Why service recovery fails: A case study on the Norwegian Coastal Voyage (Hurtigruten)

Hugo Skaalsvik ^{1*}

Received: 08/12/2011 Accepted: 22/04/2012

¹ Department of Business Administration and Social Sciences, Harstad University College, Havnegata 5-7, 9480 Harstad, Norway, e-mail:hugo.skalsvik@hih.no

* Corresponding author

Abstract

This paper deals with a service recovery study carried out on the prestigious Norwegian Coastal Voyage (NCV) or the Hurtigruten, which is the brand name. The research is based on a collection of 51 service failure incidents, of which 16 were recovered by the service provider. However, 35 service failure incidents were not recovered, and the paper documents why service recovery failed in these cases on the Hurtigruten. The findings show that the service actors, the service leadership due to lack of service competencies, the service employees due to lack of knowledge, skills and empowerment, and the customers themselves due to their own attitudes and behaviours explain why service recovery failed.

© 2012 International University College. All rights reserved

Keywords: service recovery, service failures, qualitative research, the Norwegian Coastal Voyage, Hurtigruten

Citation: Skaalsvik, H. (2012) Why service recovery fails: A case study on the Norwegian Coastal Voyage (Hurtigruten). *European Journal of Tourism Research* 5(2), pp. 129-152

Introduction

This paper reports on a service recovery study carried out on the Norwegian Coastal Voyage (NCV) or the Hurtigruten which is the brand name. The empirical context of the study is interesting due to historical-, cultural-, geographical- and tourism reasons. From an historical perspective, the Hurtigruten has united many small coastal settlements along the Norwegian coast from Bergen to Kirkenes for many decades (see map in Appendix 1 for geographical information). However, since the Hurtigruten is the most famous tourist attraction

product in Norway, it's the tourism dimension that has brought this research into realisation. Therefore, the Hurtigruten constitutes an interesting arena for studying a set of service management issues, and one topic to examine is the area of service recovery. This topic is interesting from both a theoretical- and a practical perspective as more research on service recovery is called for (Michel *et al.*, 2009), in addition to the fact that the cruise line industry is expanding and progressing economically (Biederman, 2008).

According to Hoffman and Bateson (1997), service failures are an inevitable part of service processes. Hence, service enterprises need to strengthen their knowledge and competencies on how to deliver quality services, with one way of doing this being to effectively deal with dissatisfied and complaining customers. Even so, a threat to service quality is that *“research around the world has exposed the fact that most people do not complain”* (Lovelock and Wright, 1999:134). For this reason, customers who actually complain are valuable for any service provider because they can provide first-hand information on service breakdowns. Thus, the effective use of this type of customer information may enhance the quality of services over time.

According to Grönroos (1988), service recovery concerns the actions that a company takes as a response to a service failure. The essence of these actions is that if something goes wrong during the different stages of service delivery and consumption, management must initiate actions to recover the customers from the service failures, as a good recovery can turn angry, frustrated and dissatisfied customers into satisfied and loyal ones (Hart *et al.*, 1990; Brown *et al.*, 1994). Consequently, effective service recovery constitutes an important part of total service quality management (Grönroos, 2006).

From a tourist's perspective, the most immediate evidence of service quality occurs in the service encounters or in the *“moments of truth”* when the tourists interact with the service personnel (Czepiel, 1990; Grönroos, 2006). Because the cruise line industry features a high degree of extensive interactions between the service employees and the tourists, there are many opportunities for service failures to occur during the various stages of service delivery. When service failures take place, as they most probably will, they have to be adequately treated by the service provider with the use of effective service recovery management (Michel *et al.*, 2009; Skaalsvik, 2011 b). However, according to Johnston and Michel (2008), many organisations need to develop their recovery programmes and procedures. As a matter of fact, according to Hoffman and Bateson (1997:335), *“an important but often forgotten*

management tool is the art of service recovery”. Thus, to understand why service recovery fails is beneficial for the practice of effective service recovery management (Michel *et al.*, 2009).

The aim of this paper is to examine why service recovery failed in a set of service failure incidents on the Hurtigruten. In order to accomplish this, the paper is organised into six parts. Following this introduction, the second part constitutes a targeted review of the empirical research on services recovery. In part 3, a set of methodology details is outlined and discussed, while part 4 entails the research findings. A discussion of the research findings follows in part 5, and part 6 ends the paper by addressing the implications of the research findings and drawing a series of conclusions. The limitations of the case study are included in this part and further research is suggested.

Literature review

Research on service recovery is the twin to research on service failures (Lewis and Clacher, 2001; Lewis and McCann, 2004; Grönroos, 2006; Michel *et al.*, 2009; Skaalsvik, 2011 a, b). Over time, service recovery research has focused on several conceptual-, theoretical- and practical issues in a diverse set of service industries (Miller *et al.*, 2000; Zemke and Connellan, 2001; Duffy *et al.*, 2006), although the knowledge base on service recovery needs to be further developed and advanced (Michel *et al.*, 2009). According to Gross *et al.*, (2007), a huge service problem is that service providers are slow to respond to and “fix” service problems. One consequence of this is that customers leave, they *“vote by their feet”* (Mattila, 1999:286). Thus, in order to hinder customer dissatisfaction and defection, effective service recovery management is required.

Service recovery: The concept

In service research literature, there is a set of different opinions on how to understand the concept of service recovery. A simplistic understanding of this concept is that of Mattila (1999:284), *“Putting right what has gone wrong”*. The essence of this statement is that a service provider takes actions to correct what has gone wrong during the various stages of

service delivery and consumption (Hoffman and Bateson, 1997; Mattila, 2001). Lovelock and Wright (1999:141) represent a more precise view and perceive service recovery as “a systematic effort by a firm after a service failure to correct a problem and retain a customer’s goodwill”. Miller *et al.* (2000:38) perceive service recovery as “those actions designed to resolve problems, alter negative attitudes of dissatisfied customers and ultimately retain these customers”. Hence, the core of the definitions is to keep dissatisfied, frustrated and angry customers loyal and in this way retain the customers’ trust and loyalty in the service provider after service breakdowns. However, Michel *et al.*, (2009) suggest an even more comprehensive understanding of service recovery and perceive service recovery as “the integrative actions a company takes to re-establish customer satisfaction and loyalty after a service failure (customer recovery), to ensure that failure incidents encourage learning and process improvement (process recovery) and to train and reward employees for this purpose (employee recovery)”. This definition brings new elements to a comprehensive understanding of service recovery with the core of the definition being that in order to advance knowledge on effective service recovery, an *integrated approach* is needed. By building on Johnston and Michel (2008), Michel *et al.*, (2009) argue that three different, discipline-linked perspectives are required in order to fully understand effective service recovery management, namely those of *customer*-, *process*- and *employee* recovery. The essence of this is that these different, but highly related recovery concepts are grounded in different literatures. The *marketing literature*, which focuses on the demand side of the tourism system (Gunn, 2002; Mill, 1992), emphasises the importance of satisfying the customer after the occurrence of service failures (Smith *et al.*, 1999; Tax *et al.*, 1998). Michel *et al.* (2009) term this *customer recovery*. The *service operations literature* focuses on the planning and management of service processes, as well as how to learn from service failures in order to prevent them from happening again in the future (Johnston and Clark, 2008), which is termed *process recovery* (Michel *et al.*, 2009). The *management literature* focuses on the role of service leadership and the service

employees. One important issue is how to prepare the service employees to recover from service failures (Bowen and Johnston, 1999), which is termed *employee recovery* (Michel *et al.*, 2009). The integrated perspective as suggested by Michel *et al.*, (2009) is conceptually interesting by its focus on different aspects of services recovery and the split between customer-, process- and employee recovery. In this paper, however, the core is to explore why service recovery has failed from the customer’s point of view.

Service recovery research

The idea of “zero defects” in the delivery of services is an unrealistic one (Hoffman and Bateson, 1997). Since many high-contact services, such as a cruise operation, are highly complex, service failures will occur in both the process and outcome of service delivery (Lewis and McCann, 2004). Obviously, the cost of failing in the delivery of services is the “cost of quality” which may be damaging to any service provider (Grönroos, 2006). When a service failure takes place, a service provider has two options: either act on the service breakdown or do nothing. Unfortunately, when service failures happen, some service providers do nothing other than carry on with business as usual. Yet, as evidenced in services research, the consequences may be damaging. There will be a risk of a negative spread of “word of mouth” (Susskind, 2002; Swanson and Kelley, 2001), reduced customer satisfaction and confidence (Smith *et al.*, 1999; Zeithaml *et al.*, 1996; Boshoff and Leong, 1998), a decline in customer loyalty to the service provider (Bejou and Palmer, 1998; Maxham, 2001; Maxham and Netemeyer, 2002), in addition to a risk of lost customer lifetime value (Rust *et al.*, 2000). Nonetheless, service breakdowns may also affect the service employees by a reduction in employees’ satisfaction and morale (Bitner *et al.*, 1994). Ultimately, when services fail and nothing is done, a loss of revenues and increased costs may be an end result (Armistead *et al.*, 1995). Therefore, the alternative to doing nothing when service breakdowns occur is to act and actually do something in the service failure situations. However, in order to act, service organisations need capacity, competencies and management tools to regain the customers and service

employees from service failures when they take place (Peterson *et al.*, 2006).

Contrasting the set of negative effects of not responding to service failures, several researchers have discovered the benefits of good recovery from service failures (Etzel and Silverman, 1981; Bell and Zemke, 1987; Berry and Parasuraman, 1992; Eccles and Durand, 1998; McDougall and Levesque, 1999; Bamford and Xystouri, 2005; Grönroos, 2006; Michel *et al.*, 2009 and Skaalsvik, 2011 b among others). As one example, Bamford and Xystouri (2005) emphasised that effective service recovery plays a crucial role in maintaining and building customer loyalty, whereas Etzel and Silverman (1981) argued that customers may have more positive feelings and attitudes towards the service provider after the occurrence of service failures that would have been the case had the services been performed correctly the first time. In the services literature, this is termed the “*service recovery paradox*” (Grönroos, 1988). However, according to Maxham and Netemeyer (2002), the “*service recovery paradox*” may work in one failure situation, but is unlikely to work after two failures.

Thus, the best option when service failures occur is to act and do something to rectify the situation. According to Hoffman and Bateson (1997), responses to service failures can be organised into two separate groups:

- Responses to service failures that are attributed to the service organisation;
- Responses to service failures that are attributed to customer error.

In both groups there are two options, good and poor responses. As one example, Hoffman *et al.*, (1995) suggested that an acceptable *economic compensation* is the most favoured response as perceived by the customers. A study by McDougall and Levesque (1999) revealed that service employees’ *assistance* plus *economic compensation* had the greatest positive effects on customers’ future buying intentions towards the service provider. Hence, over time, an extensive research on effective recovery components have emerged in the services literature (Bell and Zemke, 1987;

Bitner *et al.*, 1990; Kelley *et al.*, 1993; Johnston, 1995; Boshoff, 1997; Hoffman *et al.*, 1995; Hoffman and Chung, 1999; McDougall and Levesque, 1999; Goldstein *et al.*, 2002; Boshoff and Staude, 2003; Michel *et al.*, 2009). However, as evidenced in service research, service recovery fails when a service provider does nothing other than carrying on with the business by simply ignoring the failure by providing a poor response. The study reported on in this paper encompasses service failure situations when the service provider did not respond at all.

Understanding why service recovery fails: A framework

In an interesting conceptual paper, Michel *et al.*, (2009) have theoretically contributed to an understanding of why service recovery fails after the occurrence of service failures. The core argument is that service recovery fails because of a set of *tensions* between *customer-*, *process-* and *employee* recovery. For instance, there may be a tension between employee- vs. customer recovery due to a conflicting view in terms of the customer/complainer as a friend vs. the view of the customer/complainer as an enemy. There may also be a tension between a short-term vs. long-term focus of a company. While an effective service recovery is grounded in the building of a trustful long-term customer- and service employee relationship, some firms act on a short-term basis by following a human recruitment policy for the replacement of employees in order to keep fresh, highly motivated employees in their work force. In order to solve the tensions, five suggestions are provided including integration around a “*service logic*” which concerns how a unified service system should work (Michel *et al.*, 2009). Even so, this interesting conceptual paper by Michel *et al.*, (2009) does not provide any empirical data that confirms the robustness of the model, while this paper contrasts that of Michel *et al.* (2009) by providing empirical data.

In high-contact service industries (Lovelock and Wright, 1999) like the cruise line industry, service failures may happen as a consequence of distinctive service characteristics such as real-time performance, difficulties in service evaluation, service employees as part of the

Figure 1. *Actors in the service failure and recovery processes*

product and customer involvement in service processes. In fact, a service failure often occurs when an *actor* is present (Grönroos, 2006). The human element implies that service failures may take place due to the many intensive service encounters between the service provider's high-contact personnel and the customers. Therefore, in people-intensive services, one or more actors are usually involved in the delivery and consumption of the services, including the *service leadership*, the *service employees* and the *customers*. The suggestion in this paper is that the lack of recovery can be explored by examining the actions and performances of the actors who participate in the service processes. Thus, the suggestion is that a "service marketing triangle" model (Grönroos, 2006) is applicable and useful in order to explore why service recovery fails. For this reason, the following model (Figure 1) is suggested as a frame of reference in order to identify the underlying factors that may explain why services recovery failed in a set of service failure incidents on the Hurtigruten.

Methodology

In order to examine why service recovery fails, service failure data are needed which may be collected by means of three data collection methods, total quality management (TQM), mystery shoppers and critical incidents (Michel *et al.*, 2009). The collection of service failure

incidents utilises the advantages of qualitative studies, as the subjects can provide extensive descriptive accounts of the incidents in their own words, thereby helping them to express their satisfaction or dissatisfaction with the service performances (Grove and Fisk, 1992; Grönroos, 2006).

A case study methodology was favoured in this study (Merriam, 1998; Yin, 2003; Mehmetoglu, 2004). According to Gummesson (2000:87), "case study research has received growing recognition among groups of management researchers". The case study approach is particularly useful when examining a phenomenon about which relatively little is known (Gummesson, 2000). Thus, the case study approach was considered suitable when examining why service recovery failed in a set of service failure incidents on the Hurtigruten.

The research reported in this paper is carried out from a service employee's perspective, which has been proved to be a reliable alternative to the customer's perspective in previous research (Edvardsson, 1992). The service employee perspective is grounded on the decisive role of the service employees for effective service encounters (Bettencourt and Gwinner, 1996; Lewis and Entwistle, 1988). According to Bitner *et al.*, (1990), the responses of the high contact-employees are crucial in determining the results of service

performances. The primary reason for the choice of perspective was “practicality”. Due to budget restrictions, it was considered more convenient to access the service employees than the tourists who traveled on the Hurtigruten.

A range of service employees’ categories on the Hurtigruten, including the back-stage and front-stage personnel, are important for a superior service delivery. However, the tour conductors belong to a service personnel group that has many daily personal and intensive face-to-face interactions with the tourists. Therefore, the tour conductors are in a favourable position to observe and be told “stories” or “anecdotes” from tourists on what caused them to be satisfied or dissatisfied with the core tourist product and supplementary services. Similarly, the tour conductors are important sources of information about what the service provider did (or did not do) in order to recover the tourists from the service failure incidents (Grönroos, 2006). Consequently, a decision was taken to invite the tour conductors as informants in the study.

On contact, the Hurtigruten personnel department released a tour conductor’s list of 13 names belonging to two different groups, regulars and substitutes. A decision was taken to include only the regulars in the research sample due to their extensive service experiences and expertise in service operations. The regulars consisted of eight persons. One person did not want to participate in the research because of a strong opposition to the strategic choice of transforming the Hurtigruten into a conventional explorer cruise line company, as the person favoured the “old” ships (see Appendix 2, which shows photos of the “old” and the “new” Hurtigruten).

To conduct the research, the assembling of primary- and secondary sources required consideration (Booth *et al.*, 2003). The examination of secondary data such as internal reports provided a thorough insight and understanding of the Hurtigruten as a composite tourist attraction product. For example, in a strategic report entitled, “*Strategic choices after 2001*” (Hurtigruten, 1999), a strategy of becoming a world leader in

explorer cruises was discussed. Still, secondary data may lack precision and accuracy (Kinnear and Taylor, 1991), while primary research information usually provides more specific and extensive data from informants who can provide information to the question(s) under scrutiny (Veal, 2006).

The personal interview is the most widely used method of data collection in qualitative research (Fielding, 1997; Easterby-Smith *et al.*, 1999), so the personal, face-to-face in-depth interview was judged to be the appropriate data collection tool due to the “richness” and “depth” of the data collected (Michel *et al.*, 2009). The “richness” and “depth” in the information collected were obtained by the tour conductors, who provided extensive descriptive accounts of service failure incidents and associated recoveries that took place on the Hurtigruten. In order to carry out the in-depth interviews, the advice of McCracken (1988) was carefully followed, with one important issue being that the investigator “*allows the respondent to tell his or her own story in his or her own terms*” (McCracken, 1988:22). This implies that flexibility is encouraged in the course of the interviews, which further implies that the in-depth interview guide is not necessarily strictly followed if relevant information comes up during the interview phase. The in-depth interviews were carried out at the headquarters of the shipping lines in Tromsø and Narvik.

For the purpose of this paper, the question, “*What did the service provider do in order to compensate the service failure incidents?*” was raised in order to explore why service recovery failed. The in-depth semi-structured interviews with the tour conductors were conducted in August and September 2001, and the long interviews (McCracken, 1988), each of which lasted for approximately two hours, were administered by the author. However, how to carry out the personal long interviews required careful consideration in order to enhance the quality of the research, and a decision was made to carry out the interviews in three phases. First, the tour conductors were contacted in writing in order to explain the purpose of the research, and they were told that the research needed their participation in order to be successful. Second, the tour

conductors were contacted by telephone, with the aim of obtaining their formal approval to participate in the research as informants. In the course of the telephone conversation, the tour conductors were encouraged to recall incidents of service failures and associated recoveries, write down the details in a note book and bring it with them the notes to the formal interview meeting. Third, the long in-in depth interviews took place between the towns of Harstad and Svolvær when the Hurtigruten was at sea (see map in Appendix 1 for geographical information). During this part of the voyage, the tour conductors were able fully to concentrate on the interview situation since it starts quite early in the morning and most of the tourists were occupied with their breakfast, although some of the tourists participated in a bus excursion between Harstad and Sortland (see map in Appendix 1 for geographical information).

The analysis part of a qualitative study always needs consideration. The analytic approach in this paper consisted of a *content analysis* of a set of service failures and associated recoveries. The essence of this approach was to identify the service failure incidents that were not recovered, in addition to performing a thorough examination of the incidents in an attempt to uncover why the service recovery failed. The factors which explain this are described in the findings section of this paper.

The issue of quality in research needs careful assessment (Gummesson, 2000), although there are several opinions on how to obtain quality in quantitative studies (Johannessen *et al.*, 2004). Veal (2006) discusses two axioms of research quality, validity and reliability. Validity is perceived as "*the extent to which information collected by the researcher truly reflects the phenomenon being studied*" (Veal, 2006:41). The research phenomenon in this study was the lack of service recovery actions by the service provider after the occurrence of a set of service failure incidents on the Hurtigruten. The validity of the research findings is closely linked to the recall and report of service failure incidents and associated recoveries from the tour conductors. As the tour conductors were given a sufficient amount of time to recall and rethink the service incidents and the associated

recovery actions, the information collected provided a "*pattern*" or "*system*" of service failures and associated recoveries in that specific context. Reliability is perceived by Veal (2006:41) as "*the extent to which research findings would be the same if the research was to be repeated at a later date with a different sample of subjects*". Yet, since the intention of a single case study "*is not to make generalization, but to investigate a "one off situation"*" (Clark *et al.*, 1998:103), the case study may contribute to the knowledge field of service recovery but is restricted to a specific research context, that of the Hurtigruten.

Ethical issues need to be addressed in any empirical study that involves "*people as sources of data*" (Booth *et al.*, 2003:87). According to Nerdrum (1998), three issues need particular consideration when collecting information from interviewees by means of in-depth long interviews, as was done in this research. The first issue is the interviewees' right to self determination and autonomy. The second issue is to respect to the interviewees' right to privacy, and the third issue is to avoid personal damage. In the research reported on in this paper, the interviewees' right to self determination and autonomy is particularly relevant. This issue is also addressed by Silverman (2005:258), who emphasises that the principle of "*informed consent*" is vital in any research that involves people. The tour conductors were not subjected to any pressure to participate in the research as they voluntarily joined and participated with great interest and enthusiasm. In the course of the in-depth interviews, they told the "*stories*"/"*anecdotes*" of service failures and the associated recoveries in their own words without being interrupted by the researcher. Each interviewee was also informed that (s)he was free to leave the interview for any reason and that the information which was provided would be treated anonymously. To the best of our knowledge, the research has not harmed the respondents in any way.

Findings

In order to examine why the service recovery failed, it is essential to provide information on the service failure incidents that were not recovered by the service provider. In the

research, data on 51 service failure “stories” or “anecdotes” and associated recovery “stories” were collected (see Appendix 3 for informative details). The service failure incidents were identified within two different service areas:

1. Service failure incidents on *excursions*: 22 service failure incidents;
2. Service failures on the *Hurtigruten* while at sea or at harbour(s): 29 service failure incidents.

Appendix 4 provides further details on the service recovery status of the 51 service failure incidents. A categorising and summing up of Appendix 4 is shown in the Table 1.

Table 1 reads as follows: Column one depicts the service failure incidents, a total of 51. Columns two and three show how the service failure incidents are allocated, i.e. they either happened on *excursions* (22) or on the *Hurtigruten* (29), while at sea or at harbour(s). Column four depicts the service failure incidents that were recovered, a total of 16. In Appendix 4, text is provided as to the recovery actions that were used by the service provider, including those of *economic compensation* (four incidents), *service personnel assistance* (eight incidents) and *upgrading the core product* (four incidents). Column five depicts the service failure incidents that were not recovered, a total of 35 incidents. Column six shows that 14 service failure incidents on *excursions* were not recovered while column seven shows that 21 service failure incidents on the *Hurtigruten* were not recovered either, while at sea or at harbour(s). As a result, explanations are needed in 35 service failure situations as to why service recovery failed.

A further inspection of Appendix 3 provides information on who caused the service failure incidents that were not recovered. The following groupings emerge: Table 2

Hence, considering the lack of services recovery actions on the *Hurtigruten* (either while at sea or at harbours) and on *excursions*, *service leadership* is assessed to be “responsible” for approximately 51 % (18/35) of the incidents, *service employees* are “responsible” for approximately 31 % (11/35), whereas the *tourists* caused approximately 18% (6/35) of the service failure incidents not recovered. The Table 2 also provides informative details on how the service failures not recovered occurred on the two service areas; on the *Hurtigruten* while at sea or at harbour(s) or on *excursions*. An inspection of Table 2 shows that what separates the two service areas is primarily that the *customers* caused the service failures on the *Hurtigruten* only, and that service failures caused by the *service employees* took place more frequently on *excursions* than on-board the *Hurtigruten*. The reasons for these findings will be examined in the discussion part of this paper.

In order to examine why services recovery failed (35 cases). Table 3 provides an overview of the research findings.

The explanatory factors as to why services recovery failed in 35 cases will be described in turn.

Why service recovery failed (35 cases)

The role of service leadership (18 cases)

The research includes 18 service breakdowns

Table 1. *The recovery status of service failure incidents (number of incidents)*

Service failures (numbers)			Recovered	Not recovered		
Total	on Excursions	on Hurtigruten		Total	on Excursions	on Hurtigruten
51	22	29	16	35	14	21

Table 2. *The allocation of service failures*

Service failures not recovered	Total	Caused by service leadership	Caused by service employees	Caused by customers
on Hurtigruten	21	11	4	6
on Excursions	14	7	7	-
Total	35	18	11	6

Table 3. *Why services recovery failed: Explanatory factors*

Service area	Service failures caused by service leadership	Service failures caused by service employees	Service failures caused by customers
(35 cases) Hurtigruten Shipping line: On excursions and on the Hurtigruten while at sea or at harbour(s).	(18 incidents) <ul style="list-style-type: none"> The lack of core service competencies (as evidenced by): <ol style="list-style-type: none"> The lack of a complaint management system; The lack of a recovery plan; The lack of a system of authorising and empowering service employees. Task orientation of service leadership (as evidenced by) technical orientation vs. service orientation. 	(11 incidents) <ul style="list-style-type: none"> The lack of core service competencies (as evidenced by): <ol style="list-style-type: none"> The lack of knowledge and skills in the performance of the (excursion) service role. The lack of empowerment 	(6 incidents) (On the Hurtigruten while at sea or at harbour(s)) <ul style="list-style-type: none"> Tourists' own faults; (as evidenced by): The tourists' own attitudes and behaviours

in the shipping line that were caused by the *service leadership* and not recovered. Seven incidents occurred on *excursions* and eleven incidents occurred on the *Hurtigruten* while at sea or at harbour(s) (see Table 1 and Appendix 3 for informative details). The 18 cases are coupled to two core areas, the service leadership's core *service competencies* and the *task orientation* of service leadership (see Table 3). The research documents that if the *service competencies* of service leadership had been higher, more emphasis would have been addressed to service quality issues by the working out of a formal management complaint system, a recovery plan and a system of authorising and empowering the service employees. Illustratively, in service episode no. 14 (see Appendix 3), a weakness in information procedures and systems is identified which is a serious service quality weakness. Similarly, the research shows that service leadership focuses more on technical- and operational matters as compared to service orientation. Service episode no. 7 (see the Appendix 3 for details), illustrates the situation as the service leadership failure in the planning of the core service product is explained by the task focus of service leadership.

The role of service employees (11 cases)

The research includes 11 service breakdowns in the *Hurtigruten* shipping line that were

caused by the *service employees* and not recovered. Four incidents occurred on *excursions*, whereas seven incidents took place on the *Hurtigruten*, while either at sea or at harbour(s) (see Table 1 and Appendix 3 for informative details). The 11 cases not recovered are linked to two core areas, service employees' core *service competencies* and the service employees' lack of *empowerment*. Service episode no. 11 illustrates the lack of knowledge and skills of the service attendant, (a competency issue), in the performance of the guide role. Similarly, if the service employees had been empowered in their service roles, they could initiate action in service failure situations. Illustratively, in the service episode no. 50 (see Appendix 3 for informative details), empowered employees would be in a better position to handle the situation.

The role of the customers (6 cases)

The research includes six service breakdowns on the *Hurtigruten* while at sea or at harbour(s) caused by the *customers* and not recovered (nos. 19, 26, 28, 33, 35 and 40, see Table 1 and Appendix 3 for informative details). Illustratively, in the service episode no. 28, a tourist couple simply ate too much and became sick. Obviously, the tourists themselves are to blame as they are certainly responsible for their own attitudes and behaviour. The other inci-

Figure 2. *Service leadership: Components of services recovery*

dents are similar to that of no. 28 since they were caused by the tourists own attitudes and behaviour (see Appendix 3 for informative details).

Discussion

The discussion is divided into two separate parts, with the first part being carried out on the research findings in the chosen research context. This is done by discussing the role of the actors with regard to the *service leadership*, the *service employees* and the *customers* in the service recovery processes. Secondly, a discussion is carried out by comparing the research findings in the study to the extant literature on services recovery, which is done by drawing on the conceptual paper of the Michel *et al.* (2009).

Why services recovery failed: The role of service leadership.

The findings section showed that 35 service failure incidents were not recovered. Table 2 depicts that 18 incidents were caused by *service leadership*, 11 incidents were caused by the *service employees* and 6 incidents by the *customers* themselves. Thus, the study bears witness to the fact that the *human factor* is a decisive one in service failure- and recovery processes. In particular, concerning the role of *services leadership*, the following

components seem important in service recovery management.

Figure 2 illuminates four quadrants: The first (I) quadrant depicts an “*unfavourable (service) recovery*” situation, which exists because the core *service competencies* of service leadership are low and their work orientation is on the *technical* aspects of services delivery and not on the human-, social- and interactive elements. The second quadrant (II) illustrates an “*ineffective (service) recovery*” situation as well because even though the *task orientation* is service oriented, the core service competencies of service leadership are low as they do not possess the management qualifications needed to work according to a “*service logic*” (Grönroos, 2006; Michel *et al.*, 2009). The third quadrant (III) also shows an “*ineffective (service) recovery*” situation. Although the service competencies of service leadership are high, their work orientation is on the technical aspects of the services in the sense that they do not work within the rules of a “*service logic*” (op.cit). Finally, in the fourth quadrant (IV), the service recovery will work since the service competencies of service leadership are high and their work orientation is towards the service quality elements of service delivery. In a situation such as this, a complaint system, a recovery plan and a system of authorising and empowering the service employees are in operation.

Figure 3. *Service employees: Components of services recovery*

Why services recovery failed: The role of the service employees

The findings section revealed that 11 service failures were caused by the service employees were not recovered (see Table 2 for an overview). Concerning the role of services employees in particular, the following components seem important for service recovery management.

Figure 3 illuminates four quadrants. The first (I) quadrant depicts an “*unfavourable service recovery*” situation, which exists because the core *service competencies* of the service employees are low and they are not *empowered* in their service roles. Illustratively, when young people, often students, are hired in the summer peak season for short-term employment in the ships’ restaurants and receptions with restricted authority, they are not in a favourable position to excel in service performance. The second quadrant (II) illustrates an “*ineffective service recovery*” situation as well because even though the service employees are empowered in their service roles, they do not possess the core service competencies needed for carrying out the service roles. The third (III) quadrant also shows an ineffective service recovery situation with the *service competencies* of the service employees being high. They possess the knowledge, attitudes, skills and behaviour

required to perform well in the service roles. However, they are not empowered in their roles, which imply that they are not authorised and enabled to act after the occurrence of a service failure. Due to a fluctuation in demand and the seasonality problem, the shipping line has a personnel base of substitutes. Some of them have a lot of experience in executing service roles by, for example, having worked as tour conductors on international cruise operations. However, since they do not have permanent employment on the Hurtigruten, they are not up to date on the rules, regulations and systems in the shipping line. In this way they may perceive a “distance” to the service provider. Similarly, in this situation the *service leadership* may also perceive a “distance” to the service employees due to their short-term work employment, making them reluctant to authorise and empower the service employees in this situation. Finally, in the fourth quadrant (IV), the conditions for effective service recovery is working, as the service competencies of the service employees are high and they are empowered in their service roles.

Why services recovery failed: The role of the customers

The findings section showed that six service failures were caused by the customers themselves and were not recovered. The incidents

Figure 4. *Service actors: Components of complaint management*

happened on the *Hurtigruten* while at sea or at harbour(s) and were of a specific kind; they were caused by “problematic” or “demanding” customers. Illustratively, in the incident no. 33, a *jay* customer (Lovelock and Wright, 1999), challenged the service employees by arguing that mostly “everything” was wrong on the ship. In a service situation like this, the challenge becomes how to handle this type of customer. Obviously, the core of the challenge for the service provider is to possess competencies for customer management. According to the research literature (Lovelock and Wright, 1999), one suggestion is to enter into a dialogue with the complainer by understanding the customer’s point of view, and discussing what may be done to rectify the situation. In such a situation, both service managers and front-line employees may be involved and for a beneficial solution, effective complaint management is needed.

Figure 4 illuminates four quadrants. Three quadrants (I, II, III) depict ineffective complaint management situations. Illustratively, in quadrant II, the core *service competencies* of the service management is high despite short-term employment contracts, the service competencies of the service employees are low because they do not possess the service qualifications needed to fully fill the service roles. In the fourth quadrant, however, effective complaint management will work, as the

service competencies of both the service leadership and the service employees are high. In a situation such as this, an effective complaint management programme will be effective for the enterprise.

The research findings and the extant research literature

In this part, a discussion is undertaken in which the research findings in this paper are coupled to the Michel *et al.*, (2009) conceptual paper, which suggests why services recovery fails as a consequence of a set of tensions between customer-, process- and employee recovery. In the Michel *et al.* (2009) conceptual paper, nine tensions are identified. However, according to Michel *et al.*, (2009), not all tensions are present in all enterprises, which are confirmed by the research reported in this paper.

The research findings in this paper provide evidence for four key tensions that may help to explain why service recovery failed on the *Hurtigruten*:

1. Customer satisfaction vs. productivity;
2. The complainer as an enemy vs. the complainer as a friend;
3. A short-term vs. long-term focus;
4. Empowered vs. procedurally-driven employees.

As outlined by Michel *et al.* (2009), the first issue is in accordance with the *task orientation* of service leadership on the Hurtigruten (see Table 3). As evidenced in this research, the *task orientation* of service leadership has been on technical- operational- and economic affairs. Because the Hurtigruten shipping line has sustained large deficits for many years, substantial efforts have been made to develop the company in a cost effective way. In this situation, technical- and operational matters have been prioritised in comparison to service affairs. This is evidenced by the research in relation to the lack of service quality-, service recovery - and a complaint management system.

The second issue, which is the view of the complainer as an enemy vs. the complainer as a friend, is confirmed in this research as well. This issue is about the core *service competencies* of service leadership evidenced in particular by the lack of a formal complaint management system. Complaints are dealt with in an “ad hoc” and “on the spot” manner and are not handled according to a formal complaint management plan or system.

The third issue, a short-term vs. long term focus, is also confirmed in this research. This is about the *task orientation* of service leadership as outlined above with the essence being that the focus is on technical- and operational issues and not on the build-up of long-term customer issues e.g. how to obtain loyal customers who regularly repurchase trips on the Hurtigruten. In fact, for many tourists, according to Hurtigruten statistics, a travel on the Hurtigruten is a once in a life time experience.

The fourth issue, empowered vs. procedurally driven-service employees, is confirmed by the research. As has been demonstrated, service leadership has not planned and implemented a system of authorising and empowering service employees. Similarly, due to seasonality, several service employees are hired on short-term conditions, which increase the chances of less of a commitment to the work compared to employees who are employed on a long-term basis.

Consequently, the research carried out shows that the four *tensions* as outlined by Michel *et al.* (2009) may provide an explanation as to why the service recovery failed in a set of service failure situations on the Hurtigruten. Therefore, the Michel *et al.* (2009) framework may serve as a useful device for tracing why a service recovery fails. However, more empirical research is needed in order to validate this conceptual framework.

Implications and conclusions

Theoretical implications

According to service management theory (Kandampully, 2007), if a service failure occurs, the service providers are advised to initiate and implement service recovery actions or strategies built upon a service recovery plan (Grönroos, 2006). If the recovery actions are successful, significant benefits may be obtained such as trustful customer relationships (Spreng *et al.*, 1995; Michel, 2001). Unfortunately, service recovery often fails (Michel *et al.*, 2009) as evidenced in this study, which has theoretical implications. First, the study documents the important role of *service leadership* in designing, planning and implementing a service recovery plan that views service recovery as a management process (Grönroos, 2006). This view is supported by Maxham and Netemyer (2002), who emphasise that service managers must treat service employees in the same manner as they want the service employees to treat the customers. Yet, in order to work out a well functioning service recovery plan in accordance with service management theory, service leadership needs a set of service competencies, namely those of knowledge, skills and service attitudes. Second, the research confirms the decisive role of the *service employees* in service recovery processes since service employee attitudes “spillover” to the customers (Pugh *et al.*, 2002; Schneider and White, 2004), and if the service employees are knowledgeable, skill-ful, cooperative, authorised and empowered, they will act proactively in service situations (de Jong and de Ruyter, 2004). Similarly, the research supports the value of employing a *service employee perspective* when collecting information about service breakdowns. The service employees, in this case the tour

conductors, are in favourable positions to observe how dissatisfied and complaining customers are treated and compensated when service failures occur. Third, the research confirms the view that the slogan "*the customer is always right*" does not work fully, as several service incidents reported in this research show that the customers are sometimes wrong, i.e. "*jay customers*". (Lovelock and Wright, 1999). In situations such as this, the recovery plan worked out by service leadership/management must entail what the service employees can do in order to handle "problematic" customers. As emphasised in service management theory, the research findings in this study evidence the key role of the service actors in service processes, service leadership, service employees and customer relations (Grönroos, 2006).

Implications for management

As exhibited in service management literature, service failures are a threat, but also an opportunity to enhance the quality of the service product. However, when service failures take place, compensating strategies are needed in order to recover from the (negative) effects of service failure incidents such as customer retention. This study displays a substantial lack of service recovery initiatives, actions and strategies, as approximately 70% (35/51) of the service failure incidents were not recovered. As shown in the research, there is a lack of a formalised complaint system, a recovery plan was not planned and implemented and there is no system for authorising and empowering the service employees on the Hurtigruten. Obviously, there is a need for the implementation of these systems, and a recovery plan must particularly entail the service recovery strategies or actions that service employees can use in service failure situations.

The research findings in this study show that service recovery fails on *excursions* as well as on the *Hurtigruten* while at sea or at harbour(s) (see Table 2 for details). On *excursions*, the suggestions are twofold. First, there is a need to build up the service competencies of the guides who need more knowledge on the core excursion product and to also improve their communications skills. Similarly, service leadership must work out better information

procedures and systems, in addition to improving the planning and organising of *excursions* programmes. Whether at sea or at harbour, a set of implications for management derives from the research on the Hurtigruten. First, service leadership needs to address not only the technical- operational- and economic affairs, but also needs to enhance the service orientation of business conduct. Second, service leadership also needs to focus on the build- up of information procedures and systems on-board the Hurtigruten, and the planning, design and implementations of components that may expand the quality of the core product. Similarly, service leadership must work out procedures and programmes for complaint management and how to authorise and empower the front- line employees in order to function better in services failure and recovery situations. Third, the core service competencies of service employees need to be addressed, particularly the service competencies of front-line employees such as the receptionists and waiters in the ship's restaurants. Finally, an "education" and "training" of the tourists are required that aims to equal the expectations of the tourists and what they can actually receive. According to the tour conductors, many tourists expect a 24/7 service on cruises which is far from what is delivered on the Hurtigruten.

Conclusions

This study has favoured a qualitative research methodology in order to collect descriptive accounts of service failure incidents and associated recoveries on the Hurtigruten. The primacy of the research has been to examine why service recovery failed in a set of the service failure incidents identified in the course of the research. A set of explanatory factors is provided by approaching the data inductively (see Table 3 for details). In the research literature induction is perceived as "*as the process of observing facts to generate a theory*" (Ghauri and Grønhaug, 2000: 14). However, since the study is contextual, it does not suggest any theory on service recovery that is applicable in industries across the service sector. As emphasised by Gummesson (2000:89), a generalisation from case studies has to be approached differently from a "*scientific generalisation*", which is linked to

statistical sampling and quantitative research design. By selecting a single case study in order to examine an interesting and quite unique research setting, the *Hurtigruten*, the core is to provide a deep insight and understanding of the research phenomenon, which in this case was the lack of service recovery. For this reason, the study attempts to make a slight contribution to knowledge development on service recovery in a specific context: within an explorer cruise line setting. Still, by examining more cases within the entire cruise line industry, the possibility of analytical generalisation increases (Eisenhardt, 1989). To the best of our knowledge, this is the first attempt to analyse and explain why services recovery failed in a cruise line context.

In order to examine why service recovery failed in about 70% of the service failures identified in the course of this study, a split is made between the lack of recovery on *excursions* and on the *Hurtigruten* while at sea or at harbour(s). This split makes it possible to more deeply examine why services recovery failed in the shipping line. Even so, the lack of recovery in both service areas seems to rest on a lack of *core services competencies* of the prime actors, the service leadership and the service employees (see Table 3 for details on this issue).

The research, however, may suffer from limitations and challenges. First, the choice of employing a service employee perspective implies that the information collected on services failures was filtered. As informants, the tour conductors serve as intermediates for the service failure incidents experienced by dissatisfied tourists. In order to overcome the "filtering" problem, a research procedure was followed (Yin, 2003), as was explained in the methodology part of the paper. Illustratively, the tour conductors were contacted two weeks prior to the interviews and encouraged to rethink and recall "stories" or "anecdotes" of service failure incidents that the tourists had reported to them. In contrast, the tour conductors possess first-hand information on the *recovery status* of the service failures that occurred. Before the in-depth interviews, they were particularly encouraged to recall what the service provider did, or did not do, in order to

compensate the customers/complainers for the service failures. This cognitive approach was useful because the tour conductors were given sufficient time to recall and note service failure incidents and associated recoveries before the actual conducting of the interviews. Second, the time of data collection may raise the question of the relevance of the data today. However, the time of data collection seems convenient to day for at least two reasons: First, the *Hurtigruten* had recently expanded the fleet by adding new and "modern" ships, which appeared to be like conventional smaller explorer cruise ships and a strategic decision was made to enter the competitive explorer cruise line market. Second, the incidents uncovered seem to be "universal" in the sense that they have relevance for today's operations. A sea voyage such as a round trip on the *Hurtigruten* at the time of the study is quite similar to an 11 day round trip today. Therefore, the core product and supplementary services are the same.

Nonetheless, more research on services recovery is needed on the *Hurtigruten*, and a qualitative follow-up study would be useful. By doing this, "fresh" data is collected and analysed. "Fresh" data would also be beneficial in order to carry out a comparative study and examine changes in service recovery. Has the service provider improved in the services recovery process, and if so, how? Another option is to change research perspective by using a customer perspective when collecting "stories" or "anecdotes" of service failure incidents and associated recoveries. Obviously, a customer perspective might imply a sample of subjects that could possibly favour a quantitative approach to research. In this way, a quantitative study may supplement the findings in the qualitative study reported in this paper. Another option is to expand the research focus by including more cruise line operators in a study. In this way, the research findings would be beneficial for the explorer cruise industry as a whole.

References

- Armistead, C. G., Clark, G., & Stanley, P. (1995). *Managing service recovery*, Cranfield School of Management, Cranfield.

- Bamford, D. & Xystouri, T. (2005). A case study of service failure and recovery within an international airline. *Managing Service Quality*, 15(3), 306-322.
- Bejou, D. & Palmer, A. (1998). Service failure and loyalty: An exploratory empirical study of airline customers. *Journal of Services Marketing*, 12(1), 7-22.
- Bell, C. R. & Zemke, R.E. (1987). Service breakdowns: The road to recovery. *Management Review*, 76(10), 32-35.
- Berry, L. L., & Parasuraman, A. (1992). Prescriptions for service quality revolution in America. *Organisational Dynamics*, Spring, pp. 5-15.
- Bettencourt, L. A. & Gwinner, K. (1996). Customization of the service experience: The role of the frontline employee. *International Journal of Service Industry Management*, 7(2), 3-20.
- Biederman, P. S. (2008) *Travel and tourism. An industry primer*. Pearson-Prentice Hall.
- Bitner, M. J., Booms, B. H. & Tetreault, M. S. (1990). The service encounter: Diagnosing favorable and unfavorable incidents. *Journal of Marketing*, 54(1), 71-84.
- Bitner, M. J., Booms, B. H. & Mohr, L. A. (1994). Critical service encounters: The employee's viewpoint. *Journal of Marketing*. 58(4), 95-106.
- Booth, W. C., Colomb, G. G. & Williams, J. M. (2003). *The craft of research*. The University of Chicago Press.
- Boshoff, C. (1997). An experimental study of service recovery options. *International Journal of Service Industry Management*, 8(2), 110-130.
- Boshoff, C. & Leong, J. (1998). Empowerment, attribution and apologising as dimensions of service recovery: An experimental study. *International Journal of Service Industry Management*, 9(1), 24-47.
- Boshoff, C. & Staude, G. (2003). Satisfaction with service recovery: Its measurement and its outcomes. *South American Journal of Business Management*, 34(3), 9-17.
- Bowen, D. E. & Johnston, R. (1999). Internal service recovery: Developing a new construct. *International Journal of Service Industry Management*, 10(2), 118-131.
- Brown, S. W., Fisk, R. P. & Bitner, M. J. (1994). The development and emergence of services marketing thought. *International Journal of Service Industry Management*, 5(1), 21-48.
- Chung, B. & Hoffman, K. D. (1998). Critical incidents. *Cornell Hotel and Restaurant Administration Quarterly*, 39(3), 66-71.
- Clark, M., Riley, M., Wilkie, E. & Wood, R. C. (1998). *Researching and writing dissertation in hospitality and tourism*. London: International Thompson Business Press.
- Czepiel, J. A. (1990). Service encounters and service relationships: Implications for research. *Journal of Business Research*, 20, 13-21.
- Duffy, J. A. M., Miller, J. M. & Bexley, J. B. (2006). Banking customers varied reactions to service recovery strategies. *International Journal of Bank Marketing*, 24(2), 112-132.
- Easterby-Smith, M., Thorpe, R. & Lowe, A. (1999). *Management research*. Sage Publications.
- Eccles, G. & Durand, P. (1998). Complaining customers, service recovery and continuous improvement. *Managing Service Quality*, 8(1), 68-71.
- Edvardsson, B. (1992). Service breakdowns: A study of critical incidents in an airline. *International Journal of Service Industry Management*, 3(4), 17-29.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.
- Etzel, M. J. & Silverman, B. I. (1981). A managerial perspective on directions for retail consumer dissatisfaction research. *Journal of Retailing*, 57(3), 124-136.
- Fielding, N. (1997). Qualitative interviewing. In Gilbert, N. (ed.) *Researching social life*. London: Sage Publications.
- Ghauri, P. & Grønhaug, K. (2002). *Research methods in business studies. A practical guide*. Prentice Hall.
- Goldstein, S., Johnston, R., Duffy, J. A. M. & Rao, J. (2002). The service concept: The missing link in service design

- research. *Journal of Management*, 20(2), 121-134.
- Gross, G., Caruso, B. & Conlin, R. (2007). *A look in the mirror: The VOC scorecard*. New York: McGraw-Hill.
- Grove, S. J. & Fisk, R. P. (1992). Observational data collection methods for services marketing: An overview. *Journal of the Academy of Marketing Science*, 20(3), 217-224.
- Grönroos, C. (1988). Service quality: The six criteria of good perceived service quality. *Review of Business*, 9(Winter), 10-13.
- Grönroos, C. (2006). *Service management and marketing. Customer management in service competition*. Chichester: John Wiley & Sons.
- Gummesson, E. (2000). *Qualitative methods in management research*. Sage Publications.
- Gunn, C. A., (2002). *Tourism Planning*. Routledge.
- Hart, C. W. L., Heskett, J. L. & Sasser, W. E. (1990). The profitable art of service recovery. *Harvard Business Review*, 68(4), 148-156.
- Hoffman, K. D. & Bateson, J. E. G. (1997). *Essentials of services marketing*. The Dreyden Press.
- Hoffman, K. D., & Chung, B. G. (1999). Hospitality recovery strategies: Customer preference versus firm use. *Journal of Hospitality & Tourism Research*, 23(1), 71-84.
- Hoffman, K. D., Kelley, S. W. & Rotalsky, H. M. (1995). Tracking service failures and employee recovery efforts. *Journal of Services Marketing*, 9(2), 49-61.
- Hurtigruten (1999). *Strategic choices after 2001*. Company report.
- Johannessen, A., Kristoffersen, L. & Tufte, P. A. (2004). *Forskningsmetode for økonomisk-administrative Fag*. Abstrakt Forlag.
- Johnston, R. (1995). Service failure and recovery: Impact, attributes and process advances. In T. Swartz, D., Bowen, E. & Brown, S. W. (eds.), *Advances in services marketing and management*, Volume 4. Greenwich, CT: JAI Press, pp. 211-228.
- Johnston, R. (2001). Linking complaint management to profit. *International Journal of Service Industry Management*, 12(1), 60-69.
- Johnston, R., & Clark, G. (2008). *Service operations management*, Pearson. 3rd ed.
- Johnston, R., & Michel, S. (2008). Overcoming recovery myopia: Three types of service recovery. *International Journal of Operation & Production Management*, 28(1), 79-99.
- Kandampully, J. S. (2007). *Services management. The new paradigm in hospitality*. Pearson, Prentice Hall.
- Kelley, S. W., Hoffman, K. D. & Davis, M. A. (1993). A typology of retail failures and recoveries. *Journal of Retailing*, 69(4), 429-452.
- Kinnear, T. C. & Taylor, J. R. (1991). *Marketing research: An applied approach*. New York: McGraw-Hill.
- Krippendorff, K. (1980) *Content analysis: An introduction to its methodology*. London: Sage Publications.
- Lewis, B. R. & Clacher, E. (2001). Service failure and recovery in UK theme parks: The employees' perspective. *International Journal of Contemporary Hospitality Management*, 13(4), 166-175.
- Lewis, B. R. & Entwistle, T. W. (1988). Managing the service encounter: A focus on the employee. *International Journal of Service Industry Management*, 1(3), 41-52.
- Lewis, B. R. & McCann, P. (2004). Service failure and recovery: Evidence from the hotel industry. *International Journal of Contemporary Hospitality Management*, 16(1), 6-17.
- Lovelock, C., & Wright, L. (1999). *Principles of service marketing and management*. Prentice Hall.
- Maxham, J. G. I. (2001). Service recovery's influence on customer satisfaction, word-of-mouth, and purchase intentions. *Journal of Business Research*, 54(1), 11-24.
- Maxham, J. G. I., & Netemeyer, R. G. (2002). A longitudinal study of complaining customers' evaluations of multiple

- service failures and recovery efforts. *Journal of Marketing*, 66(4), 57-71.
- McCracken, G. (1988). *The long interview*. A Sage University Paper.
- Mattila, A. S. (1999). An examination of factors affecting service recovery in a restaurant setting. *Journal of Hospitality and Tourism Research*, 23(3), 284-298.
- Mattila, A. S. (2001). The effectiveness of service recovery in a multi-industry setting. *The Journal of Services Marketing*, 15(7), 583-596.
- McDougall, G. H. G. & Levesque, T. J. (1999). Waiting for service: The effectiveness of recovery strategies. *International Journal of Contemporary Hospitality Management*, 11(1), 6-15.
- Mehmetoglu, M. (2004). *Kvalitativ metode for merkantile fag*. Fagbokforlaget.
- Merriam, S. B. (1998). *Qualitative research and case study applications in education*. Jossey-Bass Publishers.
- Michel, S. (2001). Analysing service failures and recoveries: A process approach. *International Journal of Service Industry Management*, 12(1), 20-33.
- Michel, S., Bowen, D. & Johnston, R. (2009). Why service recovery fails: Tensions among customer, employee and process perspectives. *Journal of Service Management*, 20(3), 253-273.
- Mill, R. C. (1992) *The tourism system*. Prentice-Hall International Editions.
- Miller, J. L., Craighead, C. W. & Karwan, K. R. (2000). Service recovery: A framework and empirical investigation. *Journal of Operations Management*, 18(4), 387-400.
- Nerdrum, P. (1998). *Mellom sannhet og velferd. Etiske dilemmaer i forskning belyst ved et eksempel*. Notat – Høgskolen i Oslo, avdeling for Økonomi-, Kommunal- og Sosialfag.
- Pugh, S. D., Dietz, J. & Wiley, J. W. (2002). Driving service effectiveness through employee-customer linkages. *Strategic Management Journal*, 16(1), 15-37.
- Rust, R. T., Zeithaml, V. A. & Lemon, K. N. (2000). *Driving customer equity. How customer lifetime value is reshaping corporate strategy*. New York: The Free Press.
- Schneider, B. & White, S. S. (2004). *Service quality – research perspectives*. Thousand Oaks, CA: Sage.
- Silverman, D. (2005). *Doing qualitative research*. Sage Publications.
- Skaalsvik, H. (2011a). Service failures in a cruise line context: Suggesting categorial schemes of service failures. *European Journal of Tourism Research*, 4(1), 25-44.
- Skaalsvik, H. (2011b). Service recovery in a cruise line context: A study on the Norwegian Coastal Voyage (Hurtigruten). *European Journal of Tourism Research*, 4(2), 157-180.
- Smith, A. K., Bolton, R. N. & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36, 356-372.
- Susskind, A. M. (2002). "I told you so! Restaurant customers' word-of-mouth communication patterns." *Cornell Hotel & Restaurant Administration Quarterly*, 43(2), 75-85.
- Swanson, S. R. & Kelley, S. W. (2001). Service recovery attributions and word-of-mouth intentions. *European Journal of Marketing*, 35(1/2), 194-211.
- Tax, S. S. & Brown, S. W. (1998). Recovering and learning from service failure. *Sloan Management Review*, 62(2), 60-76.
- Veal, A. J. (2006). *Research methods for leisure and tourism*. Pitman Publishing.
- Yin, R. K. (2003). *Case study research: Design and methods*. London: Sage Publications.
- Zeithaml, V. A., Berry, L. L. & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31-46.
- Zemke, R. & Connellan, T (2001). *E- service: 24 ways to keep your customers when the competition is just one click away*. New York: AMACON.

Appendix 1. Informative details and the sailing route of the *Hurtigruten* (2011).

On the 2nd of July 1893, the Norwegian steamship D/S Vesteraalen left Trondheim to embark on a voyage from Trondheim to Hammerfest. About 70 hours later, the ship successfully arrived in Hammerfest. Three weeks earlier, the Norwegian Parliament had decided to establish a coastal route along the Norwegian coastline from Trondheim to Hammerfest. At this time, this was a new and quite astonishing idea, to sail both day and night along one of the most weather-beaten coasts in the world under all climatic conditions. Despite scepticism and even severe resistance from experts in sea transport in Norway, the

Norwegian Coastal Voyage or **Hurtigruten**, as the brand name, became a logistical success in sea transport. In 1898, the route was extended to Bergen down south, and from 1908 to Kirkenes in the north. Today, more than 100 years later, the *Hurtigruten* has become a tourist attraction product of significant importance in Norway comprising 2500 nautical miles, 34 ports of call, 11 ships and an 11 day return voyage Bergen – Kirkenes. Appendix 1 shows a map of the travel route as it is today (2011).

The sailing route of the Hurtigruten

Why service recovery fails: A case study on the Norwegian Coastal Voyage (Hurtigruten).

Appendix 2. Examples of the “old” and “new” Hurtigruten

MS Håkon Jarl (1952): An example of the “old” Hurtigruta.

MS Nord Norge (1997): An example of the “new” Hurtigruta.

Appendix 3. The service failure and recovery list.

1. **Excursion.** Fog on the North Cape. Weather forecast information was not provided. **No recovery.** **Service leadership** failed because of lack of information procedures and systems. *Information failure.* A service quality issue.
2. **Excursion.** Kristiansund – Molde. Dinner not served in a local restaurant. A tourist couple in their 40s complained. Service failure in *core delivery*. *Recovery* by service employee assistance. Free meal. Customer response: Satisfactory.
3. **Hurtigruten.** The ship's restaurant. "Bad" food. A food complaint. Tourists' *attitude*. *Recovery* by service employee assistance. Personalised service. Customer response: Satisfactory.
4. **Hurtigruten.** Noise in the ship's restaurant. Unable to hear announcements on the loud speaker system. **No recovery.** **Service leadership** failed because of lack of information procedures and systems. *Information failure.* A service quality issue.
5. **Hurtigruten.** The service personnel. The lack of language skills. French and Italian tourist group complained. Service personnel *competency*. **No recovery.** **Service employees** are responsible for possessing the knowledge and skills required to perform well in the service roles (the service leadership also failed because of lack of quality in the hiring and training procedures). A competency issue.
6. **Hurtigruten.** The provision of TV-channels onboard. "Only" CNN available. Customers' *request* for an expansion of the provision of international TV channels. **No recovery.** **Service leadership** failed because of shortage in planning the core delivery. About task orientation: Technical- operational.
7. **Hurtigruten.** The lack of entertainment. Tourists' asked for entertainment onboard such as folk music. Customers' *request*. **No recovery.** **Service leadership** failed in planning the core service product. Task orientation: Technical- operational.
8. **Hurtigruten.** Same as no. 7. **No recovery.** **Service leadership** failed in planning the core product. Task orientation: Technical- operational.
9. **Excursion.** An excursion was fully booked by tourists who had booked abroad.

Information failure. **No recovery.** A service failure by **service leadership**, as they are responsible for the booking systems and procedures. A service quality issue.

10. **Excursion.** Tourists came too late to participate on the excursion. *Customer error failure.* *Recovery* by economic compensation. Customer response: Not satisfactory.

11. **Excursion.** An unprofessional guide in Tromsø. **No recovery.** The **service employees** are responsible for possessing the knowledge and skills required to perform well in the service roles (the service leadership also failed because of lack of quality in the hiring and training procedures). A competency issue.

12. **Hurtigruten.** The cabin's location. A customer's request for a change of cabin due to noise. *Recovery* by upgrading the core service. Customer response: Satisfactory.

13. **Hurtigruten.** The restaurant's menu. Tourists asked for a change in menu. Customer *request*. *Recovery* by upgrading the core service. Customer response: Satisfactory.

14. **Excursion.** Bad weather. A lack of weather forecast information **No recovery.** **Service leadership** failed because of lack of information procedures and systems. *Information failure.* A service quality issue.

15. **Hurtigruten.** The cabin. Check out at 9 a.m. in Bergen. Customers' request for a later check-out. Concerns shortage in *core delivery*. **No recovery.** **Service leadership** is responsible for planning the core product. Task orientation: Technical-operational.

16. **Excursion.** An excursion was overbooked. Service failure by a service employee. *Competency failure.* *Recovery* by economic compensation. Customer response: Not satisfactory.

17. **Excursion.** Tourists had to wait for a new bus. A lack of information. *Information failure.* *Recovery* by service employee assistance. Customer response: Not satisfactory.

18. **Hurtigruten.** Tourists' requested for the provision of library services. Customer *request*. *Recovery* by service personnel assistance. Customer response: Satisfactory.

19. **Hurtigruten.** The cabin's location. A customer's *request* for a change of cabin due to noise. However, the ship was fully booked. **No recovery.** The **customer** is responsible for planning the trip. A customer failure. A planning/organising issue.

20. **Hurtigruten.** The lack of service mindedness by service personnel. **Service employees** failed in the execution of the service role. **No recovery.** Service employees are responsible for possessing the knowledge and skills needed to perform well in the service roles. A competency issue.

21. **Excursion.** An unprofessional guide in action. **Service employee** failed in the execution of the service role. **No recovery.** Service employees are responsible for possessing the knowledge and skills needed to perform well in their service roles. A competency issue.

22. **Excursion.** A Norwegian woman had lost her prescription. *Customer error failure.* **Recovery** by service employee assistance. Customer response: Satisfactory.

23. **Excursion.** A bus collapsed in Geiranger. A service failure in *core delivery*. **Recovery** by upgrading the core product. Customer response: Satisfactory.

24. **Hurtigruten.** The ship's restaurant. Unfavourable service personnel behaviour. **No recovery.** **Service employees** are responsible for possessing the knowledge and skills needed for performing well in the service roles. A competency issue.

25. **Excursion.** North Cape. The service personnel. Unfavourable service attitude by service personnel. **No recovery.** **Service employees** are responsible for possessing the competencies needed for performing well in their service roles. A competency issue.

26. **Hurtigruten.** The cabin's location. A customer's *request* for a change of cabin due to noise from the propellers. However, the ship was fully booked. **No recovery.** The **customer** is responsible for planning and organising the trip. A planning/organising issue.

27. **Hurtigruten.** The ship's restaurant. A customer's *request* for special food/diet. **Recovery** by service personnel assistance. Customer response: Not satisfactory.

28. **Hurtigruten.** The restaurant's menu. The tourists ate too much and became sick. **No recovery.** The **customers** are responsible for their own *behaviour*. A behaviour issue.

29. **Hurtigruten.** Entertainment onboard perceived as noise by a tourist group. Customers' *attitudes*. **No recovery.** **Service leadership** is responsible for planning the core

product and supplementary services. Task orientation: Technical-operational.

30. **Hurtigruten.** The service personnel. The tourists' wanted more attendance from the senior ship officers in the tourism "areas" on the ship. About a shortage in *core delivery*. **Recovery** by upgrading the core service. Customer response: Satisfactory.

31. **Excursion.** An unprofessional guide in action. Trondheim. **No recovery.** The **service employees** are responsible for possessing the knowledge and skills needed for performing well in their service roles. A competency issue.

32. **Excursion.** A high price on the excursion as perceived by the tourists. **No recovery.** **Service leadership** is responsible for the pricing strategies. Service quality/planning issue.

33. **Hurtigruten.** A "jay" customer. "Everything" was wrong onboard the Norwegian Coastal Voyage. **No recovery.** A **customer** is responsible for his/her own *behaviour*.

34. **Hurtigruten.** The ship's restaurant. Two children made a disturbance and created noise. A couple in their 60s complained. **No recovery.** **Service leadership** is responsible for informing about what the customers have to expect of the core- and supplementary product. A service quality issue.

35. **Hurtigruten.** The restaurant's menu. Dissatisfaction with the menu. Tourists' *attitude*. **No recovery.** The **customers** received the standard food provision and got what they had paid for.

36. **Excursion.** The mix of travellers. An English couple did not want to travel on the same bus as Germans on an excursion because of WW II experience. **No recovery.** **Service leadership** is responsible for planning the core excursion product. A service quality/planning issue.

37. **Hurtigruten.** A lady from Germany fell down a ladder. Customer *behaviour*. **Recovery** by service employee assistance. Personalised service. Customer response: Satisfactory.

38. **Excursion.** The bus driver. A lack of service attitude. **No recovery.** **Service employees** are responsible for possessing the competencies needed for performing well in the service roles. A competency issue.

39. **Excursion.** An unprofessional guide in action at the North Cape. **No recovery.**

Service employees are responsible for possessing the knowledge and skills needed for performing well in their service roles. A competency issue.

40. **Hurtigruten**. The ship's restaurant. "Poisoned" food. *Jay customer*. **No recovery**. A situation caused by "problematic" customers. The **customers** are responsible for their own *behaviour*.

41. **Excursion**. A high price as perceived by tourists. **No recovery**. **Service leadership** is responsible for the pricing strategies. A service quality/planning issue.

42. **Hurtigruten**. The check-in procedure in Bergen. Logistic problems. Customer dissatisfaction by the queue. About shortage in *core delivery*. **No recovery**. **Service leadership** is responsible for planning the core product and supplementary services. Task orientation: Technical-operational.

43. **Hurtigruten**. The check-out procedure in Bergen. Customer dissatisfaction due to the many tourists leaving the ship at about the same time. About a shortage in *core delivery*. **No recovery**. **Service leadership** is responsible for planning the core product and supplementary services. Task orientation: Technical-operational.

44. **Excursion**. North Cape. An unprofessional guide in action. **No recovery**. **Service employees** are responsible for possessing the knowledge and skills needed for performing well in the service roles. A competency issue.

45. **Hurtigruten**. A film team onboard. The tourists had to move from their seating. No information provided ahead of this arrangement. **No recovery**. **Service leadership** is responsible for the information procedures and systems. A service quality issue.

46. **Hurtigruten**. A change in travel route in order to maintain the time schedule. About *core delivery*. **No recovery**. **Service leadership** is responsible for the information procedures and systems. A service quality issue.

47. **Excursion**. Tour guiding only outside the church. The tour guiding inside the church was left out of the programme. **No recovery**. **Service leadership** is responsible for the delivery of the core product that the tourists have bought. A service quality/planning issue.

48. **Excursion** overbooked. A mistake made by the service personnel. *Competency failure*. *Recovery* by economic compensation. Customer response: Not satisfactory.

49. **Excursion**. A couple was late for the bus departure. *Customer error failure*. *Recovery* by economic compensation. Customer response: Not satisfactory.

50. **Hurtigruten**. Drinking behaviour by male locals caused dissatisfaction by fellow travellers. Travellers' *behaviour*. **No recovery**. The lack of **service employees'** initiatives and actions. A competency issue.

51. **Hurtigruten**. A tourist had lost the medicine. Tourist *behaviour*. *Recovery* by service employee assistance. Customer response: Satisfactory.

Appendix 4. *The allocation of service failure incidents: The recovery status*

Service failure no.	Excursion	Hurtigruten	Recovered by	Not recovered
1	*			*
2	*		Service employee assistance	
3		*	Service employee assistance	
4		*		*
5		*		*
6		*		*
7		*		*
8		*		*
9	*			*
10	*		Economic compensation	
11	*			*
12		*	Upgrading core service	
13		*	Upgrading core service	
14	*			*
15		*		*
16	*		Economic compensation	
17	*		Service employee assistance	
18		*	Service employee assistance	
19		*		*
20		*		*
21	*			*
22	*		Service employee assistance	
23	*		Upgrading core product	
24		*		*
25	*			*
26		*		*
27		*	Service personnel assistance	
28		*		*
29		*		*
30		*	Upgrading core service	
31	*			*
32	*			*
33		*		*
34		*		*
35		*		*
36	*			*
37		*	Service employee assistance	
38	*			*
39	*			*
40		*		*
41	*			*
42		*		*
43		*		*
44	*			*
45		*		*
46		*		*
47	*			*
48	*		Economic compensation	
49	*		Economic compensation	
50		*		*
51		*	Service employee assistance	
Total: 51	22	29	16	35