Familiarity Breeds Moderation in Customer Judgements of Service Failure in Airline Alliances

Customers are more willing to rate less well-known carriers harshly after service failures in airline alliances note the SHTM's Dr Karin Weber and a co-author in a research article published recently. Drawing on the findings of a survey of Australian frequent flyers, the researchers show that airlines in strategic alliances with which customers are more familiar are treated less harshly. There is even a "halo effect", whereby customers who identify strongly with the home carrier transfer their moderate judgements to the alliance. This the researchers attribute to social identity, or the extension of the customer's sense of self to alignment with a particular organisation.

Service Failure and Customer Reactions

Given the intangible nature and inherent variability of tourism services, there are understandably occasions on which customer expectations are not met. As the researchers explain, the success of attempts to recover from service failures depends on customer attitudes towards the firms concerned. In one-firm settings, those attitudes can be controlled, to a degree, by the ways in which firms usually provide their services and build customer relations. In multiple firm settings, the outcomes are far less certain.

"If service providers jointly offer a service to customers and a service failure occurs", ask the researchers, "to which provider does the customer attribute the service failure?" They suggest the extent that the customer identifies with one of the firms could determine the answer, and consider how this might play out in an airline alliance when failure by one carrier affects a partner carrier within the same alliance.

Of primary concern in such settings are the locus, or perceived origin, of the service failure and the extent of a customer's identification with one or another of the firms. The locus of service failure, note the researchers, can be either internal (the customer) or external (the service firm or its environment). The more that customers consider the locus of failure to be external, the more likely they are to be dissatisfied, complain and believe they are owed an apology, a refund or both.

Organisational identification, a specific form of social identification, has become increasingly common as firms have stretched their influence around the world. The researchers note that given their high standards of operation, innovation and thus reputation, airlines in the Asia-Pacific region are likely to be targets of that identification from frequent flyers. With this connection in mind they investigated how experienced flyers in one Asia-Pacific market, Australia, perceive service failure in an airline alliance.

Reactions to Service Failure in Australia

The researchers surveyed the reactions of more than 300 Australian frequent flyers to four service-failure scenarios through a web-based questionnaire. The majority of their respondents were male, consistent with the wider population of regular air travellers, had a preferred home carrier and were enrolled in at least one frequent flyer programme. About a quarter were 46-55 years old.

To establish a sense of social identity, the respondents first read a short script designed to evoke either a strong or weak identification with the home carrier. They then read a second script in which either the partner or home carrier caused a service failure. The particular failure depicted – the breakdown of a computer system run by one of the airlines that caused flight delays and the cancellation of a previously confirmed flight – was deemed "believable and easily understood" through extensive pre-testing.

Importance of Familiarity and Social Identification

The researchers found that locus of service failure distinctly influenced customer reactions to the situation. When the partner airline caused the problem the respondents were more critical of it and less likely to consider using it again than they were of the home carrier and the alliance. In contrast, when the home carrier caused the problem the respondents were still critical, but they were less moved to abandon the airline and the alliance. To help mitigate the first scenario, the researchers suggest that airlines should take care to solicit feedback from their customers about their experiences on partner airlines "with the express purpose of offering remedial action in case of service problems".

An interesting difference between reactions to home and partner airlines is that home carriers with which customers have developed an affiliation tended to be assessed by customers in approximately the same way regardless of whether or not they created the problem. Less familiar partner airlines were judged differently in the two situations, with only the effective recovery from a problem caused by the home carrier brining the overall reaction to the partner close to the reaction to the home carrier.

In terms of social identification, the respondents who more strongly identified with the home carrier were more satisfied with it regardless of whether it caused the service failure, and would use it again. Yet they were not as forgiving of the alliance, and were more critical of the partner airline. When identification with the home carrier was weak, the respondents were still more critical of the partner but not of the alliance, in a "moderate halo effect".

The implication of these findings is that goodwill does not transfer between airlines when the customer has a strong sense of social identification with the home carrier. Airlines should thus be concerned about the service standards of their partners, suggest the researchers, at the most basic level through "offering solutions to a customer who has communicated a service failure event at one of the partner airlines".

Customer Appreciation Crucial

Overall, airline alliances need to take more unified action in dealing with service failures amongst their members. The researchers suggest the establishment of alliance customer service centres to deal with such problems, rather than "leaving customers alone" in seeking resolution. Yet even if the status quo is maintained, each airline should ensure in its efforts at recovery that it clearly appreciates the customer's use of its service.

Points to Note

- Customer reactions to service failures are difficult to predict in airline strategic alliances.

- The locus of failure and social identification with a particular carrier are likely to be significant.

- Home carriers tend to be judged less critically, regardless of which airline caused the failure.

- Alliances and their members should maintain a customer focus when dealing with service failures.

Weber, Karin and Sparks, Beverley (2010). "Service Failure and Recovery in a Strategic Airline Alliance Context: Interplay of Locus of Service Failure and Social Identity", *Journal of Travel and Tourism Marketing*, Vol. 27, No. 6, pp. 547-564.