CAUSES OF SERVICE FAILURE: A LITERATURE REVIEW

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ABSTRACT

The purpose of the paper is to provide an overview of available literature on causes of service failures. Last five years papers from leading journals addressing services marketing listed in emerald insights have been included in this study. This review has its focus on papers, which were specifically explored causes of service failures. Many papers explained the nature of service recovery but there were few papers, which specifically found and mentioned different causes of service failures in different domains of services industry. This study categorizes the different causes of service failures according to the services marketing mix that is seven Ps of services marketing. This is the only literature review that combined different causes of service failure in different industries under the umbrella of services marketing mix.

Keywords: Services Failure, Causes, Literature, Marketing

INTRODUCTION

There are always some expectations in the mind of customer when he/she buys some product or service, when expectations do not match with perceptions, service failure occurs (Shapiro, Nieman and Gonder, 2006). After facing service failure, customer evaluates this failure and shapes his/her response in terms of emotions and behavior (Bonifield and Cole, 2007). The severity of service failure does not matter at all even a minor mistake from the service provider can cause service failure and consequences can be worse (Lee and Park, 2010). Today, markets around the world are highly competitive, in this market only those organizations are successful who have loyal customers. Service failures have the ability to demolish the customer loyalty (Mattila, 2001). To reduce the service failures during service delivery is a challenging job because the reputation of the service provider is on the stake at service delivery time (Fr, 2008).

Previous research shows competitive service market does not give space for the service failure (Dutta, Venkates & Parsa, 2007). They further argued that if organization fails to give customer's expected service, it actually builds negative image in the customer's mind about the organization, so organization must attend failure to increase the positive thinking and to reduce negative consequences. The consequences of service failure are very dangerous for the organization and result in negative consequences. In this regard research shows that service failure causes customer to be angry and dissatisfied which arise negative repurchase intentions in the mind of the customer he starts spreading negative word of mouth about the service (Huang and Lin, 2011; Sabharwal, Soch and Kaur, 2010).

Above discussion tells about the severity of the consequences of services failure and its

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effect on the organization. Different researchers have worked out on the causes of service failure and point out number of reasons and incidents results in service failure (Funches, 2011; Chung and Kates, 2009; Park, Lehto and Park, 2008; Bunker and Ball, 2008; Forbes, 2008; Beverland, Baker, Meyer and Johnson, 2008; Dutta et al, 2007). There are a lot of studies which cover the service recovery strategies but they did not focus on the causes of service failure. There is no study, to our knowledge, which covers causes of service failure as a whole in scientific manner

The purpose of this study was to review the last five years literature on service failure from the leading services marketing journals to find out the reasons of the service failure. After finding the reasons researchers will scientifically categorize them into different domain and in sub domains.

Background

Researchers have conducted extensive literature review to understand different issues like Baldvinsdottir et al (2011) worked on the issue of accounting research and trust and Sangeetha and Mahalingam (2011) reviewed literature on service quality models in banking. In the same vein, causes of services failure is an important issue which has been addressed in different studies (e.g. Huang & Lin, 2011; Neira et al, 2010; Tsarenko and Tojib, 2011) from different perspectives, but there is not a single study that may comprehensively gone for a thorough review of literature that may help to understand possible causes for service failure.

METHODOLOGY

The study used five years (2007-2011) papers published in the journals that are specifically focusing services marketing and are published by Emerald group publishing. Search on the basis of keywords found a total of thirty nine papers addressing service failure but on careful scrutiny, authors were left with only seven papers that were specifically addressing causes of service failure while the rest had their focus on service recovery and its effects on consumers' future purchase behavior. A brief summary of all the articles about how studies were conducted and the area of study is presented in data preview analysis section in table 1. These studies were divided into themes for discussion and comparison. Themes among those studies were categorized into six broader categories of causes of service failure; process failure, people failure, product failure, price failure, place failure, and physical evidence failure (see table 2).

Data Preview Analysis

Service failures can vary from industry to industry but there are also some common failures identified in all the sectors of service industry. Researchers have limited numbers of articles in which other researchers mentioned causes of service failure. In last five years hotel, tourism, restaurant, banking and hospital based service providers were the focus of most of the researchers. Jones and Dawes (2007) have conducted online survey to gather the service failure reasons in the banking industry of the UK. Huang and Lin (2011) selected bank and hotel industry They have identified number of service failures in banking sector, for instance, errors in crediting and debeting accounts , overdrawn of charges, dealing with bank on phone, online and in branch, getting

information from bank, Requesting a new cash card/cheque book/credit card, account opening, take out loan mortgage and loans, intrest rates etc. The highly serious failures reported in their work are errors in crediting and debeting accounts and overdrawn of charges. They argued that bank charges can be profitable for short term but in long run bank can lose customer. These small service failures can severely affect customer loyalty and influnce negative word of mouth.

Huang and Lin (2011) further argued that avoiding service failure during service delivery is very difficult task for the organization even for the top best service providers. They use both qualitative and quantative techniques to explore the effectivness of compensation strategies for services. They reported two catagories of service failures namely inadequate delivery of service (employee rude behavior) and unavalibility of service (unavalibiltiy of reserved room).

Gruber (2011) has used quantative technigues to explore that what treatment complaining customers wants from front line service providers when complain is handeled personnaly. He has reported different types of service failures due to the front line employees' like unsaisfactory employees handeling with customers, lack of competency, lack of attention to the customers, rude behavior, not apologizing for the service or product failure.

Funches (2011) discovered consumer anger incidents. Researcher used critical incident technique along with three samples. The key findings of the study suggest that consumer may become angry because of belief that firm is failed to deliver the value as communicated to customer or customer's conviction that they were treated by the firm or service provider in wrong and unfair way. Another reason may be arised when the customer perceives that any one in particlar organization is expressing opposition toward him. Anger plays a major role to influnce customers' decision as once customer betrayed he/she may quit the relationship with the firm.

Neira,Casielles and Iglesias (2010) introduced the concept of preferential treatment as a service failure and examine its effect on dissatisfaction. They gathered data with the help of interviews and used structural equation modelling to analyze the relationship between preferential treatment and dissatisfaction. Customers some times may think that service provider is giving priority to other customers but not to them. Other causes they have mentioned in this research are related to the behavior of the employees (not polite staff) and long ques.

Lee and Park (2010) introduced the concept of double deviation that means service failure followed by unsuccessful recovery attempt. The data were gathered from online third parties CIT. While using quantative methods, they extend the catagories proposed by Park et al (2008) and catagorized differsent causes of service failure into four catagories. These catagories are distributive justice, procedural justice, interpersonal justice and informational justice. This time they catagorized limited physical compensation, product failure, delivery failure, unfair charges and time failure under the head of distributive justice and limited accessibility, limited decision control, limited process control, limited follow up and limited flexibility were defined as sub catagories of procedural justice while no empathy, no effort, impolitness and no apology fall in interpersonal justice where as they defined no explaination and dishonesty in new category of informational justice.

Tsang and ShuSu, (2009) examined service faliure and recovery strategy in resturant context and canvassed seriousness of servious failure. They used qualitative techniques to gather the data. In their study four hundred and thirty one incidents of service failure of chain resturents were examined. They catogorized service failure in four major catagories that is employees' response to service delivery system, employee's response to implicit/explicit customer requests, unprompted and unsolicited employee's actions and problematic customer behavior. These categories were further divided into no of sub categories. They found that when customers face Product defects, slow/unavaliable service, facility problem, unclear policy and when the dishes were not delivered in proper order service delivery becomes a failure. When dishes are not cooked properly, not served in proper order or there are some seating problems for the customers, they categorized them in the main category named as employee responses to implicit and explicit customer requests. Another important category due to the employee unprompted and unsolicited employee actions contains employee behavior, wrong order, lost order, over charging and overturning the dishes or drinks. Lastly, sometimes service fails due to problematic customer's behavior a more likely due to aberrant consumer behavior.

Park et al (2008) uncovered the dimensions of justice that make up negative experience in family travel which can encounter service failure. Reseracher gathered data from third party public complaint websites and catagorized them by using critical incident technique. They catagorized different causes of service failure into three justice dimensions that is distributive justice, procedural justice and interactional justice. They catagorized business environment, charges and payment, return and refund, false advertisment, contract and product failure into distributive justice while corporate policy, reservation and timely delivery of services fall under the head of procedural justice and third category interactional justice contained employee attatiude and quality, communication, illegal practice, minority care and lack of or inefficient service. They also found that the occurrence of complaints in distributive is higher than other dimensions but major disparity has been found in justice dimensions in the sector.

Table : Data Preview of Studies on Causes of Service Failure

Author and year of publication	Purpose of the paper	Data collection method and process	Causes/ Key Variables found	Findings
Jones and Dawes (2007)	The purpose of this paper was to observe the micro level service failure of banking in UK and to check whether satisfied customers after service recovery remained loyal or not	The was gathered from UK's bank customers through online questionnaire which were sent by email	They find that errors in crediting and debiting accounts and charges for being overdrawn were the most serious problems.	minute service failures influence customer satisfaction
Huang and Lin (2011)	The purpose of the paper was to find out usefulness of physical compensation for utilitarian and hedonic services	Using convenient sampling 145 undergraduate students from local universiteswere surveyed.	They find failures in delivery of service and awarding of compensation after failure more specifically rude behavior of the employees and overbooking become major service failures	Customer are desirable for the compensation that are counterpart of service failure

				The consequences from these failures have impact on "justice", "well-being" and "security"
Gruber (2011)	This investigation was made to find out what type of behavior of behavior complaining customers want from front line employee while handling complaint	the laddering technique was used to disclose the cognitive formation of complaining customer. The total number of respondents were 40 who face any problem and record complain	Failure identified in this research are related to employees e.g.authenticity, competence, active listening, openness , objectivity, motivation, personalization, apology	
Neira _et al_ (2010)	rationale of this research is to investigate impact of "lack of preferential treatment" on dissatisfaction next to service failure	344 respondents wereinterviewed who have faced service failures for last six months. Structured equation modeling was used to check the association	They have identified service failures like lack of preferential treatment, inequity in the received service. high commissions, employees are not polite and long queue"	These failures result in negative emotions, dissatisfaction,

		between lack of preferential treatment and dissatisfaction	A critical synthesis of the literature on forgiveness, service failure, and service recovery was conducted to generate a conceptual exploration of the role of forgiveness in the business domain	Novelty In our context, novelty refers to a totally new service incident that has not been previously experienced by customers. We argue that negative incidents that arise in customer-service provider relationships are not always completely novel. Due to the voluminous flow of information and the ease of information access, people generally are aware of different types of service incidents although they may not have experienced them directly. However, even though customers might have enough information and knowledge to interpret most encounters, when they experience such service failure themselves, they may still feel confused. Consequently, this may make their appraisal more difficult and trigger the arousal of a number of emotions.	While previous consumer behavior studies have explored the emotional and behavioral states of consumers after service incidents, they overlooked one critical intrinsic psychological aspect which has a long-lasting effect on service outcomes: consumer forgiveness. Thus, the focus of this
Tsarenko and Tojib (2011)	this paper aims to conceptualize forgiveness as a customer coping strategy in the context of service failure incidents. Specifically, deriving from both theories of emotion and coping, this article proposes a conceptual framework of consumer forgiveness in service encounters.				

study is to devise a conceptual framework of consumer forgiveness, which highlights several stages through which consumer's progress in their forgiveness process. A range of situational and contingent factors that may facilitate the consumer forgiveness process is also identified and rationalized in the model.

Outcome uncertainty

Outcome uncertainty is related to expectations and anticipations of possible or likely results. Deriving from a previous study conducted by Blodgett et al. (1995) who found that customers would react to a service incident when they know that a successful outcome is likely to occur, we postulate that the higher the levels of outcome certainty, the better the characteristics of a negative service incident can be understood, explained, examined, and analyzed. On the other hand, when uncertainty is high and the possible outcomes are unclear, the process of appraisal results in anxiety and stress, which, in turn, generate negative emotions that make the process of coping more difficult.

Temporal factors

Time plays a very important role as the length of time over which the conflict endures is a significant factor in reducing its intensity. The initial degree of dissatisfaction may be

			re-assessed and reevaluated if time is allowed for reflectiveappraisal of the situation. Through the cognitive process of appraisal, customers might find ways to deal with a situation in a more constructive, less emotive manner.	There is a significant difference between justice dimensions when these are applied in industrial sector, complaint settings, anddesired compensation types failure coming under distributive justice have major share in modeling and reporting complains. It can
Park et al (2008)	This study was conducted to disclose justice dimensions comprise negative family traveling experiences and also to inspect distinctions in the sectors of industry service failure	Researchers place different failures fewer thanthree dimension of justice namely Distributive justice, procedural justice, Interactional justice. In the preview of distributivejustice,they have identified inequity, charges, apology, overall cost and time as a failure of service Business environment, Charge and payment, Return and refund, False advertisement, Contract, Product. Procedural justice is related to the process. Service failure occurs when a customer feel difficulties to engage in process, time taken and high costs Corporate policy, Reservation, Time. Interactional justice become a service failure when customer feel unfair treatment, response	

		on telephone calls, emails and face to face interactions, Employee attitude and quality, Communication, Illegal practice, Minority care, Lack of or inefficient service	cause dissatisfaction.
		The customer becomes angry due to three reasons. When service provider broke promise, treat unfairly and express hostility	Researcher argued that unfair treatment influence post purchase decision making of the customer and expressed hostility can affect accepted social norms
		Researcher use critical incident technique and selected three diverse samples for the in-depth study of consumer anger	
Funches (2011)	The idea of this paper is to investigate consumer anger phenomena.		

CONCLUSION

Researchers have found the contents of seven Ps mentioned by different scholars but all are focusing the positive side and results. In the past, different scholars have mentioned different types of ingredients under each services marketing mix in their research. For instance, Viganli (2001) has discussed services marketing mix and classifies different operations under each P. like he suggested that features, quality, and quantity lies in the product class. While location and number facilities comes in place, pricing level, strategy and its determents in price, sales promotions, advertisement, and public relations in promotion, laws, customs, culture, attitudes, and competencies in people, blue printing of services or product, automation, and standardized procedures in process and internal and external physical environment and decor in physical evidence.

The idea behind this study was to identify service failures and to realize the important role of these failures for different negative consequences. This study has categories these failures under the head of services marketing mix. The purpose to categorize these service failures in services marketing mix is to help managers to focus such kind of failures in their areas of practice. By classifying services marketing mix every manager staying in his/her own department can focus on the possible failures and can take steps to avoid any loss. It is necessary to mention that service-marketing mix of service is highly helpful in all means for the service provider, but on parallel side, any minute negligence can be destructive for whole image of service provider. Therefore, it will be beneficial for the service provider to ensure implementation of seven Ps at micro level by keeping in mind the failures associated with these Ps.

Further the researchers presented the key causes found in all the selected papers and categorized them according to the seven Ps of services marketing that is product, price, place, promotion, people, process and physical evidence. These categories and their sub categories are separately presented in the table 2

Table 2: Theme based Analysis

	Themes	Putting it right: service failure and customer loyalty in UK banks	Developing effective service compensation strategies Is a price reduction more effective than a free gift?	I want to believe they really care How complaining customers want to be treated by frontline employees	Lack of preferential treatment: effects on dissatisfaction after a service failure	Service failures and complaints in the family travel market: a justice e dimension on approach	The consumer anger phenomena: causes and consequence	Service failures in online double deviation scenarios: justice theory approach	Service failures and recovery strategies of chain restaurants in Taiwan
	Process Failure								
1	Account opening/loan/mortgage/	YES							
2	New cash card/cheque book/credit card	YES							
3	Delivery failure							YES	
4	Limited process control							YES	
5	Wrong order								YES
6	Lost order								YES
7	Reservation Missing	YES				YES			
8	Long queue				YES				
9	Crediting and debiting	YES							
10	Incorrect Billing/Charge and payment/system pricing	YES				YES		YES	
11	Corporate policy					YES			
12	Illegal practice					YES			
	People Failure								
13	dealing on phone/ branch	YES			YES	YES			
14	unfriendly and unhelpful/ rude/courteous/caring		YES	YES	YES	YES		YES	
15	Slow Service/ time/unavailable	YES				YES		YES	

#		C1	C2	C3	C4	C5	C6	C7
16	active listening						YES	
17	opennes to transparency and suggestions						YES	
18	Motivation		YES				YES	
19	Apology		YES				YES	
20	Personalization						YES	
21	preferential treatment					YES		
22	inefficient Staff/services				YES			
23	expressed hostility		YES	YES				
24	limited decision control		YES				YES	
25	no empathy		YES				YES	
26	dishonesty		YES				YES	
27	Unfairness			YES				
28	overturning of the dishes or drinks	YES						
29	minority/race discrimination				YES			
Product Failure								
30	Advertisement Promises not met			YES	YES			
31	quality of the product or service			YES	YES			
32	Broken promise				YES		YES	
33	product failure						YES	
Price Failure								
34	Return and refund/compensation		YES	YES	YES		YES	
35	interest rate							YES
Place Failure								
36	out of stock	YES						
Physical evidence Failure								
37	Business environment	YES			YES			
38	Contract	YES			YES			

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