CONCEPTUALIZING THE HOLISTIC CO-RECOVERY CUSTOMER EXPERIENCE

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ABSTRACT

Service recovery is a well-researched and important topic, but previous research has either been customer-centric or firm-centric. In this paper, we contribute to and go beyond the currently growing literature on co-recovery by conceptualizing co-recovery from a customer experience perspective and introducing the concept “co-recovery customer experience.”. We also develop a new framework that emphasizes a holistic and phenomenological understanding of the co-recovery phenomenon. Furthermore, this paper provides suggestions for future service recovery research in terms of broadening and deepening it based on the new conceptual framework presented.

KEYWORDS Service Recovery, Co-recovery, Customer Experience.

INTRODUCTION

Creating favorable customer experiences (CX) is a priority for most companies. However, from time to time, things will go wrong, resulting in unfavorable CX, in need for service recovery to prevent customers from leaving and spreading negative recommendations, resulting in major negative consequences for the service provider. Service recovery traditionally refers to the firm’s responses when a service failure has occurred (Michel et al., 2009, Gronroos, 1988) and has predominantly been understood using a justice theory framework (Wirtz and Mattila, 2004). Service recovery research shows that (un)successful recovery processes and outcomes have a major impact on important concepts such as customer satisfaction (Spreng et al., 1995), customer loyalty (Maxham and Netemeyer, 2002), positive word-of-mouth (WOM), (Maxham, 2001) and repurchase intention (Grewal et al., 2008) and behavior (Knox and Van Oest, 2014). Hence, successful service recovery has been strongly associated with firm profitability (Hart et al., 1989).

Service recovery research has recently “zoomed in” on the level of customer participation in the recovery process (Dong et al., 2008, Xu et al., 2014a). For example, Dong et al. (2008 p. 126) introduced the term “co-recovery”, defined as “the degree to which the customer is involved in taking actions to respond to a service failure.” In comparison to earlier
research on service recovery, co-recovery views the customer as an active participant of the service recovery process. We agree with this view and extend this perspective by understanding customers as proactive participants, who contribute with important resources in the service recovery process.

More recently, Xu et al. (2014a p. 371) extended Dong et al.’s definition to “a process of creating a solution through interactions between a service company and its customers” resulting in resolving the problem situation. We believe that their view on co-recovery is not going far enough as their definition merely reflects the three traditional justice dimensions. Their view on co-recovery is also not considering the joint efforts nor the importance of the social context, which goes beyond the customer and firm interactions. For instance, in the marketing literature, the social context includes both direct and indirect interactions with other customers (Verhoef et al., 2009). Other conceptualizations have emphasized the importance of social context for service exchanges (Edvardsson et al., 2011a). We especially believe that the crucial role of the social context has been neglected in the co-recovery literature. In comparison to current marketing literature (Verhoef et al., 2009, Lemon and Verhoef, 2016), we further suggest that the social context should be understood more broadly, also encompassing other relational ties such as friends, family and acquaintances, including the societal norms and cultures.

In order to understand the complexity, the dynamics and the importance of the social context in the co-recovery process, we propose a CX perspective on co-recovery. CX is a complex and critical concept to understand as customers today are interacting with firms and other customers through multiple channels in their social environment (Lemon and Verhoef, 2016). Earlier co-recovery research (Xu et al., 2014b) have used CX as a result of a co-created service recovery. However, their narrow view only considers the impact of justice on CX, and does not include the subjective and phenomenological understanding of CX, which has been argued for in the marketing literature (Helkkula et al., 2012). Thus, we go beyond Xu et al. (2014b) and argue that co-recovery is a holistic and multidimensional construct representing the CX. For example, Lemon and Verhoef (2016, p. 71) defined CX as “a multidimensional construct focusing on a customer’s cognitive, emotional, behavioural, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey”. However, this view is unidirectional and therefore does not reflect the co-creation character which includes the joint creation of the process. We are instead emphasizing a multi-directional view that is more in line with the recent literature on co-creation (Vargo and Lusch, 2008, Vargo and Lusch, 2017).
Despite notable contributions on value co-creation in the service recovery context (Dong et al., 2008), the co-recovery stream of research has predominantly focused on managerial implications (Xu et al., 2014a, Xu et al., 2014b), rather than theorizing to arrive at a scholarly understanding of the phenomenon.

Therefore, the aim of this paper is to present a better theoretical conceptualization of service recovery, that goes beyond the current understanding of co-recovery (Xu et al., 2014a) and that incorporates findings from the emerging CX literature. The key concept in our new conceptualization is co-recovery CX, which we define as the customers’ emotional, cognitive and sensorial responses to the joint activities, interactions and creation of processes and outcomes in the service recovery context. This concept is part of a wider service recovery concept, which we label the holistic co-recovery CX, which both broadens and deepens our understanding of the customer co-recovery experience. By “broadening”, we mean that we focus not only on what customers experience during the service recovery encounter, but also include what they experience before and after the encounter. By “deepening”, we mean that by also including Vargo and Lusch’s (2008) phenomenological perspective we gain a deeper insight on how customers perceive, understand, and interpret the service recovery encounter. This means that we are taking into account the subjective nature of experience which includes the past and the future experiences in the social context (Helkkula et al., 2012). Finally, we are also integrating the social embeddedness of the activities and interactions before, during and after the service recovery encounter into the framework.

In the following section, we first review the service recovery literature, followed by the emerging literature on co-recovery. Lastly, using the CX lens we conceptualize co-recovery CX and present a framework labeled the holistic co-recovery CX (see. Figure 1.)

SERVICE RECOVERY

Service recovery has earlier been understood as a concept to restore customer satisfaction (Bell and Zemke, 1987) and evaluate service quality (Gronroos, 1988). However, service recovery literature has early emphasized the customer’s perception of fairness of the service recovery encounter. Predominantly, justice theory (Tax et al., 1998), has been used to understand customer evaluation and perception of fairness of the service recovery efforts (Wirtz and Mattila, 2004). Justice theory has in the service recovery literature mainly been operationalized as a three-dimensional construct. For example, Blodgett et al. (1997) and Tax et al.
(1998) define “distribute justice” as the customer's perception of fair settlement (tangible), “interactional justice” as the customer’s perception of courtesy and respect (intangible) and “procedural justice” as the customer’s perception of fairness of company procedures and policies. Despite research results showing that perceived justice is positively related to satisfaction (Maxham, 2001, Maxham and Netemeyer, 2002) loyalty (Chebat and Slusarczyk, 2005), positive WOM (Maxham, 2001) repurchase intention or repatronage intention (Blodgett et al., 1993, Maxham, 2001, Blodgett et al., 1997) mixed results have been presented and more in-depth and extensive research is required in order to understand service recovery better (de Matos et al., 2007).

Michel et al. (2009 p. 267) broadened the service recovery concept by identifying three dimensions of service recovery. Accordingly, they, defined 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 improvements (process recovery) and to train and reward employees for this purpose (employee recovery)” (p. 267). Hence, suggesting a broader understanding of service recovery, including the customer, the employees, and the processes as dimensions of the service recovery conceptualization. However, more recent research has moved from this unidirectional (firm centric) perspective of service recovery towards viewing customers as proactive participants. The following section presents this emerging stream of research, labeling it co-recovery.

CO-RECOVERY

Several authors suggest involving customers as co-creators of the service recovery process and empirical findings emphasizing customers as active participants in the service recovery process have shown increased levels of satisfaction (Xu et al., 2014a, Xu et al., 2014b, Dong et al., 2008, Roggeveen et al., 2012). Other studies have showed higher level of role clarity (Dong et al., 2008), higher level of perceived justice (Karande et al., 2007, Xu et al., 2014a), and a higher level of repurchase intention (Xu et al., 2014a).

For example, Karande et al. (2007) were among the first who viewed customers as active participants in the service recovery process. They introduced the concept of recovery voice, which deals with the empowerment of customers by firms initiating a solution from the customers. Dong et al. (2008) further elaborated this approach through introducing the concept of co-recovery, showing that customers participating in service recovery leads to customers perceiving a higher
level of role clarity and a higher level of intention to co-create in the future. More recent research on co-recovery by Xu et al. (2014a) has built upon Dong et al.'s (2008) work, and found that co-creating the service recovery leads to higher level of perceived justice and repurchase intention. However, a closer look at their definition of co-recovery (Xu et al., 2014a p. 371) reveals that it merely reflects the three classical justice dimensions as it mentions a “process” (procedural justice), a “solution” (distributive justice) and “interactions” (interactive justice). Furthermore, we find their definition to be too narrow as it does not emphasize the multidirectional perspective we believe a definition of co-recovery should include in order to allow researchers to gain a deeper insight into the joint efforts between firms and customers. Both the service recovery literature (Edvardsson et al., 2011b) and more recently the co-recovery literature (Xu et al., 2014b) have also emphasized that service recovery outcomes result in positive and negative CX. We agree with this notion, but believe the existing literature falls short on explaining what CX actually means as it neither captures the social nor the phenomenological nature of CX. Thus, we go beyond current conceptualizations and develop a new framework, which builds upon the emerging marketing literature on CX, to gain a better theoretical understanding of the co-recovery concept.

DEVELOPING A NEW FRAMEWORK - THE HOLISTIC CO-RECOVERY CX

In line with McColl-Kennedy et al. (2015) we argue that CX needs to be understood broadly. Marketing literature has defined CX as holistic (Meyer and Schwager, 2007, Bolton et al., 2014, McColl-Kennedy et al., 2015, Grewal et al., 2009) and subjective in nature (Lemke et al., 2011). Other literature has argued that CX is contextual (Brodie et al., 2011) and requires a phenomenological understanding (Helkkula et al., 2012). This broad view on CX argues that the experiences customers have are influenced through direct and indirect encounters with service providers (Lemke et al., 2011) and other potential and existing customers (Bolton et al., 2014) within the social environment (Helkkula, 2011). Building upon this research, we argue for a holistic, multidirectional service recovery concept, which we label the holistic co-recovery CX (see figure 1.). We suggest that it is being shaped throughout three phases, which are embedded within the customer’s social context, where interactions take place and activities are performed throughout all the phases. The holistic co-recovery CX starts before the customer voices the complaint, (pre-recovery CX), continues during a direct interaction with the firm (co-recovery CX), after voicing the complaint and concludes with the CX after the co-recovery encounter which leads to several CX outcomes such as WOM and repurchase behavior (post-recovery CX). We illustrate this
conceptualization of the holistic co-recovery CX in figure 1 with the “broadening” arrow.

Even though we are inspired by Lemon and Verhoef (2016) holistic conceptualization of CX, we go beyond their understanding of CX by also arguing for a phenomenological understanding of the joint efforts expressed during the co-recovery CX phase. It means that we want to gain a deeper understanding of the interaction and activity efforts expressed during the co-recovery CX, which we illustrate in our conceptual framework with the “deepening” arrow. This includes understanding the customers’ past and future experiences and their roles in forming the co-recovery CX.

![Diagram of holistic co-recovery CX]

Figure 1. The holistic co-recovery CX

**Pre-recovery CX**

The trigger for the holistic co-recovery CX is a service failure, and it starts before the customer voices a complaint to the service provider. The customer is making sense of the service failure by reflecting on previous experiences, performing activities such as online searching, talking to family, friends and acquaintances in combination with the societal norms and expectations of service failures. The pre-recovery CX is a prerequisite for the customer voicing a complaint and starting an interaction with the service provider. We argue that previous experiences, activities and interactions performed in the social context outside the service providers’ boundaries are important to understand as they influence how the customer interpret the service failure and if the customer participates in resolving the problem situation. This has been argued as an important consideration as many customers do not voice a complaint and might try to “getting even“ by engaging in negative WOM (Blodgett et al., 1995).
Co-recovery CX

As soon as the customer actively voices the complaint or the service provider proactively seeks out the service failure, the co-recovery CX phase starts. During the interaction the cognitive, emotional, behavioral, and sensorial responses to the joint activities are expressed, influencing the co-recovery CX. In this conceptualization, and in line with earlier experience literature (Helkkula, 2011, Helkkula et al., 2012), we suggest that the co-recovery CX phase requires a phenomenological understanding which in current co-recovery literature has been neglected (Dong et al., 2008). We suggest that in-depth empirical studies focusing on the joint interactions and activities are required in order to gain better insights into the roles, joint activities, and interactions performed by customers and the service providers, which allows us to better understand what the co-recovery CX means to the involved parties.

Post-recovery CX

The experiences from the pre-recovery CX, and the co-recovery CX both then shape the post-recovery CX. For customers, the service failure has either been resolved or it leads to a double deviation scenario. The latter means that a second service recovery encounter will be necessary as the first one was perceived to be inadequate or inappropriate (Edvardsson et al., 2011b). The post-recovery CX also includes activities such as positive and negative WOM and repurchase influenced by the customer’s social context. The three phases, pre-recovery CX, co-recovery CX and post-recovery CX together represent our framework, that is the holistic co-recovery customer experience. All the CX phases are influenced by the social contexts where the activities and interactions are performed.

CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

By using an CX perspective on co-recovery, we extend the current service recovery literature in primarily two ways: First, we “deepen” current understanding as our theoretical conceptualization goes beyond the existing literature on co-recovery by acknowledging the importance of the social context and by understanding co-recovery using a phenomenological perspective. This view helps guiding researchers to gain a more in-depth understanding of the role of “co” in the service recovery context which in current literature is lacking. Furthermore, our multi-directional understanding of co-recovery CX can be used as a theoretical guide for operationalization of service recovery using qualitative methods for instance conversation analysis (CA) or in-depth
interviews in order to better understand the important role activities, interactions and social contexts have in co-recovery CX.

Second, our conceptualization enables for a “broader” understanding of service recovery, as our conceptualization embraces a holistic perspective. Earlier research has proposed using CX as an outcome, but there is a lack of research of how CX can be used in order to get a broader understanding of what influences co-recovery. The three phases of the holistic co-recovery CX might work as a guide to understand how interactions, activities and the social context influence the CX at different phases of the service recovery process. We suggest to operationalize it using a quantitative method in order to develop scales and confirm the different constructs of our framework. These scales would be beneficial for both academics as well as guiding practitioners in developing tools to better understand customers’ post-recovery actions such as WOM and repurchase behavior.

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