

How Organizations can Capitalize on Customer-Caused Failures: An Abstract



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Abstract Prior research has shown that attributional judgments about the cause of a service failure are linked to post-consumption activities and intentions (Richins 1983). Specifically, these judgments are related to opinions about redress. Consumers feel more deserving of compensation when a failure is attributed to an external (vs. internal) cause (Folkes 1984). This phenomenon has been fairly well established in the literature, yet several unanswered questions remain. First, how do service recovery outcomes differ when a firm steps up and corrects a service failure that was caused by the *customer* versus failures perpetrated by service providers? Does this change the mindset of the consumer? Can goodwill and future value be obtained by the service organization if it amends an issue it did not cause? Ample research has been conducted regarding service recovery strategies for firm-based failures (external attributions), but little has been done to answer questions relating to customer's self-failures (internal attributions).

Our first study illustrates that consumers respond more negatively to failures attributed to external versus internal (self-inflicted) causes. Our second study shows that while customers tend to react in a more positive manner (i.e., higher repatronage intentions) to self-caused failures, these reactions can be further amplified. The results demonstrate that accommodating guests who showed up to a concert on the wrong day led to higher distributive justice perceptions and repatronage intentions (RPI) compared to those who were not accommodated. Moreover, the amount of effort exerted during the service recovery process was found to be an important factor when the service provider was not able to offer a sufficient resolution to the problem. Findings indicate that when not accommodated, consumers who felt a

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high level of effort was provided during service recovery had greater distributive justice perceptions and were more likely to repatronize in the future compared to when minimal effort was exerted. Thus, practitioners should note that even when an organization cannot resolve a customer-caused failure, a high amount of perceived effort significantly enhances customer retention.

Keywords Service failure · Service recovery · Customer-caused failure · Attribution theory · Equity theory · Expectancy theory · Repatronage intention

References Available Upon Request