FORMULA TING A SERVICE RECOVERY PACKAGE FOR THE AIRLINE INDUSTRY IN TAIWAN

Yung-Shine Yang

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FORMULATING A SERVICE RECOVERY PACKAGE
FOR THE AIRLINE INDUSTRY IN TAIWAN

by

Yung-Shine Yang

A project submitted to the
Faculty of the School of Food, Hotel and Tourism Management
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ABSTRACT

Formulating A Service Recovery Package For The Airline Industry In Taiwan

Yung-Shine Yang

Stated simply, the service sector is an industry with respect to human being. Nearly each service transaction must be involved with people, including both consumers and frontline employees. This means that in a service firm, customers as well as frontline employees should be regarded as the most invaluable assets. Unfortunately, in Taiwan nowadays numerous service organizations such as certain airlines always lay special emphasis on stockholders' interests instead of clients' benefits. Maybe this can help explain why some service businesses has the inability to do things right the second time while they sometimes do things wrong the first time. For this reason, it is very urgent for a service firm to incorporate an effective service recovery model into its service systems so that customer satisfaction and loyalty may be elevated simultaneously.

Thus, in this project, several theories concerning service recovery will be utilized to propose a simple, logical framework on which a standardized service recovery package is based. Also, this service recovery package created may be applied to the airline industry in Taiwan, whose service quality has been notorious for such a long time. Hopefully, through this project, the concept of service recovery will become prevalent among the major airlines in Taiwan. Keep in mind that customers are supposed to be seen as assets instead of liabilities and that a service firm will benefit from turning dissatisfied consumers back in the long haul.
ACKNOWLEDGMENTS

First of all, I must be grateful for my parents’ support, especially in finance. Without them, it's not easy for me to finish my program in such a comfortable environment. Actually, they are always the primary forces to push me ahead in my life.

Secondly, I have to thank Dr. Marecki for his instruction as well as inspiration during my studying at R.I.T. Because of him, I was able to learn something that I had expected without a lot of pressure. I will remember a word he mentioned in the first class permanently, "The major objective of graduate education is to teach students how to think rather than how to memorize."

Ultimately, during I wrote and rectified this project, Dr. Stockham spent a lot of precious time talking to me about this project and providing me with numerous vital suggestions. Even though this project is not good enough, I still have to thank all of these people mentioned above for their contributions to this project.
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Background

In Taiwan, over the past decade the demand for air transportation have been increasing substantially because of the rapid development of the tourism industry and international trade. Naturally, the airline industry plays an essential role in the growth of the tourism industry. For a host of passengers, the airline operator is an irreplaceable partner with the airline while they are traveling. However, passengers often face problems regarding protecting consumers' interests as well as遭受不公的对待. The airline industry is not responsible for something going wrong and reasonable treatment is not realistic. Consequently, passengers often find it difficult for passengers to argue with or file a lawsuit against the airlines doing something wrong. To make the matter worse, a large number of complaints or protests would be seen as unreasonable, purely extortion, during the argument process. For example, sometimes, while delays or cancellations happen, some airlines do nothing but to provide passengers with reasons such as weather or mechanical factors. The only thing passengers can do is to wait over and over again. It is very rare for passengers to anticipate an apology or any compensation from the airlines.

In Taiwan, for instance, early this year China Airlines was confronted with a serious crash that killed more than two hundred passengers. After this terrible accident, according to the press, it was found that China Airlines falls short of a well-designed service recovery program to cope with the emergency situation like this kind of crash accident. Not to mention a simple service recovery process used to deal with daily customer complaints...
Chapter 1

Introduction

Background

In Taiwan, over the past decade the demands for air transportation have been increasing substantially because of the rapid development of the tourism industry and congestion of traffic. Naturally, the airline industry plays an absolutely dominant role with the context of the relationship between service providers and consumers. As far as most of passengers are concerned, the sole option is to avoid doing business with the airline while something goes wrong and reasonable treatment is not available. Moreover, incomplete laws regarding protecting consumers' interests as well as benefits make it far more difficult for passengers to argue with or file a lawsuit against the airlines doing something wrong. To make the matter worse, a large number of complaints or protests would be seen as unreasonable, greedy extortion during the argument process. For example, sometimes, while delays or cancellations happen, some airlines do nothing but to provide passengers with reasons such as weather or mechanical factor. The only thing passengers can do is to wait over and over again. It is very rare for passengers to anticipate an apology or any compensation from the airlines.

In Taiwan, for instance, early this year China Airlines was confronted with a serious crash that killed more than two hundred passengers. After this terrible accident, according to the press, it was found that China Airlines falls short of a well-designed service recovery program to cope with any emergency situation like this kind of crash accident, not to mention a simple service recovery process used to deal with daily customer complaints or
problems. As a consequence, much more time and money must be disbursed to recover service failures. Moreover, the reputation of China Airlines would be damaged as well. Like China Airlines, nearly all airlines in Taiwan still don't recognize the importance of service recovery. This is the background behind which a well-designed service recovery package is so imperative for the airline industry in Taiwan.

**Problem Statement**

It is undeniable that the service sector has been increasingly playing an integral role in making considerable contributions, particularly increasing employment opportunities, to modern economy. This can explain why in the past decade a growing amount of human and capital resources were devoted to the development of the service industry. There is no doubt that the service sector will become a predominant force influencing consumers' lifestyles in the years to come. Nevertheless, the service industry still encounters numerous challenges and problems. For instance, as a result of enormous amounts of profits, some service industries, such as the airline industry, do not focus their attention on satisfying customers' requirements as well as expectations any more. Rather than customers, profit is the most primary factor to be considered when making any crucial decision. Strictly speaking, around the globe the airline industry may be viewed as a seller market mostly because of excessive market demands. For example, in the United States, the major carriers earned $2.8 billion in profits in 1996 on $75.9 billion in sales to passengers (Keating, 1997, p. 118). Likewise, in Taiwan, the airline industry is dominated by several profit-oriented airlines as well. There is nothing passengers could do but to defect from the airline making them feel uncomfortable and unsatisfactory.
Inevitably, even the most excellent service organizations, whose production as well as consumption arises simultaneously, would make mistakes. Though service firms cannot make it possible to prevent clients from experiencing some inferior services, they can do their best to recover from these service failures. In other words, there are a lot of opportunities for service recovery as long as service companies are willing to adopt a customer-focused attitude and to learn some special skills for service recovery. In Taiwan, it has been a long period of time for flyers' interests as well as benefits to be neglected. At times, for example, it is reported that an airplane was occupied by a host of passengers who had been unsatisfied with the airline's passive, tardy response toward their problems, in particular, such as flight delays or cancellations. Furthermore, occasionally passengers would be forced to sleep at the airport lobby over night thanks to delayed flight. How could this occur in a modern service economy society? This is because most airlines in Taiwan always take delays or cancellations for granted without taking passenger's perceptions into account. In actuality, a far longer waiting time may be regarded as implicit costs for the vast majority of fliers, in particular, business travelers. As a consequence, in some cases, passengers' protests would lead to a costly, time-consuming lawsuit against the airlines ultimately. This means that certain airlines must pay much more for their not paying attention to customers' complaints and problems. In the long haul, what will be lost are not only existing customers but also potential ones. Therefore, the primary problem and challenge facing the airline industry in Taiwan are the urgency to formulating a service recovery package to turn dissatisfied customers into loyal ones.
Purpose of the Study

For any service system, service processes, including service recovery process, are as significant as service outcomes. Service recovery, or putting right what has gone wrong, is crucially important; customer satisfaction can be eroded by such issues as faulty goods, lengthy waiting times, and poor staff attitudes (Bailey, 1994, p. 417). As mentioned above, most service industries in Taiwan, particularly the airline industry, are not familiar with the philosophy of service recovery. Thus, by means of the introduction of this project, a simple, logical framework will be established on which a standardized service recovery package is based. Hopefully, in order to deal with flyers' problems effectively and efficiently, the airline industry in Taiwan can refer to this project.

Significance of the Study

In actuality, it is natural for a service business to do something wrong occasionally even because of some uncontrollable factors. Error and lapses are inevitable. An emerging principle of customer service in all industries identifies problem resolution as a key to sustaining client satisfaction and loyalty (Irwin Press, Podney F. Ganey and Melvin F. Hall, 1997, p. 73). In other words, no service system is absolutely perfect, so a service recovery program must be available for the service industry. For example, for the major airlines in America on-time performance was down in 1996, with only 74.5% of major airline flights arriving on time vs. 78.6% in 1995. And 5.3 of every 1,000 passengers on the largest carriers-about one in 200 reported that their baggage was mishandled last year, up from 5.18 the year before (Keating, 1997, p. 118). Under similar case, it was rare for the airline industry in Taiwan to take any aggressive initiatives to tackle these service failures such as delayed flights or mishandled baggage. Because of this, the importance of this project will
lie in its attempt to provide the airline industry in Taiwan with a new service concept by which passengers' problems and complaints probably can acquire much more attention.

Assumptions

Ideologically, a fundamental belief with regard to this project is that a complete, effective service recovery program is attributable to escalating customer loyalty as well as profitability. This is, a service firm's profits can't be gained at the expense of customers' benefits.

Scope and Limitations

This project will concentrate on discussing how to formulate a complete service recovery package. Instead of quantitative (empirical) data, qualitative (descriptive) data will be utilized to finish this project.

Methodology

As noted above, most airlines in Taiwan don't possess a standardized service recovery system in place to deal with customers' problems and complaints. Furthermore, at present, the concept of service recovery is not popular in Taiwan. Thus, this project will focus on its future influences, making use of action research method to improve current situation.
Subjects

Clearly, in this project, the population of study is the airline industry in Taiwan. China Airlines will be viewed as a sample to know about existing service recovery practices of the airline industry in Taiwan.

Variables

In this project, the number of customer complaint will be viewed as a dependent variable, and customer satisfaction can be regarded as an intervening variable. And there will be a negative relationship between these two variables. That is, when passengers are increasingly satisfied with this service recovery process, the number of customer complaint will decrease accordingly. In a word, the number of customer complaint may be seen as an important measure index of reflecting the effectiveness and validity of this service recovery package designed.

Data-gathering and Data-Analysis

Both telephone interview with China Airlines and observation method will be used to understand current service recovery operation of China Airlines, and a case study for service recovery in China Airlines will be fabricated accordingly. Then, several theories and practices will be capitalized on to form a service recovery package (service recovery model). Eventually, this service recovery model will be applied to the case study, and in turn, several suggestions concerning the application is going to be made.
Long Range Consequences

So far, in Taiwan the major airlines, like China Airlines, still enjoy an enormous amount of profits because the airline industry has not been deregulated completely yet. This can explain why the complaints and benefits of fliers in Taiwan have been ignored by the airline industry for a long period of time. Hopefully, through this project, in the years ahead, the concept of service recovery will become prevalent in Taiwan, and the benefits of flyers can get more attention.

Definition of Terms

1. Service Recovery Process. Service recovery process is composed of a series of steps whose aims are to correct service failures or to solve customers' problems immediately.

2. Service Failure. Service failure is an event that service providers fail to meet customers' expectations and requirements.

3. Service Outcome. Service outcome is a service result that consumers want and expect.

4. Action Research. The researcher implements a program designed to bring about some socially desirable effect, investigates how well the program works, and routinely modifies it to meet its objectives.

5. The Airline Industry. The airline industry earns profits through carrying passengers or cargo to a scheduled destination.
Chapter 2

Review of the Literature

The meaning and importance of service recovery

Strictly speaking, no service system is 100% perfect. How the front line employees react to customers' problems can very often transform disappointment into customer satisfaction (Bell, 1994, p. 48). How a service provider recovers from customer disappointment can go far toward turning a negative experience into a pleasurable one (Bell, 1994, p. 48). Thus, providing immediate, responsive services to recover mistakes made already is of critical importance. This means that if you make a mistake with a customer, you must do whatever is needed to correct the problem and win back the dissatisfied customer. Outstanding services are not about arguing over who is right or finding somebody to blame. The most vital thing is to solve the problem for the customer right away. The impact of poor recovery goes far beyond the loss of a single customer; only 4 to 10 percent of dissatisfied customers even give you a chance to make things right. Most disappointed customers would rather switch than fight (Zemake, 1994, p. 17).

Ideally, customer service recovery should become a way of life in a service company. This means that great service recovery does not happen by luck, or even due solely to the interpersonal skill of the front line (Bell, 1994, p. 48). Effective service recovery is planned and managed. The true test of a company's commitment to service quality isn't the pledge it makes in its literature; it's in the way the company responds when things go wrong for the customer (Zemake, 1994, p. 17). Failed responses to service breakdowns may cause customers to switch suggests the importance of developing policies for effective service
recovery (Richman, 1996, p.10). Customers are more forgiving if service providers work as hard when things go wrong as they do to make service distinctive in normal times (Bell, 1994, p. 48). Today, shrugging your shoulders and accepting errors and mess-ups as inevitable, is an unacceptable risk; solving customer problems adroitly is more than a strategy or a set of skills. It is part of the culture of organizations that serve customers well (Zemake, 1994, p.17). Clearly, as noted above, the meaning as well as significance of service recovery is centered around how to make an irritated consumer willing to come back and become loyal permanently.

The benefits of service recovery

Needless to say, the more loyal customers a service firm has, the more profits the service business will acquire. If done well, service recovery strengthens customer loyalty, corrects weak links in processes, and improves profitability; if done poorly, recovery efforts can irreparably damage customer relationships, contribute to employee dissatisfaction and devastate profitability (Brown, 1997, p. 25). Naturally, service recovery is one of the most important determinants of service quality, and it is a major driver of customer loyalty. Customer loyalty, in turn, has a direct, bottom-line impact on profitability (Lundeen, Harmon, and McKenna-Harmon, 1995, p. 30). This can help explain why numerous service firms have made massive amounts of efforts to retain their customers. Additionally, service recovery, correcting an error by doing it right the second time, is a process that customers will view with high expectations and very low tolerance (Training 1991, p. 12). That is, service recovery can be regarded as useful method to increase customers' loyalty and keep current clients simultaneously.
In theory, most industry experts agree that it costs 5 times more to replace a customer than it does to retain one (Hart, Heskett, and Sasser, 1990, p. 148). In other words, instead of spending a great deal of money to attract new customers, an outstanding service firm should pay a lot more attention to know about clients and to augment customers' loyalty. In such case, complaints are most likely to come from extremely loyal customers while those claiming to "feel no loyalty" will simply switch retailer without explaining why (Marketing Week 1998, p. 11). Therefore, an effective service recovery program must be able to turn customers' feedback, complaints, or problems into customer satisfaction, loyalty, and profitability. Customers who complain and have their complaint satisfied are more likely to purchase additional products than are customers who have experienced no problems with the organization or its products and services (Zemake, 1991, p. 32). This means that through an effective service recovery system or program, a customer having his or her problems solved will be much more loyal than one never confronting any problem. Thus, due to various benefits resulting from service recovery, it needs frank, willing comment from the customer and a willingness by the organization to invite comment and feedback from customers and an acknowledgement that mistakes can and do happen (Bailey, 1994, p. 417).

There is no doubt that customer retention and service recovery require accurate information to diagnose and prevent service failures, address customer complaints, and continuously improve service performance (Halstead, Morash, and Ozment, 1996, p. 107). For the organization that can master the art of service recovery, there are substantial economic benefits. Technical Assistance Research Programs Inc. studied this subject and found that (Zemake and Bell, 1990, p. 42):
1. Swift and effective service recovery enhances customers' perceptions of the quality of products or services they have already purchased.

2. It enhances its perception of the organization's competence.

3. Good recovery enhances the perceived quality and value of other products and services the organization offers.

In addition, service recovery efforts may be able to prevent a dissatisfied customer from spreading word of the organization's poor service to others; it has been estimated that a customer will tell nine to ten persons about a poor service experience, more than twice as many persons as will hear about a positive service encounter (Schweikhart, Strasser, and Kennedy, 1993, p. 3). In conclusion, active service recovery activities provide tangible evidence that caring for and satisfying customers is highly valued by an organization, thus giving employees enough reason to be really proud of their work and company.

The process and method of service recovery

Since service quality is based on both service process and result, when problems happen, what customers care about is not only whether their problems will be solved or not, but also how their problems are going to be solved. In reality, a complete service involves both service process and service outcome. Likewise, service recovery also consists of results as well as processes. Service recovery outcomes may be viewed as solutions to customers' problems or complaints. Very often, however, service recovery processes are as critical as service recovery outcomes for enhancing customers' satisfaction and loyalty. Customers generally do not expect service providers to be perfect, but they do expect service providers to care about the work they are doing and the customer's satisfaction with it (Zemake, 1994, p. 17). Customers sometimes even feel more negative about the
organization after they go through the complaining process. Furthermore, the vast majority of firms learn too little from these failures and, thus, do not make the appropriate adjustments in personnel, processes, or resolution outcomes to help reduce future failures (Brown, 1997, p. 25).

Typically, a successful service recovery result should rely on an effective, logical service recovery process. Frequently, disappointed customers have expectations as to what should occur after service breaks down. Five expectations that can serve as guidelines for planning a response to customer dissatisfaction are (Bell and Kathy, 1992, p. 58):

1. The customer expects an apology for the inconvenience.
2. The customer expects a "fair fix" for the problem.
3. The customer expects to be treated as if the service organization cares.
4. The customer expects to be offered some value-added atonement.
5. The customer expects promise to be kept.

Besides, while customers approach you with a complaint or concern, there are three simple strategies to "service recovery": always listen, never interrupt; apologize (not necessarily an admission guilt); and ask the customer how you can help resolve the problem (American Printer 1996, p. 12).

As mentioned previously, service recovery should be a prepared, managed event. Service recovery logistics have 3 components (Lundeen, Karmon, and McKenna, 1995, p. 30):

1. Resolving the immediate problem so the customer is satisfied.
2. Preventing a reoccurrence of the same problem in the future.
3. Planning responses for recurring breakdowns that are unavoidable.
In addition, companies that want to build the capability of recovering from service problems should (Hart, Heskett, and Sasser, 1991, p. 68):

1. Measure the costs of effective service recovery.
2. Break the silence and listen closely for complaints.
3. Anticipate the needs for recovery.
4. Act quickly.
5. Train employees.
7. Close the customer feedback loop.

All in all, when failures occur, what many customers in the new millennium will continue to want more than anything is an empathetic ear and a real person to apologize and accept responsibility for the problem (Brown, 1997, p. 25).

**Training and empowerment for service recovery**

It is the front-line employee who keeps continuous contact with customers, making them satisfied. Naturally, to perform a successful service recovery program, the front-line employee ought to be given adequate training and more authorities. Leading organizations have expanded the role of the employees by giving them broader tasks and expanded authority (Cavaness and Manoochehri, 1993, p. 4). This means that the front-line employees should be trained to have the capability and empowered to have the authority to respond to customers' problems immediately. Valerie Oberle, vice president of Disney University Professional Development (which creates and markets external training programs) at Walt Disney World in Florida, said "We do our best to train our cast members who are out there delivering the service to recover immediately if they possibly can, and cast
members at all levels have some degree of authority to make up for a guest's bad experience" (Lynn, 1996, p. 11).

Also, in the near future, firms will do far more to empower frontline employees to handle the recovery process totally and the future will also see firms training and equipping selected customer reps specifically for service recovery (Brown 1997, p. 25). In effect, as a service organization, responsive service recovery must be thought of as a corporate culture or a way of life by all service providers and training is a means to communicate and express this aspect of culture. On the other hand, adequate empowerment can convey the message of top management's commitment to service recovery. In short, what makes companies ultimately perform well is when everybody is leading and there's little less management and administration, bureaucracy (Kellher, 1998, p. 68). After all, if something goes wrong, clients' problems are solved by the frontline employee with enough power and authority, who is a decisive momentum for an effective, successful service recovery program.

**Customer service in the airlines industry**

As far as the airline industry is concerned, excellent service quality is as crucial as convenient, comfortable physical facility. A survey of 1,017 fliers was performed to see which factors matter most to them in an airline, including flight safety, ticket price, and comfort. The 10 biggest US airlines were then scored in each of these areas, with an overall rating weighted to reflect the survey respondents' priorities. The overall winner by a considerable margin was Southwest Airlines, which is tops in safety, most likely to arrive on time, and least likely to irritate customers. TWA finished last overall, in part because it trailed other major airlines in on-time performance, customer service, ease of making res-
ervations and receiving tickets, and quality of frequent-flier programs. The poll found that safety is consumers' No. 1 concern, followed by price, baggage handling, and on-time performance.

Additionally, according to the Department of Transportation, more than a third of the complaints concerned flight delays and cancellations; the next most common complaints involved lost baggage, overbooking and refund policies (Dahl, 1987, p. 1). Therefore, it may be concluded that safety, on-time performance, and baggage handling are the most critical factors that cause fliers' problems or complaints. To solve passengers' problems as a result of those factors mentioned above, it is absolutely necessary for an airline company to prepare an effective service recovery program (Keating, 1997, p. 118). Also, those customers who experienced problems and did contact the airline with their views tended not to defect from the airline -- only about 13 percent intended not to repurchase due to the way their problem was handled; this rate of defection is identical to the rate of defection of customers who were completely satisfied (Weiser, 1994, p. 130). This is the reason why retaining an existing customer will make more profits than will attracting a new customer.
Chapter 3

Results and Discussion

Case Study for Service Recovery in China Airlines

History

In the context of both profitability and total revenue, China Airlines has been the largest airline in Taiwan for a long period of time since it was established in 1959. In the beginning, in order to execute certain special duties associated with the government, China Airlines was instituted by several generals who retired from Air Force of Taiwan. For this reason, the vast majority of China Airlines' equities were owned by the government, which capitalized on a number of methods, including favorable loans as well as regulation, to protect China Airlines from severe, intense business competition. Under this kind of protection, prior to 1990 when the airline industry in Taiwan began being deregulated, China Airlines continuously enjoyed considerable amounts of profits. Simply stated, the airline industry in Taiwan could be regarded as a monopolistic market at that time. China Airlines was the exclusive giant in Taiwan's airline market. Excessive profits, however, are not equal to outstanding quality. Having a dominant advantage in the airline marketplace due to the government's support as well as protection, China Airlines didn't make a lot of efforts in improving service quality; inefficiency as well as degeneration was prevalent companywide. The only words that can describe China Airlines are both pride and complacency. It's not possible to find service quality from China Airlines' business culture. Maybe this can help explain why China Airlines' safety and service quality ratings always rank poorly among the major airlines around the globe.
Fortunately, with drastic liberalization of economy as well as politics in Taiwan shortly after 1990, China Airlines had no alternative but to face competition and challenge from domestic and foreign airlines such as Evergreen Airlines, which is the second largest airlines in Taiwan at present. Most privileges China Airlines possessed before had gone as the result of the deregulation of the airline industry. Under this circumstance, China Airlines tried, indeed, its best to improve its organization structure and service culture such that it could survive among the primary airlines in the world. However, it is not simple for a traditional airline, like China Airlines, to shift its business culture from being conservative to innovation. For China Airlines, any drastic change, involved with organizational structure or corporate culture, would engender certain interest groups' resistance and fight back. However, the consequence of failure to change was a series of catastrophe. For instance, in recent years, at least two serious, disastrous crashes happened to China Airlines, killing more than four hundred passengers. China Airlines (C.A) was even referred to Crash Airlines (C.A). Rather than making a revolutionary improvement in corporate culture, organizational structure, and operating system, China Airlines even had to offer a much lower fare to get its customers back ultimately. In reality, customers' confidence in a service firm is based on constant progress in service quality instead of on various price rates. Any organization afraid of change is doomed to failure. Unfortunately, the sole thing China Airlines doesn't dare to face is a structural, organizationwide change.

**Status quo**

As far as a service firm is concerned, service recovery is an integral portion of the entire service system. A well-designed service recovery program may be able to bring disgruntled customers back and make additional profits. In the short haul, a service recovery program may lead to rising costs and have a negative impact on the company’s bottom
line. But satisfied customers, eventually, are going to yield a lot stronger customer loyalty as well as more profits. According to my telephone interview with the marketing service manager of China Airlines, right now there is no a standard service recovery program available to take care of passengers' problems and complaints. China Airline's regional managers around the world are delegated to take care of any emergent situation by means of their own experiences and judgement. Otherwise, if passengers were not satisfied with China Airlines' service quality or anything else, they could make a phone call to China Airlines' headquarters, and service personnel will be assigned to deal with customers' complaints. In China Airlines' case, passengers' problems or inconvenience may not be resolved on the spot. Even worse, passengers occasionally may have to spend their own precious time giving the airline a ring and won't necessarily acquire a satisfactory solution to their problems.

**Example**

For instance, my older sister and her friend took a China Airlines flight from San Francisco to Taipei on June 27. Guess what? The flight was delayed and my older sister and her friend had no option but to keep waiting at the airport lobby for six hours. What's worse, none of employees of China Airlines apologized for the delay and told all passengers of this flight what really happened. What passengers could do was to wait over and over again until the flight took off six hours later than scheduled time. This is pretty ridiculous to a service firm, which makes profits through delivering value to customers. Through the event, it is pretty obvious that there is still a large room left for China Airlines to make a number of improvements on its service recovery system.
Service Recovery Package Analysis

Designing a service recovery process is just a basic commitment to service recovery efforts. As a matter of fact, a complete, effective service recovery program should be thought of as an integrated package including training, empowerment, measurement, continuous improvement and motivation. According to "The Service Profit Chain" by James L. Heskett, W. Earl Sasser, and Leonard A. Schlesinger, at the heart of these is the value of services delivered to customers that leads to customer satisfaction and loyalty, two other critical kinds of results, and value is achieved primarily through frontline employees who are satisfied, loyal, and productive, in part because of the high degree of capability they possess to deliver results to customers. Besides, according to "Surviving a Customer's Rage" noted in Chapter 2, a well-designed service recovery process is just an basic instrument for frontline employees to deal with customers' problems. The first-line staff also needs to receive intensive training to recognize how to use this service recovery process sophisticatedly. Besides training, frontline employees must be empowered to have adequate authorities to make any decision for taking care of customers' problems right away. From the point of view of a service organization's internal operation, an appropriate combination of training and empowerment will make customer-contact employees have enough capabilities to offer solutions to clients' problems. Additionally, an effective measurement system, employing relevant metrics, can provide objective standards by which a reward & recognition or continuous improvement program is able to developed. In a word, in a service firm, training, empowerment, and measurement have to depend on one another. Then, both employee and customer satisfaction will increase simultaneously, and in turn, leading to higher market share as well as more profits.
Therefore, each element in the service recovery package must be integrated, coordinated closely so that an excellent service recovery can be achieved at the least costs. In general, the airline industry is characterized by owning a large number of branches, which are the core unit of serving passengers. In other words, in an airline, all service programs including the service recovery program have to be performed through these local airport employees. It is not going to be easy for the top management to exert a strict control over all of its branches. For this reason, how to develop a rigorous service recovery program appears to be extremely important. In a nutshell, in order to provide solutions to customers' problems effectively and efficiently, a well-designed service recovery process must be supported by other auxiliary activities. As follows a simple flow chart (Figure 1) for this service recovery package (model) will be proposed and each element of this package is going to be discussed in more details. Through these discussions, a far more obvious framework will be available as to how to formulate a service recovery package for the airline industry.

**Phase 1 Designing a service recovery process**

In theory, a service organization comprises several distinct service processes to deliver services in a way that consumers want and prefer. Inevitably, a number of service activities will go wrong during the whole service delivery process. Doing it right the first time in the service industry is a lot more difficult than in the manufacturing industry. This is because the manufacturing industry can test and modify its final products over and over again. Instead, in most cases, services are produced and consumed at the same moment. This kind of condition makes it much easier for service providers to make errors during service delivery process. Therefore, it is imperative that service firms must have a standardized, institutionalized service recovery process or program to deal with customers.
who do encounter a poor service experience. When customer dissatisfaction does occur, an organization has the opportunity to take some remedial action that will not only calm a dissatisfied client, but produce a satisfied one; service recovery refers to those actions designed to alter the negative perceptions of dissatisfied consumers (Schweikhart, Strasser, and Kennedy, 1993, p. 3).

In reality, the most important thing for front-line staff to do is to make sure that they let customers know that the complaint is being taken seriously and that efforts will be made to find a solution; a useful 10-stage approach is (Diane, 1994, p. 417):

1. Stay calm.
2. Avoid admitting any liability at this stage.
3. Let the customer get the story off their chest.
4. Get the facts.
5. Find out what the customer wants.
6. Identify the appropriate action to take.
7. Take action to solve the problem.
8. Tell the customer what will be done and when.
9. Record action to be taken.
10. Follow up.

With regard to the practical operation of most airlines in Taiwan, the primary problem about their service recovery system is that they fall short of a well-designed service recovery process to take better care of passengers' being angry, unsatisfactory with service failures. Thus, as follows, a simple, standardized step-by-step service recovery process (Figure 2) will be designed and then explained in greater details. Establishing this service re-
covery process is viewed as the first phase of the service recovery model mentioned above.

**Step 1 Identifying the fact and cause of service failures**

If you were a frequent flyer, you wouldn't deny the fact that flight delays or cancellations is very common among all airlines, none of which can guarantee that all of their flights will depart in accordance with scheduled time. In terms of a consumer's point of view, it is absolutely natural that every passenger always expects his or her flight to leave on time. However, it is inevitable for a gap between customer expectations and results to exist, especially in the airline industry. As you know, whether a flight can take off on time or not is primarily based on many factors, such as weather, mechanism, and airlines' internal management. Some uncontrollable factors, including security check, crash accidents, and so forth, are also attributable to resulting in flight delays or cancellations. Blaming airlines for delays or cancellations without taking these uncontrollable factors into consideration is a harsh, unfair treatment to the airline industry.

Nonetheless, even though certain mistakes are inevitable, airlines still have the responsibilities and obligations to identify the real causes leading to these service failures. To find out both the fact and cause is a pretty pivotal step during the whole service recovery process. This is because in most cases clients base their expectations on a complete truth. For this reason, every division within an airline must do its best endeavor to coordinate one another to disclose the fact and cause whenever service failures occur. For example, if a flight is delayed or cancelled due to something wrong with the plane's mechanical problem, the maintenance division's mechanics must inform the frontline service employees of the fact and cause as soon as possible. By doing so, the frontline service employees are able to identify a service recovery opportunity and take the next step at the same time.
In effect, this step should be seen as part of both internal management and routine training. Close integration as well as coordination among different departments is helpful to solving customers’ problems successfully as something wrong happens.

**Step 2 Apologizing to disgruntled, dissatisfied passengers**

Human, who are neither God nor saint, at times will make a wide range of mistakes having a significant influence on others. Therefore, how to rectify mistakes made is very important. Conceding faults may be thought of as a profound art of remedying faults made. In the meantime, apologies are the simplest method of admitting mistakes, and making relationships among people much less intense. Apologies are also the cheapest approach to reducing the negative effect of a lapse. If an apology can be expressed the instant something go wrong, the person making a mistake is more likely not to blame. In actuality, waiting temporarily is inevitable to any service industry, and always making customers feel frustrated, upset, and even irritated. For instance, as far as the airline industry is concerned, it is very natural for delays and cancellations to happen as a result of many various factors mentioned previously.

In most cases, fliers are accustomed to waiting for a long time so that most of airlines have made it a rule to neglect passengers’ perceptions. Under the situation, once a delay or cancellation occurs and the airline’s frontline employees can apologize to passengers verbally right away, passengers may feel a lot more comfortable, respectable at least psychologically. Occasionally, even though a delay or cancellation is caused by some uncontrollable factors, not the airline’s mistakes, it is still desirable for the airline to express a sincere apology to its passengers. By doing so, consumers will perceive the quality and value of service. After all, one of the functions of service is to transform intangibility to tangibility, for example, a true apology without any condition.
Step 3 Telling passengers the truth frankly and honestly

Keep in mind that honesty is the best policy. As an ancient Chinese proverb said, a liar must tell many lies to cover the first lie he or she told before. Only honesty and truth can offset the mistake made already. Concealing the fact merely makes things a lot worse. That is, lying to customers is unforgettable for a service organization. As mentioned early, now that delays and cancellations are normal under certain circumstances, airlines have absolute responsibilities as well as obligations to inform passengers of a complete fact as soon as they can. This means that no matter what factors cause a delay or cancellation, passengers have absolute rights to know about the fact and in turn to make several arrangements for themselves.

For example, if a flight is delayed, customers need to have a clear understanding of when the delayed flight can exactly depart so that they can make a phone call to their families or friends, who are going to the destination airport to pick them up. In certain cases, however, it is not until the delayed flight is about to take off that airlines are willing to tell passengers the fact and truth. A simple reason can help explain this situation is that most of delays and cancellations are generated by airlines' internal management or control procedures as well as practices. Much more clearly, in case a delay or cancellation is yielded by uncontrollable factors, such as terrible weather, the airline needn't to be afraid of telling the truth. In a word, telling the truth ought to be considered as a best strategy of recovering service failures. In addition, how to deliver messages to passengers is also a crucial subject. Generally speaking, airlines' frontline employees such as gate agents must deliver correct information to passengers right after apology. Also, delivering this sort of message in person is much more appropriate than using broadcast or microphone.
Step 4 Offering solutions to passengers' problems creatively

Typically, customer wants and needs must be identified and determined before delivering a superior service to customers. Since service quality is defined by customers, what you will provide needs to be consistent with what customers want. If the ultimate service result is opposed to what customers expect, every effort made is most likely to become meaningless. That is, delivering a service package to consumers without considering their expectations and demands is not only costly but also time-consuming. This is why a considerable number of companies spend a lot of time and money making use of a wide range of methods, such as marketing research, focus group, survey, interview, and so on, in order to acquire tremendous amount of information about their customers.

In terms of the airline industry, the most common service problems are on-time performance, lost luggage, overbooking, and crash. The airline industry can make some compensation policies as to these routine, predictable service failures in the form of total satisfaction guarantees beforehand. Once any service failure happens, airlines can provide passengers with promised, feasible solutions to their problems immediately. In addition, serving as a promotion tool, these promised compensation policies may be able to help build customers' expectations. For example, an airline can guarantee that once the flight is cancelled, the airline will be responsible for arranging a hotel or another flight for passengers.

Step 5 Taking actions to solve passengers' problems quickly

As a customer, the most terrible thing is not experiencing a service failure. Instead, very frequently, waiting a long time for service providers to take actions to respond to
complaints really makes customers disappointed, frustrated, and irritated. For this reason, a service company must take actions to solve customers' problems or complaints as soon as possible after solutions have been determined. In other words, once promises are made to customers encountering service problems, a service organization has to do everything it can to turn dissatisfied customers into loyal ones at any cost. For instance, if a passenger's luggage is lost, the airline has no option but to find the luggage and return it to the passenger as soon as it can. Otherwise, the airline must compensate the customer for his or her loss in any way, such as cash or free mileage. Notice that no matter what method is used to compensate for clients' loss or inconveniences, everything got to be done in a pretty short time.

**Step 6 Informing passengers of what will be done and when**

In theory, the definition of service quality is determined by the difference between customer expectations and service results perceived. Customer expectations are in part based on promises the service provider makes. It's much better for service personnel to take their capabilities and resources available into account before promising customers anything. Much higher consumer expectations as the result of far more promises made by service providers will easily lead to frequent disappointments. Similarly, once a service failure arises, airlines must tell passengers what can be done or what can't be done after taking necessary actions to seek a wide array of ways to meeting passengers' requirements. For example, if possible, airlines may be able to promise passengers to arrange another flight to fly them to the scheduled destination. At the same time, airlines have to tell passengers exactly when this flight rearranged will take off. This is because with regard to psychological factors, waiting without expectations as well as promises is a terrible experience to anybody. Therefore, as long as airlines can make every endeavor to fix mistakes
made as fast as they can, most customers will become satisfied and more loyal in the years to come. Much more importantly, never promise customers what you can not do; otherwise, clients will defect permanently.

Step 7 Delivering extra services to exceed passengers’ expectations

As a matter of fact, superior service quality is more than just satisfying customers’ requirements. In addition to offering fundamental services, an outstanding service firm must be able to provide customers with additional services, which have the function of delighting the customers. In other words, exceeding customers’ expectations will make it much easier to solicit customers’ forgiveness after customers experience a poor, terrible service. Even though extra service offerings are likely to yield more expenditure in the short run, ultimately, clients, highly satisfied with the unique services featured by the service provider, will make enormous amounts of contributions to the bottom line. For example, once a delay arises, airlines can provide passengers with drinks, deserts, or something else after taking necessary service recovery steps. Furthermore, the airline frontline service employees can orally ask passengers if they need other services or if they are satisfied with current service recovery initiatives provided. Then, the airline can make some corrections accordingly. In short, a successful, excellent service company needs some imagination as well as creativity to do something different from the competitors.

Phase 2 Giving more and intensive training

A service firm got to train its front-line employees who encounter directly with consumers, because the frontline employees are the first ones to know about problems and are in the best position to identify what can be done to meet customers’ needs. Generally speaking, frontline employees need to take a long time to learn the communication skills
as well as imaginative ways of thinking required to cope with disgruntled clients. The primary function of a service recovery-training program is to make frontline employees familiar with the process of service recovery designed. An excellent service recovery-training program must enable the frontline employees to know about how to make right decisions and how to take appropriate actions immediately whenever something concerning customers' interests and benefits go wrong. Besides, this training program has to concentrate on teaching customer-contact employees how to communicate effectively with passengers because successful communication with clients is the key core of perfect service recovery process. The most effective way to develop recovery skills is through simulated real-life situations and role playing (Hart, Heskett, and Sasser 1990, p. 148). Also, in order to develop recovery skills, training should inspire the frontline employees to recognize and in turn to own the process in which they have been working. It is much easier for an employee who knows about the entire service recovery process to understand the interdependence of the whole system and to find an efficient, effective approach to solving customers' problems. The most direct method of doing this is to rotate employees through different jobs and departments. In summary, the frontline employees must be trained to be capable of tackling each situation facing them because it is impossible for managers to control every moment of truth.

As mentioned earlier, it is a lot more likely for airlines to do something wrong, especially, delays, cancellations, overbooking, or luggage-handle. The frontline employees of the airline industry may have more opportunities to perform the service recovery process than do those of other service industries. This justifies the necessity and urgency of training the frontline employees of airlines how to correct service failures adequately and properly. A standardized service recovery process is, in reality, a series of complex steps...
or activities to which intense training must be dedicated. By means of routine training, the frontline employees can be more familiar with how to respond to customers' problems or inconveniences and take quick actions to fix them. In my opinion, communication skills ought to be an integral portion of service recovery training. Once clients experience a service failure, excellent communication skills can help reduce the fraction between customers and service providers. Even more critically, the frontline service employees have to be trained to think about problems from customers' viewpoints. That is, any decision can't be made at the expense of customers' interests as well as benefits. All in all, offering solutions to consumers' problems at any cost is always the first priority to the service industry. In a word, the importance and focus of service recovery training program lies in changing frontline employees' ways of thinking as well as doing things with respect to passengers.

**Phase 3 Empowering frontline employees adequate authority**

The organization must train the people who interact directly with customers, and then it must empower them; it must give them the authority, responsibility, and incentives to recognize, care about, and attend to customer needs (Hart, Heskett, and Sasser, 1990, p. 148). In actuality, training merely gives employees capabilities by which clients' problems may be solved, whereas adequate empowerment can give employees enough power to deal with customers' complaints on the spot. This means that training and empowerment can't be separated from each other in a service recovery package. Appropriate empowerment lets the frontline employees feel like they own the whole service recovery process. With enough empowerment, the frontline employees can do everything they can to satisfy consumers' needs and wants without reporting all details to their managers. Additionally, empowerment may be able to avoid wasting clients' time, which is a vital measure re-
garding customer satisfaction. Empowerment, however, must be restrained to a reasonable extent to which the frontline employees can be controlled. Thus, how to acquire a balance between empowerment and control will become a huge challenge to all managers. In other words, a trade-off between making employees responsible for what they do and losing some degrees of control is a dilemma each manager must face.

As mentioned previously, an airline has such a substantial number of subsidiaries nationally or globally that it is almost impossible for top management to supervise, monitor, and control every interaction between the frontline employees and passengers. To make matters worse, the probability of service failures is very large for the airline industry. As a result, empowerment plays an important role in determining whether a service failure can be recovered perfectly or not. For example, if a flight cancellation happens, the frontline employees should be given enough authorities to decide on whether arranging a hotel for the passengers or not. Both improper intervention and supervision make the frontline employees feel like they are not the owners of the service recovery process. The managers should realize that the frontline employees are those who know more about passengers' problems. Thus, to fix service failures effectively and effectively, the managers have to provide the frontline employees much more support rather than unreasonable control. Above all, it's very ridiculous for passengers to spend a long period of time waiting for the communication process between the frontline employee and the managers. In short, both adequate empowerment and reasonable control can make frontline employees feel confident in their authorities to recover from service failures.

Phase 4 Establishing a measurement system

What gets measured gets managed. This means that measures or metrics must be designated before designing a service recovery process. The primary objective of meas-
ures is to establish a standard by which a service process' performance can be compared with previously set goals. If a service process is designed without setting measurable metrics at the same time, it is not simple to gauge the performance of the service process and to unearth problems as to the service process. That is, a measurable service process makes it possible for managers to formulate a benchmarking or Reward and Recognition plan. For example, a substantial number of service organizations are accustomed to making use of customers' waiting time to assess a service process's performance as well as efficiency. Also, a promotion or compensation plan can be based on set metric goal serving as an objective evaluation standard. For instance, the number of complaining about a given service process can be used to determine if the owner of the service process will be promoted or not. In addition, a service firm can capitalize on an objective assessment standard of a given service process to make comparison with the best similar service process in any other industries, which is called benchmarking. In short, a measure is not only a number but also a fact by which a service manager can take corrective actions to improve the service process continually.

Basically, in the context of the airline industry, the number of customer's complaint should be the most effective measure of evaluating a service recovery process's performance. The more the number of customer's complaint, the less effective the service recovery process. Actually, the major function of designing a service recovery process is to lower the number of customer's complaint. In other words, the service recovery process is set up to solve clients' problems in the first place and to prevent dissatisfied customers from complaining directly to upper management level. If passengers' problems can be solved as soon as possible, passengers don't have to spend additional time complaining to any other people of the airline. Naturally, both customer satisfaction and loyalty will go up at the
same time. Therefore, an adequate metric must be incorporated into the service recovery process so that the service manager can monitor the performance of the service recovery process on a regular basis. For example, if the number of customer's complaint increased substantially last month, the service manager must collect and analyze data to determine if there is something with training, empowerment, or something else. In conclusion, not only can an outstanding measurement system offer opportunities to revamp the service recovery process, but it can also serve as a basis on which a Reward & Recognition can depend on.

**Phase 5 Improving service recovery package continuously**

In essence, the real meaning of total quality management is to seek continuous improvement in various processes within an organization. Any service process is made up of a number of steps or activities, so a service firm must check its service processes periodically and eliminate some steps that can't deliver value to customers. That is, an effective service process should consist of a set of activities bringing benefits or value to clients. Through constantly assessing and improving service processes, the goal of total quality management can be attained and total customer satisfaction can be accomplished simultaneously. Likewise, according to set performance goals, the service recovery process of an airline can be evaluated and rectified as well. For example, once the number of customer complaint soars substantially, quick, responsive actions must be taken to search for root causes and find out solutions to the problems of the service recovery process. For instance, after investigation, if the frontline service personnel must be responsible for failed service recovery, more training as well as education may need to be offered. In actuality, consumers' expectations and requirements are changing continuously, so service organizations have no alternative but to invent more effective, efficient service processes or approaches.
to meeting or even exceeding clients' expectations. After all, consumers are the ultimate judges having the right to define service quality and value.

**Phase 6 Motivating frontline employees aggressively**

In today's highly competitive marketplace, human resources are the primary competitive advantage, which is unlikely to be duplicated very easily. Employees can be regarded as the most precious assets. How to take advantage of distinctive methods to stimulate employees' potential has become a major concern to all managers. In this case, a complete Reward and Recognition program is able to make considerable amounts of contributions to inspiring employees' working moral and to augmenting employees' working efficiency simultaneously. A comprehensive Reward and Recognition program can also attain the goal of enhancing employee satisfaction, which will result in higher customer satisfaction ultimately. That is, senior leaders should play an important role in motivating employees through building a comfortable working environment that address the welfare of all employees. Generally, an employee recognition program involves numerous forms. For example, you can personally congratulate an employee in private for an excellent job. You may be able to send an e-mail message recognizing something outstanding that the employee has done. You can also capitalize on meetings to thank for the contributions and achievements of a successful work team. Therefore, no matter what tools you use to urge your employees to do something positive to your company, just keep in mind that employees are a group of people needing both courage and inspiration.

As noted previously, an airline can make use of the number of customer's complaint to assess the performance of the service recovery process and in turn to identify the opportunity of rectifying the service recovery process. Similarly, an airline can also use the number of customers' complaint about the service recovery process as a measure to deter-
mine if the frontline employees should deserve an appropriate reward or recognition. In other words, for the service industry, a strong correlation between customer satisfaction metrics, such as the number of customer's complaint, and Reward & Recognition programs must be established. Whether the frontline employees should acquire reward and recognition or not must be based on customer satisfaction instead of sales revenue or market share. In the years ahead, soft data will play a far more vital part in determining the frontline employees' performances, the basis of Reward and Recognition programs, than will hard data.

Figure 1: A Flowchart for the Service Recovery Package Analysis

- Designing a service recovery process
- Giving more and intensive training
- Empowering frontline employees adequate authority
- Decreasing complaints
- Establishing a measurement system
- Increasing complaints
- Motivating frontline employees aggressively
- Improving service recovery package continuously
- Enhanced employee satisfaction & loyalty
- Enhanced customer satisfaction & loyalty
- Augmented market share and profitability
Figure 2: A Service Recovery Process for the airline industry in Taiwan

**Step 1:** Identifying the fact and cause of service failures.

**Step 2:** Apologizing to disgruntled, dissatisfied passengers.

**Step 3:** Telling passengers the truth frankly and honestly.

**Step 4:** Offering solutions to passengers' problems creatively.

**Step 5:** Taking actions to solve passengers' problems quickly.

**Step 6:** Informing passengers of what will be done and when.

**Step 7:** Delivering extra services to exceed passengers' expectations.
Chapter 4

Recommendations and Conclusion

Recommendation

What? (Designing A Service Recovery Process)

In most cases, what customers care about is not to encounter any type of service failure. Instead, they are always afraid that their service problems cannot be resolved by service providers at a reasonable cost or in a short period of time. As mentioned in the case study above, not to mention the concept of service recovery, service quality has never got much emphasis in China Airlines for a long time. Therefore, it is very urgent for China Airlines to introduce the philosophy of service recovery through designing a standardized service recovery process. In the meantime, China Airlines' service culture can be influenced positively along the process of introducing the concept of service recovery. Certainly, the service recovery process presented above is just a simple framework, which may be modified in accordance with distinctive service failures. Even more importantly, top management of China Airlines must be aware of the significance of service recovery and have courage to make several changes in corporate culture.

Who? (Giving more and intensive training)

Frontline employees are those who contact with customers very frequently and know more about customers' requirements and expectations. The performance of frontline employees has a vital impact on the service quality perceived by clients. After introducing the concept of service recovery by top management's commitment to designing a standardized
service recovery process, China Airlines must give its contact employees more and intensive training to make them familiar with different service recovery process, especially addressing the interpersonal and communication skills. As a consequence, frontline staff will have enough abilities to recover from any kind of service failure.

Where? (Empowering frontline employees adequate authority)

As service failures occur, what consumers expect and want the most is that their problems can be paid attention to and solved as fast as possible. Frontline staff ought to own enough, adequate power and authority to take care of clients' complaints or problems. For this reason, through internal policies, China Airlines must make a lot of efforts to set up the corporate culture of empowerment. For example, each local manager may have a fixed, disposable amount of budget to act as service recovery expenditures every year. Ideally, frontline staff on the spot can deal with all of passengers' problems directly. After all, adequate empowerment, coupled with enough training, enable contact staff to deliver superior, effective service recovery to dissatisfied consumers.

How much? (Establishing a measurement system)

To assess the effectiveness and validity of a service process, a measurement system must be established. As a result, based on the measurement system, a reward and recognition or continuous improvement program can be developed. For example, China Airlines may be able to take advantage of the number of passenger complaint and circle time to evaluate its service recovery operation. If a passenger loses his or her luggage and takes a long time, over set standard, to get compensated, it indicates that there is something wrong with the service recovery system and actions must be taken to find root causes and improve the system accordingly. Also, if the complaint number of an affiliated company is
decreasing substantially, the headquarters should have a reward and recognition program in place to inspire those who deserve it. In a word, without a measurement system designating pertinent metrics, the service recovery system can't be managed effectively and efficiently.

**Conclusion**

Needless to say, those who deal with service recovery should regard getting customers' loyalty back as the primary challenge as clients experience service failures. A customer-focused service firm should address the importance of delighting a customer instead of the expense incurred. While continuous quality improvement principles emphasize the prevention of quality problems as the primary means of customer satisfaction, it is also imperative that service organizations have a strategy for dealing with consumers who do experience poor service (Schweikhart, Strasser, and Kennedy, 1993, p. 3). That is, inclined to deliver superior service value to clients, a service firm, like China Airlines, must consider service recovery as an integral portion of its service strategy. In fact, an excellent service recovery program may be able to act as a useful cushion to soothe customers' anger as well as frustration due to any service failure. At times, conceding fault doesn't necessarily represent failure. Instead, it may reflect an organization's unique business culture with courage to correct some mistakes made already. Such courage is exactly the most valuable property to a service company that devotes a huge amount of commitment to satisfying its customers. Keep in mind that retained customers will yield more cash flow in the years to come.

As mentioned above, like most airlines in Taiwan, China Airlines don't have a standardized mechanism in place to offer solutions to customers' problems caused by its pro-
claimed policies, operating procedures, or several uncontrolled factors. Instead, the frontline service employees or managers of China Airlines are forced to rely on their experiences and judgement to recover from any sort of service failure. Simply speaking, never do the concept and culture of service recovery exist among most airlines in Taiwan, including China Airlines. Most frequently, service quality is merely a charming, fanciful slogan appearing on commercial advertisement. This is why a simplified, logical framework for a service recovery package was discussed in the third chapter to act as a reference structure through which the airline industry in Taiwan can introduce the concept and philosophy of service recovery into its service system.

All in all, defined by customers, service quality is related to a string of steps, activities, and processes, each of which will influence customers' perception and satisfaction. All details associated with the service recovery process will have a deep, significant impact on customer satisfaction and loyalty. Thus, each steps included in the service recovery process discussed in the third chapter must be measured and managed very prudently. For this reason, each step has to be monitored and evaluated periodically in accordance with the content of customers' feedback. This means that continuous improvement actions should be taken to make customers delighted. In other words, top management must assess and improve each element encompassed in the service recovery package discussed in the third chapter on a regular basis. In conclusion, the service industry is an industry about human being, so each employee, who need to contact with consumers directly, must be recruited, selected, trained, empowered, evaluated as well as motivated in order to make moment of truth perfect.
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