

## case study

# Service Recovery to L.A.S.T.: The case of disgruntled customers

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## Introduction

The importance of service recovery regarding social media is emphasized through a case study related to a service failure at the only casino, racetrack, and hotel in the Southwestern United States. The closest similar property is located 300 miles away, making this property a destination. Explicitly, the case study encourages hospitality industry professionals to understand the characteristics of a successful service recovery model, the mediating role of social media in a service recovery model, and how standard operating procedures (SOP's) are used to reduce the number of service failures that occur in an establishment. Questions arise regarding how to properly handle a service failure and how negative reviews on social media and negative word of mouth affect different types of properties.

## Background

Worldwide Gaming and Resorts is a publicly traded corporation offering resort and entertainment venues around the world. The company owns over thirty major casinos, racetracks, and resorts throughout the United States and some casinos in the Middle East and Asia. Worldwide Gaming is the third largest gaming company worldwide and also owns an online casino gaming website and a casino gaming mobile application where individuals receive free credit to begin playing and can purchase additional credits to continue playing. Another mobile application is being developed by the company where individuals can place horse bets on their mobile device or online. Each property within the company is solely responsible for human resources (HR), reservations, payroll, purchasing, and other administrative functions. Some of the properties in the United States feature a casino and a hotel combination or a racetrack and a casino combination, but the company owns very few properties with a casino, a racetrack, and a hotel trio.

## The Sunbird Casino, Hotel and Racetrack

The company's only property in a Southwestern state, The Sunbird Casino, Hotel, and Racetrack, features this trio. Statewide, this is the only property with all three features; although, there are four properties within the state with the racetrack and casino combination. This trio

is present in an approximate number of eight properties nationwide. The majority of these properties are located in the Northeastern United States. Because the property has little to no competition, it can be considered a monopoly, especially during horse racing season, because the nearest property with a racetrack and casino is four hours, or more, away. The Sunbird is a large property with a casino consisting of over 800 slot machines and over 50 virtual card tables, a 154-room hotel, several dining options, and the horse racetrack. The property is separated into five major departments: human resources, food and beverage, hotel services, casino and gaming services, and racetrack services. The standard operating procedure (SOP) for complaints is as follows:

- All complaints submitted through the property's website are received by the HR department then forwarded to the department where the complaint originated, then forwarded to the respective sub-department where the manager of the sub-department is responsible for responding to the complaint either by phone or email.
- If there is a complaint via social media, the HR department will forward the complaint to the department head and the department head is responsible for responding to the complaint via social media.
- Complaints that happen during a guest's stay at the property are handled directly by a staff member of the respective department and, if necessary, a manager will handle the complaint.

## The Food and Beverage Department

The Food & Beverage (F & B) department consists of two restaurants, the bar and grill, and catering/banquets. The F & B director, Jeff, heads the department with one manager for each of the four sub-departments. There is a manager in each of the four sub-departments and two assistant managers in each sub-department. The bar at the property is set up with a liquor dispensing system where bar staff use a small gun to dispense a portion controlled amount of liquor. A typical bar gun is designed with six to eight buttons where each button controls a different type of liquor being dispensed. The main reasons for this type of set up are portion control and faster service. The most frequently consumed liquors are connected to the liquor dispensing system and other liquors are poured manually by the bar staff.

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## The Incident at the Bar

On Friday morning the bar and grill manager, Dave, left final instructions for the assistant managers, Nick and Alex, because Dave was attending a work-related conference. Dave requested daily reports of any incidents be emailed to him at the end of day along with the point of sale reports. Nick and Alex typically work the 8AM to 5PM shift; however, Alex works the 4PM to midnight shift during Dave's absence. Before Alex had arrived for his shift, Nick and the bartenders encountered several customers at the bar and grill. Some customers were staying at the hotel and others were there to gamble at the casino. Because alcoholic beverages cannot be taken onto the casino floor, the bar typically received several customers in short increments. One bartender encountered a customer wanting wine. The bartender notified the customer wine was not served at the bar, but could be purchased in one of the two restaurants. The bartender noticed the customer was irritated by this and offered the customer a suggestion of a margarita or another cocktail made at the bar. The customer purchased a margarita and left the bar area. The bartender did not mention the incident to Nick, so no one knew of the incident other than the bartender and the customer.

## The Group Encounter

The customer returned to the bar and grill later that evening with a group of six people. The group was told to seat themselves as the bar and grill had an open seating policy when the bar is not very busy. The group waited almost twenty minutes for a server to take

their drink order. The group asked for an ashtray and six of the same drinks, whiskey on the rocks. The server returned to the table with their drinks and ashtray then took their food order. The group ordered a large order of nachos to be shared. The group tasted their drinks to find out the drinks were all tequila, not the whiskey they had ordered. The customer from earlier got the server's attention to notify the server of the issue. The server apologized and assured the group they would receive the correct drinks. Ten minutes later, the server and Alex returned with the correct drinks and the nachos. Alex apologized to the group explaining the liquor bottles had been mixed up when the drinks were poured. Alex left the group after thanking them for being patient and encouraged them to speak with him if they had any other issues. The group enjoyed their drinks and nachos then asked for the bill. They received their bill from the server and noticed they had not been charged for the tequilas, but they had been charged full price for the whiskey and nachos plus a gratuity of 18% added to the bill.

The customer from earlier asked the server to speak to Alex about the bill. Alex told the server he was busy closing the bar, so Alex placed the responsibility of handling the complaint onto the server. The server returned to the group and informed them Alex was handling another matter, but assured the group she would handle the issue. The group inquired as to why they were charged full price when they had received the wrong drinks and waited a long time when the bar was not busy, and why they were charged a gratuity when they only ordered drinks and an appetizer to share. The server notified the group

Figure 1

## Review on Yelp from Customer Over the Weekend

**Red Lodge, MT** ★★☆☆☆ 10/31/2015  
170 friends  
50 reviews

Never before have we spent so much money so quickly and had absolutely nothing to show for it. What kind of bar doesn't carry wine? Especially when they are the only bar on the property. We waited "for evah" for our drinks when the bar was slow. The nachos weren't that great and they gave us the wrong drinks. We all ordered the same thing! Their explanation was that they mixed the bottles up! How about a label machine?

Oddly enough, bad service at this property hasn't scared many people away as the casino was packed and people were piled into the hotel lobby when we were there. We sent multiple photos and videos to our friends with captions like "worst bar evah!" Apparently, visitors to this casino are content to receive crappy service. It drove us out rather quickly.

Was this review ...?

Useful 5 Funny 1 Cool

per company policy they are not allowed to give discounts and the gratuity is mandatory for groups of six or more. The group had not seen the mandatory gratuity notice on any of their menus and was not satisfied with the server's response. The customer from earlier again asked to speak to Alex. The server responded by saying Alex would not be discussing this issue with group. The group paid for their bill in cash and left the bar and grill angry. They threatened the server they would be posting a negative review on every social media site and would tell all their friends about their experience at the bar and grill.

Dave returned Monday morning without knowing any incidents had occurred over the weekend because he had not received an incident report from Alex or Nick. Later that day, Dave was called to Jeff's office where he had copies of emails from a group of customers and negative reviews originating over the weekend about the bar and grill from five different customers on Tripadvisor, Yelp, Google+, and Facebook. Jeff wanted to know details about this from the staff but Dave had nothing to offer Jeff because there were no incident reports. Jeff notified Dave he is responsible for the staff and their actions. Jeff showed one of the reviews to Dave (Figure 1) and responded to all the reviews and emails, but insisted Dave needed to determine what happened or Dave would be written up. Dave was very concerned about being written up because he has a perfect track record. Dave assured Jeff he would get to the bottom of the issue with the staff.

## Discussion and Activities

The outcome of service recovery is solely dependent upon how the establishment or the representative of the establishment handles their service failures. Research has suggested if a service failure is not remedied by the establishment, on average, the consumer who experienced the service failure would not return to the establishment (Susskind, 2005). With social media and the internet, a service failure can be exposed by the customer who experienced the service failure. This can cause serious repercussions for an establishment because anyone who has access to the internet has the ability to see the complaint. It is important for an establishment to address a service failure at the time of the incident rather than allow for the service failure to be posted on social media. However, if a service failure is published online, it is important the establishment respond quickly because the more quickly a service failure is remedied, the more likely the customer will praise the establishment for rectifying the service failure and recommend the establishment to others (Boshoff & Leong, 1998).

The L.A.S.T. approach is a service recovery model based on various studies where the establishment would (1) Listen to the complaint or concern made by the customer; (2) Apologize; (3) Solve the complaint/concern to the customer's satisfaction; (4) and then Thank the customer for their business and for notifying them of the problem. The listening stage requires the establishment acknowledge a mistake has

taken place to cause a service failure. According to Ogbeide, Boser, Harrinton, and Ottenbachr (2015), customers who felt understood during the complaint process were more satisfied with the complaint management process. A successful apology occurs when the establishment expresses their regret and guarantees the service failure will not be repeated in the future (Kellerman, 2006). Service recovery is contingent upon having a successful apology because it helps the customer overcome the service failure (Freeman, 2013). Solving the complaint/concern requires the establishment to correctly handle the complaint resulting in the customer being satisfied with the encounter (Bitner et al., 1994). A study on receiving a thank you post-failure, especially for new customers, has indicated this has a positive effect on satisfaction (Magini & Karandi, 2009). Dave has some serious issues to consider. Based on the information provided in the case, you will submit an evaluation based on the following:

### *Word of mouth vs. Social Media*

*Considering the implications of this property having little to no competition:*

- Speculate how negative word of mouth would impact a monopolized property versus a property with several competitors.
- Compare how a negative review on a social media site — Yelp, Google+, Trip Advisor, and Facebook — would impact a monopolized property versus a property with several competitors.
- Defend which method of delivering a complaint, word of mouth or social media, would be more detrimental to (1) a monopolized establishment and (2) an establishment with competition.

### *Handling a complaint*

- Assess each incident, the incident at the bar and group encounter, based on the L.A.S.T. approach by:
  - Identifying the action completed by the establishment for each step in the L.A.S.T. model.
  - If the staff member did not complete an action or part of the model:
    1. Identify the part of the model not completed
    2. Determine what should have been done differently by the staff member to complete that part of the model.
- Formulate an email response Jeff would send to the customers regarding the complaint.
- Formulate a response Jeff would post to the complaints on the social media sites.

### *Standard Operating Procedures (SOPs)*

- Considering the service failures, appraise the usefulness of the SOP for handling complaints.
  - Make necessary changes to the SOP to enable staff to handle complaints using the L.A.S.T approach during a

service failure

- Add training questions to the SOP to enable staff to be well trained in handling complaints
- Develop a SOP for the liquor dispensing system with training questions to ensure the staff does not mix up the liquors in the future.
- Develop a SOP for reporting service failures with training questions to ensure that incidents regarding service failures are properly reported through the chain-of-command.

### *Reporting to Jeff*

- Compose a report to Jeff, the Food and Beverage director detailing the steps that have/will be taken to ensure these service failures will not happen in the future.

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