-service settings when companies are addressing the quality of the recovery associated with the problem. If recovery effectiveness can reach high levels, then satisfaction with recovery may also reach such levels of to have a significant impact on customer loyalty (Sousa and Voss, 2009). Commitment to relationship is the desire to develop stable relationship – a willingness to look beyond the immediate benefits in order to maximise customer life time value (Ganesan and Hess, 1997). The effectiveness of recovery strategies after service

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failure improves satisfaction and repurchase from the same company. The following comment from a thirty year old solicitor refers to this issue:

*I appreciate it if companies make an effort to redeem themselves and my dissatisfaction when I haven't received what I want. I don't think it could be called a 'recovery' at all if the customer wasn't satisfied with the compensation given. I usually buy my clothes from department stores, so have had quite a few mishaps with delivery and such as I imagine they get with very many orders. One company for example gave me a pocket square three days late. I was very happy when they offered me 30% off and free delivery with my next purchase, because it made up for the waiting before.*

Successful recovery strategy boosts morale, builds confidence and gains appreciation for the consumer's decision to positively interact with the service provider. Effective recovery strategy abates consumer's anger, and acts as switching barrier (De Witt and Brady, 2003). A thirty-two year old personal assistant illustrates this position in the following quote:

*I think the company should always want to make it better if they've received a complaint or done something wrong. Bottom line is that the customer paid the money so they're always right! If I see they've made an effort with me to fix their mess, I don't mind. Sometimes it depends how big the mess was though, so they have to take their mistakes seriously. I have ordered some items to be used for my sister's wedding, but they arrived two days before the wedding. It was a nerve shattering moment of my life, but turned out to be one of the best seasons of my shopping life. I was highly compensated and even received a personal call from the manager.*

The extent of customer satisfaction is dependent on the level, and the swiftness of recovery

actions. In the context of service failure situations, the likelihood of achieving an outstanding recovery as perceived by the customers is dependent of settings and strategies used to satisfy consumers. This respondent identified that personalised nature of interaction with the senior level staff member provides reassurance and improved satisfaction. Similarly, a twenty-nine teaching assistant exemplifies this issue:

*Ultimately, if a company has failed to give me what I want or expected and don't make efforts to satisfy my needs, I won't shop there again. It's worse when they make the apology so generic and don't take into account the inconvenience that everyone has varies. I obviously want to be happy with my purchase and feel like it is money well spent. That's the whole point of shopping isn't it?*

This respondent highlights that individual expectations and needs should be considered when implementing effective service recovery. Satisfaction is seen as the ultimate end goal of the on-line shopping experience, adding to the other factors of convenience which are suited to each personal consumer. Once the customer is returned to the satisfied state it is arguable that effective service recovery has been undertaken. It is thus imperative that companies recognise that each failure possesses a different level of importance and must be recovered according to the knowledge of consumers' tastes (Holloway and Beatty, 2003; Craighead, et al, 2004).

## **DISCUSSION**

Consumption has been a preoccupation in modern society for many years. The growth and popularity of the internet has provided the modern consumer with ease and accessibility to a vast number of websites at the touch of a button. Fashion is one of the most popular forms of consumption in the UK. Businesses have encompassed the

Table 1. Categorised themes

Major Themes	Description	Key Words
Communication	Communication from the company acknowledging service failure and attempt at recovery as extremely important.	Apologies by E-mail/Text; Personalized contact; Trustworthy; Product whereabouts; Reliability through informing the consumer.
Expected time of recovery	Time taken to recover after service failure can affect consumer repurchases.	Confidence in the company; Hopeful arrival of products; Compensation of being let down; Decreased waiting time for product.
Fairness and understanding	Recovery must be equal or additional to the service failure to be perceived as fair to the consumer.	Promotional codes; Free gifts; Personalization; Extra effort from the company.
Satisfaction	Service failure recovery must seek to fulfil the consumer to a satisfied state in order to uphold relationships.	Approval of recovery; Exceeding expectations; Endorsement; Customer value; Individualization.

advantages presented by the internet, as shown through the technological transition of marketing efforts. The number of on-line fashion companies recognizing these advantages is consistently growing, increasing competition on-line. Divett, et al (2003) argue that satisfaction is the ultimate factor leading to strong probability of consumer loyalty. Thus service recovery must seek to fully satisfy the consumer, in order to actively influence loyalty levels by strengthening the relationship between company and consumer. Lin and Sun, (2009) emphasize that many factors influence consumer loyalty on-line, whilst highlighting the notion of social factors effecting consumer expectations (Magnini and Ford, 2004; Komunda and Osarenkhoe, 2012) which must be resolved in order for companies to retain customers. Ha, et al (2010) clarify that personalised information is of optimal relevance in capturing and interesting the consumer. The use of generic apologies and failure to remedy the personal inconvenience can influence a consumer's repurchase decision in a negative way. Personalisation is currently lacking when receiving service and support in the fashion sector, due to the volume of consumers that shop

on-line. Good communication affects the level of satisfaction felt by the consumer. Halstead, (2002) explains that communication and satisfaction are direct influences of consumer loyalty. The implementation of personalised communication strengthens and affects all aspects of the company to consumer relationship, allowing the consumer to feel that they are not merely one of many consumers, particularly when recovering from a service failure (Ball, et al., 2004).

From a managerial perspective, on-line fashion companies should remember that each order placed is a real consumer waiting in anticipation for their order. The perceived interactivity when shopping on-line should be used as a two way communication approach between company and consumer, to reduce the digital divide when shopping on-line (Wu, 2005; Sillence, et al., 2006). Communicating their efforts and reducing the time of service recovery could improve satisfaction levels. The rise of technological use by consumers changes the expectations of customer management (Zineldon, 2006). The use of CRM can be complex, but extremely useful in identifying groups of valuable consumers and frequent

website visitors to encourage loyalty. Companies should not, however, over-communicate to consumers and consumers must arguably utilise patience upon contacting a company. Customers who have been successfully satisfied after service failure are keen to demonstrate their experiences and share their stories with family and friends (Andreassen, 2000; Boshoff, 2005; Stauss and Schoeler, 2004). Service recovery is effective if justified by the consumer as an equal or exceeded form of compensation. Effective service recovery is perceived by the consumer as a win-win situation through exceeded compensation.

## **MANAGERIAL IMPLICATIONS**

This study encompasses several practical implications. First, the results suggest that the benefits of service failure and delivery should be discussed beyond the compensation model. The internet allows consumers to have access to numerous fashion retailers, all of which compete with each other and seek to provide consumers with up to date trends. With this type of competition in mind, competitive disadvantage is posed to a company once service failure has occurred and if the customer is not recovered to the satisfied state. Our findings highlight that if a fashion company does not seek to fulfil customers' needs after service failure, then they would strongly consider switching to another on-line fashion retailer.

It was implied that if service failure recovery is disproportionate to consumer expectations they would be ultimately dissatisfied. Satisfaction was seen as the key issue underlying consumer loyalty; the more satisfied the consumer was with the shopping experience the further they displayed their loyalty to the company. Results from this study indicate that consumers expect a fair and resolute form of service recovery if failure occurs. The risk of a company giving less than what the consumer expects entails that recovery has essentially been under-achieved. The expected time of recovery is

one of the key determinants of service recovery strategies. Unproductive service recovery is posed as a risk to companies which ties into the first implication of threat from competition. Failure to provide efficient service recovery poses a threat to the satisfaction of the consumer and they may therefore discontinue to shop with a company and move to competitors. Our results indicate that there is a significant potential for consumers to choose particular items of clothing for special occasions through the traditional shopping experience as opposed to on-line. However, recovery strategies should be context specific rather than simply applying the generic recovery strategies that are in place in most retail companies.

Much is now known about the consequences of service failure, but little is known about the mechanism that drives the dynamics of effective recovery strategies in on-line marketing environments. The purposes of this study have been to examine service failure and recovery strategies effective in on-line marketing environments. This study represents a step forward in researchers' understanding of the mechanisms that form mutual recovery agreement between customers and companies, demonstrating the effects of appropriate strategies that should be embedded in on-line shopping. This study finds that adopting generic compensatory approach of service failure and recovery offers little or no solution to bridge a decaying rupture between consumers and retailers. The commitment to develop bespoke recovery strategies should be encouraged rather than simply applying standard recovery strategies which are not favourable to retaining existing customers. Companies should use such technological advancements to their advantage to decrease risks associated with service failure. E-mail and mobile communication are efficient forms of CRM, enabling companies to better manage their customers. From these findings, it was noted that consumers felt frustrated and anxious amongst other negative emotions when clothing they ordered online had not arrived. Harris, et al

(2006) support the notion that consumers expect compensation after being inconvenienced by a service provider. By communicating how and when consumers may expect their products on a regular basis allows them to feel that the company is respectful of their time and purchase. Services should be posed as customer-centric and this shows operational efficiency from the company despite service failure. Using personalised forms of communication strengthens the relationship between consumer and company, allowing the consumer to trust that the company will deliver to them in a satisfactory manner. Companies may stay ahead of competition if they employ personalised communication through CRM, which is a cost effective recommendation towards consumer loyalty and return on investment (Zineldin, 2006). Clear and effective communication after service failure from company to consumer is highlighted as an effect of loyalty. Thus by implementing effective CRM, company salience can be built in the consumer's mind and service proved as being customer focused, allowing competitive advantage against other on-line fashion retailers.

## **CONCLUSION AND LIMITATIONS**

Technological service failure and recovery has been discussed by various scholars and marketing experts as a valuable tool for businesses to improve their operational processes (Bitner, et al., 1990; Walker, et al., 2002). Whilst marketing and consumption have migrated to the internet, it is arguable that consumer expectations of service remain high when shopping on-line. These expectations are largely due to individual capacity. The growth of the internet has been encompassed by on-line fashion retailers, but maintaining consumer loyalty through the implementation of effective customer service must be embedded into practice for a customer focused approach (Johnston and Fern, 1999). As a result of the findings in this

research study, service failure recovery, if implemented in a generic and impersonal manner, can affect the loyalty of fashion consumers. It has also been evidenced and supported through extant literature (Blodgett, et al., 1997; Tax, et al., 1998) that satisfaction of the consumer is the ultimate issue underlying continuous repurchasing from the consumer to a particular company.

Our findings indicate that consumers remain loyal for reasons other than customer service. However, it plays a pivotal role in showing consumers a company's willingness and diligence to deliver value to them. Social factors affecting the expectations of customers can influence the type of recovery deemed as appropriate for varying consumers; thus feedback and innovation from companies must be employed to ensure maintenance of consumer loyalty. It appears that on-line service failure can be recovered if a consumer is essentially satisfied by company efforts. Factors such as product quality and sizing vary between fashion websites. Despite this, on-line service failure and recovery, can be used as vehicles for differentiation in order to gain competitive advantage and build salience of a company's name in the consumer's mind.

Much work is needed to explicate linkages between service failure and the effectiveness of recovery strategies as there has been little research in this field. This study has been limited by the number of samples collected, and further study should consider a much larger scale data collection process. Future studies should also go further in the analysis of how service recovery and strategies can link to broader managerial praxis, other than the four themes mentioned here. This could be done by zooming in on a number of practices that influence decision making, particularly at an operational level. More so, the study could be extended in the data collection process. For example, it would be fruitful to survey managers and senior level management to examine the extent to which their service failure and recovery strate-

gies are actually effective to further validate customer perceptions. Finally, the use of a purposive sampling technique might have resulted in source response bias. The fact that data was collected in Oxford Street, which is a prime up-market shopping location in London, means that respondents did not typify the UK shopping population.

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## **Recovery Strategies in On-Line Service Failure**

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