Net Journal of Business Management
Vol. 4(1), pp. 1-8, May 2016
ISSN: 2437-1335
Full Length Research Paper

Service recovery strategies and customer loyalty in selected hotels in Lagos State, Nigeria

Edwin Chigozie Nwokorie

Department of Hospitality Management and Technology, The Federal Polytechnic Ilaro, Nigeria.

Accepted 10 May, 2016

ABSTRACT

This study is focused on significant service recovery strategies and their impact on customer loyalty in the hotel industry. Related literatures were reviewed to establish conceptual and theoretical framework for the study. Data for the study were gathered through a structured questionnaire and analyses were carried out using inferential statistics, while the study hypotheses were tested using the Z-test statistical technique. The study revealed that there is significant relationship between service recovery strategy, time, customer loyalty and customer satisfaction. The study concludes that effective recovery efforts have a significant impact; hence compensation was among recovery strategies adopted by most hotels studied. Hotel establishments should adopt the concept of relationship marketing since it is practically impossible to totally avoid service failure in the service delivery process. Hotels should equally develop training programmes to sensitize employees on communication procedures, as well as develop platforms through which customers can effectively make their complaints known to the establishment.

Keywords: Service recovery, customer loyalty, service failure, customer satisfaction, hotel industry.

E-mail: eddygozie@gmail.com. Tel: +2348034072296.

INTRODUCTION

Service recovery comes into play at the moment something goes wrong in the service delivery process. It is the responsibility of the hotel (service provider) to take immediate action to ensure that the desired outcome is achieved and, thereafter, rectifies the failed process so that failure does not reoccur (Fabian and Jeff, 2008). Service failure is an event where customers' expectations and specifications are not met by the establishment (Nick, 2009), and the major purpose of handling service failure is to maintain or improve guest loyalty. Successful service recovery affects customer outcomes such as customer satisfaction, re-purchase intention, and positive word-of-mouth (Tax and Brown, 1998). Therefore, the effectiveness of achieving this goal would be imperative to the service provider. Particularly in hotels, where there is a high level of personal interaction between departments and personnel (Lewis and MacCaan, 2004), service failure is sometimes difficult to avoid. Thus, service recovery is a valuable marketing tool which provides a second chance for the hotel to satisfy the customer. Studies have shown that the outcome of service recovery, whether negative or positive, will strongly influence the customer's image of the hotel (Cranage, 2001; Lewis and MacCaan, 2004).

Despite persistent efforts to deliver exceptional service, zero defect is an unrealistic goal in service delivery (Collie et al., 2000). Intangibility (Mullan, 2000) and high human involvement (Boshoff, 1997) are characteristics of service that make it difficult to achieve zero defect. Service is highly variable, and the quality depends on who provides it, when, and where they are provided (Kotler and Lewis, 2010).

Reichheld and Sasser (1990) wrote that if a given service industry could reduce its customer defection rate by 5%, profit could as well be increased by 85%. As competition has resulted in an increased variety in demand as well as supply, the customer service provider has become a major source of competitive strength. Thus, the consequences of this development are less predictable of customer wants and needs, increased requirements to fulfill those needs on the part of the service provider, and a greater demand on employees in the service sector to interpret these wants and needs (Lashley, 1999). This process has resulted in the

development of strategies tailored to assist employees in comforting, compensating, and ultimately retaining customers who do not perceive their needs to be satisfied (Lashley, 1999).

Statement of problem

Customer loyalty in the service industry is highly predicated on customers' high expectation of zero-defects in the service encounter, which determines their level of satisfaction (Dickinson, 2000). Service provision in hotels entails sustaining the quality of such service in order to achieve a reliable consistency which customers can trust. Although hotels strive to provide excellent services in the first place, the nature of the environment makes service failure and human imperfections unavoidable, thus making service recovery strategies imperative.

Objective

The objectives of this research are to:
1. Evaluate the relationship between service recovery strategies and customer loyalty.
2. Evaluate the relationship between service recovery time and customer satisfaction.
3. Examine the systematic approaches taken by hotels when offering recovery for service failure.

Hypotheses

H_1: There is no significant relationship between service recovery strategies and customer loyalty.
H_2: There is no significant relationship between service recovery, time, and customer satisfaction.
H_3: There are no systematic approaches taken by hotels recover failed services.

LITERATURE REVIEW

Unique feature of service and the service industry

Implementing service recovery strategies involve defining and deploying several key elements or factors. Of primary interest among researchers has been the issue of addressing the question "what makes service recovery work?" (Rosen et al., 2003). As the service industry continues to expand, customers are constantly presented with new opportunities to find a service provider that is capable of fulfilling their demands and meeting their expectations. Lovelock (2001) believed that the pressure placed on service organizations to achieve service excellence is truly justified. In his study, Lovelock pointed out that: (1) today's customers are more demanding of the products and services they buy, (2) the development of sophisticated technology has made it convenient for all service organizations to offer personalized services that are highly valued by the customer, and (3) in an increasingly competitive and international marketplace, providing a quality service encounter is seen as having the advantage over the competitor. Additionally, authors have elicited the various attributes associated with service that makes it unique. These include intangibility (Zeithaml et al., 1990), and inseparability (Kelley et al., 1990; Zeithaml et al., 1990). These features have gone a long way in putting the service industry under pressure to ensure that the expectations of the unpredictable customer are met at all times.

In service, the evaluation of previous service encounters tends to influence the customer's attitude and intentions when preparing for an upcoming service encounter. Zeithaml et al. (1993) referred to heterogeneity as a remarkable phenomenon. The customer's overall evaluation of a service encounter does not rest solely on the processing of tangible attributes or the intangible elements from the service provider but instead on a combination of the above, paired with the customer's mood, emotions and attitudes (Mantel and Kardes, 1999). The challenge to heterogeneity is the fact that many service providers strive to engender loyalty from their existing customer base; therefore, service organizations tend to confuse customer satisfaction with customer loyalty. Heskett et al. (1994) found out that relying on the customer's satisfaction with a specific service transaction does not necessarily mean that the customer will be satisfied enough to return or recommend the service. In fact, their study revealed that the weakest link in the service profit chain was between satisfaction and loyalty, thus suggesting that a satisfied customer does not necessarily develop into a loyal customer.

Service failure and service recovery strategies

While service failure is seen as a dissatisfactory service experience which leads to failure in meeting a customer's expectation, service recovery are those actions taken by an organization in response to a service failure (Grönroos, 2001) in order to change the customer's dissatisfaction to satisfaction (Bell et al., 2005) and ultimately retain the customer (Miller et al., 2000). Since ineffective service recovery implies that the customer is let down a second time (Lewis and MacCaan, 2004), management should support service recovery in hotels to prevent customers from spreading negative word-of-mouth communication, defecting from the organization to the competitor, or rating the organization lower than deserved immediately after experiencing the service failure (East and Sinclair, 2000).

Despite the possible consequences of a service failure, the outcome does not necessarily have to be negative. Olsen and Johnson (2003), and Gustafsson and Johnson

(2004) suggested that an effective service recovery could result in a win-win situation for the customer and the organization. Ok et al. (2005), Reichheld (2003) and Miller et al. (2000) explained that well-executed service recovery could enhance customer satisfaction and loyalty; may have a direct influence on whether dissatisfied customers remain with or defect from an organization (Berry et al., 2006); and could also lead to a higher level of satisfaction than the customer would have experienced if the service failure had not occurred (Craighead et al., 2004; Shoemaker and Bowen, 2003; Berry et al., 2006). Service recovery could therefore be seen as, if not more important than, initially providing good service (Barsky and Nash, 2002). Literature suggests a number of strategies that organizations can implement to achieve successful service recovery; including recovering the service failure immediately or offering customers alternative options that will meet their requirements; communicating with customers who are experiencing service failure (including providing feedback and offering an explanation for the reasons for the service failure); and ensuring that service recovery personnel are professional in their action (Boshoff and Staude, 2003).

Service recovery strategies are actions taken by service providers as a direct response to defects, inconsistencies or failures in the service process. Such strategies, generally, consist of three distinct functions; apology, assistance, and compensation (Scanlan and McPhail, 2000). Customers have expectations about the recovery process such as acknowledgement, empathy, apology, and compensation (Hart et al., 2000; Bowen and Shoemaker, 1998). These expectations are, in part, based on factors such as the customer's attitude towards complaining, the magnitude of the service failure, previous experience and attitude towards the service provider (Smith et al., 1999).

Apology is an ineffective strategy unless the service failure is minor in nature, or if it is combined with another action (Gustafsson and Johnson, 2004). Assistance is considered by many firms as the most effective since it can bring the customer back to the particular service being provided (Duffy, 1998). Compensation refers to the monetary payment offered to the customer to rectify inconveniences suffered during service failure (Lovelock, 2001; Middleton, 2001). This recovery strategy is regarded as the most important and effective for the service provider, especially in failures relating to the hospitality industry (Namasivayam and Hinkin, 2003). Other recovery strategies may include; cost-benefit analysis (Hart et al., 2000), active encouragement of complaint, quick response to complaints and anticipating the need for recovery (Scanlan and McPhail, 2000).

METHODOLOGY

The non-probability sampling technique was adopted to select 12 hotels for the study, because it is more convenient in studying both large and small population in order to discover the distribution of the sample of the population (Osuala, 2002). Survey method was used to elicit data from respondents.

Study population

The target population for the study is made up of management staff, frontline employees, heads of department, and customers of the selected hotels in Lagos State (Table 1). Estimate for the employees was retrieved from the personnel units of the selected hotels, while that of the customers was calculated using Freud and Williams formula due to its infinite nature.

Sample size

Sample size for the study was determined using two different methods due to the finite and infinite nature of the population. Sample size for the employees of the hotels was determined using the Taro Yamen formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where:
n = sample size
N = finite population
1 = constant
e = correction factor level (level of significance of error assumed to be 5% or 0.05) (Schawnms, 1994).

Therefore, the sample sizes for the three strata of the population were separately determined thus:

$$n = \frac{183}{1 + N(0.05)^2}$$

$$n = \frac{183}{1 + 183(0.0025)}$$

$$n = \frac{183}{1 + 0.4575}$$

$$n = \frac{183}{1.4575}$$

n = 126

The sample size was further broken down using Bowley's simple proportion population allocation formula:

$$Nh = \frac{n \times nh}{N}$$

Where:
Nh = number of items in each category
nh = number of units allocated to each group
N = population size (Unanka, 2002).

Figures allocated to each hotel were substituted, as shown in Table 2.

Table 1. Census of the study population.

Selected hotel	Elements of the population		
	Management staff	Frontline employees	Total
Hotel A	7	19	26
Hotel B	8	21	29
Hotel C	5	12	17
Hotel D	4	10	14
Hotel E	5	11	16
Hotel F	3	8	11
Hotel G	4	8	12
Hotel H	6	5	11
Hotel I	6	6	12
Hotel J	5	7	12
Hotel K	5	7	12
Hotel L	4	7	11
Total	62	121	183

Source: Field Survey; Nwokorie (2015).

Table 2. Allocation of questionnaire.

Selected hotel	Population size	Allocation using simple proportion
Hotel A	26	18
Hotel B	29	20
Hotel C	17	12
Hotel D	14	10
Hotel E	16	11
Hotel F	11	8
Hotel G	11	8
Hotel H	12	8
Hotel I	12	8
Hotel J	12	8
Hotel K	11	7
Hotel L	12	8
Total	183	126

Source: Field Survey; Nwokorie (2015).

Determination of the sample size for customers using Freud and Williams formula thus:

$$n = PQ\ (Ze)^2$$

Where:
n = sample size
p = percentage of the item possessing a given characteristic.
q = percentage of the item not possessing the characteristic.
z = Z-value (1.96) given
e = tolerable error of 5% (0.05) (Alugbuo, 2002)

Anyanwu (2002) recommended that 20% sample will do, if the population is in many hundreds. Therefore, a 20% probability of the customers that did not patronize the selected hotels within the period of the study was assumed. So if:

q = 20% = 0.20
p = 80% = 0.80
z = 1.96 (given)
e = 0.05 (assumed).

Therefore;
$n = 0.08 \times 0.20 \times \left(\frac{1.96}{0.05}\right)^2$
$n = 0.80 \times 0.20 \times 1536.64$
$n = 245.8624$
$n = 246$

RESULTS

A total of 372 questionnaires were distributed to the respondents made up of 126 employees of the hotels studied as well as 246 customers of the hotels. The return rate of the questionnaires is presented in Table 3.

Table 3. Return rate of questionnaire.

Option	Distributed	No. Returned	% Returned
Hotel staff	126	110	87.3
Customers	246	220	89.4
Total	372	330	88.7

Source: Field Survey; Nwokorie (2015).

Table 4. Analyses of responses.

Statement	Responses				Mean	Std. Deviation
	SA (%)	A (%)	D (%)	SD (%)		
1. Service failure is a feature inherent in service delivery (n = 110)	68 (61.8)	34 (30.9)	6 (5.5)	2 (1.8)	3.52	0.76
2. There is an existing relationship between service recovery and customer loyalty (n = 110)	29 (26.4)	36 (32.7)	23 (20.9)	22 (20.0)	2.65	0.56
3. Service recovery time affects customer satisfaction (n = 110)	28 (25.5)	29 (26.4)	30 (27.3)	23 (20.8)	2.56	0.56
4. Service recovery strategy affects customer perception of the hotel (n = 110)	43 (39.1)	17 (15.4)	26 (23.6)	24 (21.9)	2.72	0.57
5. The hotel does not have a systematic service recovery approach (n = 110)	22 (20.0)	23 (20.9)	29 (26.4)	36 (32.7)	2.28	0.57
6. Staff training and development are a strategy to reduce service failure (n = 110)	29 (26.4)	32 (29.1)	27 (24.6)	22 (20.0)	2.62	0.56
7. Impact of service failure on customer loyalty and confidence is negative (n = 110)	29 (26.4)	32 (29.1)	27 (24.6)	22 (20.0)	2.62	0.56
8. Impact of successful service recovery effort on customers is positive (n =110)	45 (40.9)	32 (29.1)	18 (16.4)	15 (13.6)	2.97	0.64
9. Flawless service delivery is unattainable (n = 220)	76 (34.5)	112 (50.9)	26 (11.8)	6 (2.8)	3.17	0.65
10. Impact of service failure on patronage is negative (n = 220)	60 (27.2)	100 (45.5)	42 (19.1)	18 (8.2)	2.92	0.59
11. Poor service delivery causes a gap between expectation and satisfaction (n = 220)	108 (49.0)	78 (35.5)	20 (9.0)	14 (6.5)	3.17	0.83
12. Customers expect reward from the hotel when service failure occurs (n = 220)	75 (34.1)	89 (40.4)	35 (15.9)	21 (9.5)	2.99	0.61
13.Customers with weak relationship have lower recovery expectations (n = 220)	22 (10.0)	34 (15.5)	88 (40.0)	76 (34.5)	2.01	0.61
14.Loyalty and satisfaction depends on the hotel's service recovery strategies (n = 220)	60 (27.3)	68 (30.9)	58 (26.3)	34 (15.5)	2.70	0.57

Source: Field Survey; Nwokorie (2015).
Decision Rule: If Mean ≤ 2.49, the respondents disagree
If Mean ≥ 2.50, the respondents agree

Data analyses

Table 4 shows the responses generated from the questionnaire using a four-point Likert rating scale, in which Agree (A) and Strongly Agree (SA) are the positive/agreement statements while Disagree (D) and Strongly Disagree (SD) are for positive/disagreement statements. Results show that agreement response confirming that service failure is an intrinsic feature in service delivery is up to 92.7%; $\dot{X} \geq 3.54$. Over 59% of the responses were affirmative that there is an existing relationship between service recovery and customer loyalty; $\dot{X} \geq 2.65$, while the statement that service recovery time affects customer satisfaction received 52.0% agreement response; $\dot{X} \geq 2.56$. Agreements on service recovery strategies affecting customer perception of the hotel were up to 54.5%; $\dot{X} \geq 2.72$, and 59.1% disagreed that the hotels studied do not have a systematic service recovery approach; $\dot{X} \leq 2.28$.

Staff training and development is a strategy for reducing service failure as confirmed by 55.5% of the respondents; $\dot{X} \geq 2.62$, while the same population of the respondents attested that impact of service failure on customer loyalty and confidence is negative.

Impact of successful service recovery efforts is positive as attested to by 70% of the respondents; $\dot{X} \geq 2.97$, hence a flawless service delivery is unattainable in the hotel industry as confirmed by 85.4% of the respondents; $\dot{X} \geq 3.17$. Almost 73% agreements were attributed to the statement bothering on the negative impact of service failure on patronage of hotel products and services; $\dot{X} \geq 2.92$, while poor service delivery causing a gap between customer expectation and customer satisfaction received 84.5% positive responses; $\dot{X} \geq 3.17$. Further responses revealed that 74.5% of the respondents attested that customers expect compensation or reward from hotels when service failure occurs; $\dot{X} \geq 2.99$. And while over 74% responses showed that customers with weak relationship with the hotel do not have lower recovery expectation; $\dot{X} \leq 2.01$, 58.2% responses attested that customer loyalty and satisfaction depends on the hotel's service recovery strategies; $\dot{X} \geq 2.70$.

Test of hypotheses

The Z-test statistical method was used in testing the proposed hypotheses. A 95% confidence interval was assumed with a 5% level of significance at α = 1.96. Decision rule for the test is; Accept H_o if α > Zcal, or Reject H_o if α < Zcal. Calculation for Z-test is given as:

$$s = \frac{X - \mu}{n\sqrt{\ }}$$

and the population standard deviation is given as:

$$s = \frac{(X - \dot{X})^2}{\sqrt{n-1}}$$

Where:
X = standard random variable
$\dot{X}$ = sample mean
μ = population mean
n = total number of items or variable
s = population standard deviation (Egbulonu, 2007).

Hypothesis one

H_1: There is no significant relationship between service recovery strategies and customer loyalty

Analysis in statement 2 in Table 4 is adopted for Hypothesis one (Table 5).

Decision: Since the value of the calculated Z-test (2.38) is greater than the value of the tabulated Z-test (1.96), the hypothesis is hereby rejected; hence there is a significant relationship between service recovery strategies and customer loyalty.

Table 5. Contingency table for Z-test (for hypothesis one).

Options	X	f	fX	X-$\dot{X}$	(X-$\dot{X}$)^2
SA	4	29	116	1.35	1.82
A	3	36	108	0.35	0.12
D	2	23	46	-0.65	0.42
SD	1	22	22	-1.65	2.72
Total	10	110	292		5.08

$\dot{X} = \frac{292}{110} = 2.65$

$\mu = \frac{2.65x110}{183} = 1.59$

$s = \sqrt{\frac{5.08}{4}}$

$s = 0.56$

Z-test $= 2.65 - \frac{1.59}{0.56\sqrt{110}}$

Z-test $= 2.38$

Table 6. Contingency table for Z-test (for hypothesis two).

Options	X	f	fX	X-$\dot{X}$	(X-$\dot{X}$)^2
SA	4	28	112	1.44	2.07
A	3	29	87	0.44	0.19
D	2	30	60	-0.56	0.31
SD	1	23	23	-1.56	2.43
Total	10	110	282		5.0

$\dot{X} = \frac{282}{110} = 2.56$

$\mu = \frac{2.56x110}{183} = 1.54$

$s = \sqrt{\frac{5.0}{4}}$

$s = 0.56$

Z-test $= 2.56 - \frac{1.54}{0.56\sqrt{110}}$

Z-test $= 2.29$

Hypothesis two

H_2: There is no significant relationship between service recovery, time, and customer satisfaction.

Analysis in statement 3 in Table 4 is adopted for Hypothesis two (Table 6).

Decision: Since the value of the calculated Z-test (2.29) is greater than the value of the tabulated Z-test (1.96), the hypothesis is hereby rejected; hence there is a significant relationship between service recovery, time, and customer satisfaction.

Table 7. Contingency table for Z-test (for hypothesis three).

Options	X	f	fX	X-Ẋ	$(X-\dot{X})^2$
SA	4	22	88	1.72	2.96
A	3	23	69	0.72	0.52
D	2	29	58	-0.28	0.08
SD	1	36	36	-1.28	1.64
Total	10	110	251		5.2

$\dot{X} = \frac{251}{110} = 2.28$

$\mu = \frac{2.28x110}{183} = 1.37$

$s = \sqrt{\frac{5.2}{4}}$

$s = 0.57$

Z-test $= 2.28 - \frac{1.37}{0.57\sqrt{110}}$

Z-test $= 2.05$

Hypothesis three

H_3: There are no systematic approaches taken by to recover failed services.

Analysis in statement 5 in Table 4 is adopted for the hypothesis (Table 7).

Decision: Since the value of the calculated Z-test (2.05) is greater than the value of the tabulated Z-test (1.96), the hypothesis is hereby rejected; hence there are systematic approaches taken by the hotels to recover failed services.

DISCUSSION

The study reveals, after the analyses of data and test of hypotheses, that there is a significant relationship between service recovery strategies and customer loyalty in the hotel industry. Statement 2 in Table 4 shows a 65% agreement response ($\dot{X} \geq 2.65$) in favour of an existing relationship between service recovery and customer loyalty with a Z-test score of 2.38 > 1.96 (that is, α < Zcal) after hypothesis one was tested. In his definition of service recovery, Grönroos (2001) asserted that "it refers to those actions taken by an organization in response to a service failure… to retain their customers". The ultimate goal of service recovery strategy is customer satisfaction and retention, which translates to repeat patronage, hence customer loyalty (Nwokorie, 2015).

The decision upheld after testing hypothesis two depicts that there is a significant relationship between service recovery, time, and customer satisfaction in the hotel industry. Responses from statement 3 in Table 4 also show 57% agreement response ($\dot{X} \geq 2.56$) in favour of the assertion, and a Z-test score of 2.29 > 1.96 (that is, α < Zcal) after the test of hypothesis two. This means that the timelier the response in the event of a service failure, the more likely successful the recovery effort. Once a customer leaves a hotel disappointed, the likelihood of a successful recovery falls dramatically.

Responses in statement 5 in Table 4 showed that 65% ($\dot{X} \leq 2.28$) of the respondents disagreed that the hotels studied do not have systematic service recovery approaches in place. It was upheld after testing hypothesis three, with a Z-test score of 2.05 > 1.96 (that is α < Zcal), that there are systematic approaches taken by the hotels when offering recovery for service failure. This assertion is confirmed in the findings of Scanlan and McPhail (2000), that service failure in a hotel establishment presents another chance for the establishment to improve the most effective strategy to win back the dissatisfied customer. They identified strategies such as apologies, assistance, and compensation. These actions can either be applied separately or in combination with each other, depending on the failure at hand and the particular nature of the service being provided (Namasivayam and Hinkin, 2003).

CONCLUSION AND RECOMMENDATION

Based on the findings arising from the analyses of data and subsequent hypotheses tested for the study, the following conclusions are drawn:

a) Significant relationships exist between service recovery strategies and customer loyalty, as well as service recovery, time, and customer satisfaction.
b) It is practically impossible to totally avoid service failure in the course of service delivery due to the dynamic characteristics of service.
c) Effective service recovery efforts have a positive impact on customer satisfaction and loyalty.
d) Apologies, offering extra assistance, and fair compensation, are common strategies that can be adopted by hotels in their service recovery efforts.

RECOMMENDATIONS

The following recommendations are hereby offered in this study:

1. Hotel establishments should adopt the concept of relationship marketing; making the needs and expectations of customers the core of their philosophy, and form an emotional connection based on trust and commitment between the hotel and the customer.
2. Hotel establishments should adopt apologies, assistance and compensation as service recovery strategies to eliminate the possibilities of losing customers who feel frustrated during service failure to competitors.
3. Hotels need to develop training programmes to

sensitize employees on workplace communication models to forestall issues of service failure.

4. A dedicated customer complaint platform should be provided where customers may air their view on ways of improving service delivery.

5. Service recovery efforts should be flexible, and employees should be empowered to use their judgment and communication skills to develop solutions that will satisfy aggrieved customers.

6. Customer contact employees should be trained continuously on effective recovery strategies and work ethics.

7. In handling customer complaint, frontline employees must act expeditiously, empathetically, avoiding argument with the customer and resolving to regain the customer's goodwill through an effective service recovery strategy.

REFERENCES

Alugbuo, C. C. (**2002**). A guide to project writing. Owerri: Credo Publishers.

Anyanwu, A. (**2002**). Research methodology in business and social sciences. Owerri: Canum Publishers.

Barsky, J., and **Nash**, L. (**2002**). Evoking emotion: Affective keys to hotel loyalty. Cornell Hotel and Restaurant Administration Quarterly, 43 (2):39–46.

Bell, S. J., Auh, S., and Smalley, K. (**2005**). Customer relationship dynamics: Service quality and customer loyalty in the context of varying levels of customer expertise and switching costs. Academy of Marketing Science Journal, 33(2):169–183.

Berry, L. L., Wall, E. A., and Carbone, L. P. (**2006**). Service clues and customer assessment of the service experience: Lessons from marketing. Academy of Management Perspective, 20:43–57.

Boshoff, C. (**1997**). An experimental study of service recovery options. International Journal of Service Industry Management, 8(2):110–130.

Boshoff, C., and **Staude**, G. (**2003**). Satisfaction with service recovery: Its measurement and its outcomes. South African Journal of Business Management, 34(3):916.

Bowen, J. T., and **Shoemaker**, S. (**1998**). Loyalty: A strategic commitment. Cornell Hotel and Restaurant Administration Quarterly, 39(1):12–25.

Collie, T. A., Sparks, B., and Bradley, B. (**2000**). Investing interactional justice: A study of the fair process effect within a hospitality failure context. Hospitality Research Journal, 24(4), 448-472.

Craighead, C., Karwan, K., and Miller, J. (**2004**). The effects of severity of failure and customer loyalty on service recovery strategies. Production and Operations Management, 13(4):307–321.

Cranage, D. (**2001**). Plan to do it right: And plan recovery. International Journal of Contemporary Hospitality Management, 16(4):210–219.

Dickinson, J. B. (**2000**). Customer loyalty: A multi-attribute approach. Research in Business and Economics Journal, 1:1–17.

Duffy, D. L. (**1998**). Customer loyalty strategies. Journal of Consumer Marketing, 15(5):435–448.

East, R., and **Sinclair**, J. (**2000**). Loyalty: Definition and explanation. Visionary Marketing for the 21st Century: Facing the Challenge.

Egbulonu, K. G. (**2007**). Statistical inference for science and business. Owerri, Nigeria: Peace Publishers.

Fabian, A., and **Jeff**, B. (**2008**, May 19). Hotel industry is on top of us as SA becomes 'safe' destination. Sunday Times, p.3.

Grönroos, C. (**2001**). A service quality model and its marketing implications. European Journal of Marketing, 18(4):36 – 44.

Gustafsson, A., and **Johnson**, M. D. (**2004**). Determining attribute importance in a service satisfaction model. Journal of Service Research, 7(2):124–141.

Hart, C. W. L., Heskett, J. L., and Sasser, W.E. Jr., (**2000**). The profitable art of service recovery. Harvard Business Review, 68(4):148–156.

Heskett, J. L., Jones, T. O., Loveman, G. W., Sasser, W. E. Jr., and Schlesinger, L. A. (**1994**). Putting the service-profit chain to work. Harvard Business Review, 9(2):64–174.

Kelley, S. W., Donnelly, J. H. Jr., and Skinner, S. J. (**1990**). Customer participation in service production and delivery. Journal of Retailing, 66(3):315–335.

Lewis, B. R., and **MacCaan**, S. (**2004**). Service failure and recovery in retail banking: The customers' perspective. International Journal of Bank Marketing, 19(1):37–47.

Lovelock, C. (**2001**). Services marketing people, technology, strategy. Upper Saddle River, NJ: Prentice Hall.

Mantel, S. P., and **Kardes**, F. R. (**1999**). The role of direction of comparison, attitude-based processing, and attitude-based processing in consumer preference. Journal of Consumer Research, 25(3):335–352.

Middleton, V. (**2001**). Service failure recovery in China. International Journal of Contemporary Hospitality Management, 16(5):279–286.

Namasivayam, K., and **Hinkin**, T. R. (**2003**). The customer's role in the service encounter: The impact of control and fairness. Cornell Hotel and Restaurant Administration Quarterly, 44(3):26–36.

Nick, T. (**2009**). Globalization is back, and it's different. Aambeeld, 26 (1).

Nwokorie, E. C. (**2015**). Service failure as a causative of customer aggression on hospitality industry employees. Proceedings of the Hospitality and Tourism Management Association of Nigeria: Global Trends in Hospitality and Tourism (190 - 196), Osogbo, Osun State.

Ok, C., Back, K. J., and Shanklin, C. W. (**2005**). Modeling roles of service recovery strategy: A relationship-focused view. Journal of Hospitality and Tourism Research, 29(4):484–507.

Olsen, I. L., and **Johnson**, M. D. (**2003**). Service quality, satisfaction and loyalty: From transaction specific to cumulative evaluations. Journal of Service Research, 5(3):184-195.

Osuala, N. (**2002**). Principle of merchant banking and credit administration. Benin City: Interbiz Group.

Reichheld, F. F. (**2003**). The one number you need to grow. Harvard Business Review, 82(6):46-54.

Reichheld, S., and **Sasser**, E. W. Jr. (**1990**). The effectiveness of service recovery in a multi-industry setting. Journal of service Marketing, 15(7):583–596.

Rosen, I. D., Karwan, K. R., and Scribner, L. L. (**2003**). Service quality measurement and the disconfirmation model: Taking care in interpretation. Total Quality Management & Business Excellence, 14(1):3–12.

Scanlan, L., and **McPhail**, J. (**2000**). Forming service relationships with hotel business travelers: The critical attributes to improve retention. Journal of Hospitality and Tourism Research, 24(4):491–513.

Schawnms, R. C. (**1994**). Advanced statistics: An introduction. London: Knightbridge Publications Ltd.

Shoemaker, S., and **Bowen**, R. C. (**2003**). Commentary on loyalty: A strategic commitment. Cornell Hospitality and Restaurant Administration Quarterly, 44(5/6):47–52.

Smith, A. K., Bolton, R. N., and Wagner, J. (**1999**). A model of customer satisfaction with service encounters involving failure and recovery. Journal of Marketing Research, 36(8):356–372.

Tax, B., and **Brown**, A. (**1998**). Customer retention management for the hotel industry in Gauteng, Potchefstroom. North-West University (Ph.D. Thesis).

Unanka, G. O. (**2002**). Methodology of social science research. 2nd edition. Owerri: All Ages.

Zeithaml, V. A., Berry, L. L., and Parasuraman, A. (**1993**). The nature and determinants of customer expectations of service. Journal of the Academy of Marketing Science, 21(1):1–12.

Zeithaml, V. A., Parasuraman, A., and Berry, L. L. (**1990**). Delivering quality service: Balancing customer perceptions and expectations. New York: The Free Press.

Citation: Nwokorie, E. C. (2016). Service recovery strategies and customer loyalty in selected hotels in Lagos State, Nigeria. Net Journal of Business Management, 4(1): 1-8.