

One firm's loss is another's gain

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A Michigan State University-led study finds that simple gestures of goodwill by frontline employees can help win over customers tainted by a previous retail or service experience. Credit: Michigan State University

Good news for savvy businesses: Customers who walk through your doors unhappy with another firm's service can be won back with simple gestures of goodwill.

Consider a dissatisfied airline passenger. A hotel can score loyalty points

by providing the traveler a room upgrade or perhaps even a simple apology for the airline's failure, said Clay Voorhees, associate professor of marketing at Michigan State University.

In a study published online in the *Journal of the Academy of Marketing Science*, Voorhees and fellow researchers refute past findings that a bad service or retail experience taints a consumer for the entire day. The new paper is titled "One firm's loss is another's gain: capitalizing on other firms' service failures."

"We found that if you offer these goodwill gestures, you not only negate the [negative feelings](#) in the customer, you actually get a lift in attitude toward your firm," said Voorhees.

To test the theory, the researchers conducted three experiments dealing with the airline, hotel and restaurant industries. More than 500 people participated in all.

When the firm responsible for the bad service made a goodwill gesture, it actually had no effect on the customer's [negative attitude](#), the study found. When a firm affiliated with the offending company made the attempt, the customer's attitude improved only slightly.

But when a completely unaffiliated company made the goodwill gesture after the negative experience, the customer's attitude toward that unaffiliated company improved significantly.

Voorhees said the findings underscore the importance of training frontline workers to react to customer complaints regarding other firms. Most companies don't provide this type of training to their frontline workers, who are often their lowest paid.

The study also suggests [firms](#) should investigate their entire service chain

to identify possible weak spots. Insurance providers, for example, could potentially leverage breakdowns in the automobile-buying process.

Firms should also be careful about who they choose as affiliates. Partnering with companies prone to failure might not be worth the additional business volume, Voorhees said.

Provided by Michigan State University

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