

# Service Recovery: What To Do When the Customer Gets More Than He Bargained For

By Greg Robinson

Mistakes are inevitable in a high volume service business. More important than the mistakes you make are the actions you take and the speed with which you take them to make things right. Most organizations focus their recovery efforts on getting the product or service errors corrected, but in the process they fail

to address the inconvenience they have caused for the customer or consider the potential negative word of mouth that the experience will generate. Here

is a story to illustrate the point and what organizations should do:

Last night I wandered by a new pasta restaurant. I saw a few people sitting at the bar so I decided I would give the restaurant a try. I felt comfortable ordering portabella mushroom pasta since the owner, who was sitting next to me, had just had the same thing for dinner. When my dinner arrived it looked quite nice and tasted pretty good. Unfortunately, about half way through the dish, one bite was a little chewier than it should have been. I figured it must be an overcooked mushroom so I gave it the old college try. No luck. I thought about just swallowing it, but then I thought better of it. When I looked at my chewy little friend it was about the size of pencil-lead sized piece of rubber.

I gave it to the bartender who asked if I wanted to order something else off the menu. Not being the courageous type, I decided to pass until we determined what had invaded my pasta. The manager did some research and discovered that a piece of a new kitchen utensil had broken off and landed in the pasta. He offered me another glass of chardonnay, assured me that this never happens at this restaurant, and told me that he hoped that I would try the restaurant again. When I got my check, they only charged me for my glass of chardonnay—as you would expect, the pasta had been taken off the bill.

Upon reflection on the incident, I am not likely to go back to the restaurant again anytime in the near future. It is not so much the unique ingredient they added to my pasta but the service recovery effort they made. They did the following: (1) apologized, (2) removed the charge for the pasta from my bill, and (3) offered me another glass of wine. Was it enough given the incident? Clearly not, and here's why.

Service recovery has three objectives. The first objective is to minimize the market damage that the incident has the potential to create. The second objective is to turn the negative service experience into a positive service recovery experience.

The third objective is to save the customer.

Market damage occurs when something bad happens that both puts a company at risk of losing a customer and starts a chain of negative word of mouth that negatively impacts current and potential customers. If an unhappy customer tells 10-20 people about the incident, research has shown that negative word

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of mouth can lead about 5% of those hearing the story to choose not to do business with the company. This is in addition to the customer you

have offended. One really bad service experience and two customers are gone.

Turning a negative service experience into a positive service recovery experience can save 90% of dissatisfied customers. This requires having clear guidelines of what service providers can do in the moment to turn the situation around. This should be based on the perceived value to the customer given the magnitude of the incident rather than on the cost to the business. It should also take into account the profitability, both current and future, of that customer. If you can't get the customer to say great things about products and services, at least you can get them to say great things about how hard you worked to make things right.

Saving the customer requires prompt and fair service recovery. This means taking appropriate action *fast* to remedy the situation that is slightly more than the customer expects and slightly less than the cost of the potential market damage of the incident. To put a number on this, for a particularly bad service experience a company may want to consider providing the customer with compensation of up to two times the amount of the expenditure. Why? One bad service experience and two customers could be gone.

The restaurant apologized, took the entrée off my bill and offered me another glass of wine. Their service recovery attempt was prompt and reasonable had the issue been the temperature of food or promptness of the service. But when unidentified objects make their way into food, more is required. Had they paid for my chardonnay and offered me a gift certificate to return as their guest, perhaps I would consider dining with them again and I would be telling you a different story about my experience with them.

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