Chapter 10

1. What is service recovery?

A) A strategy to avoid customer complaints  
B) A way to reduce marketing expenses  
C) The process by which a company attempts to rectify a service failure\*  
D) A technique to attract new customers

2. What key lesson did Paul Hudson learn early in his career?

A) Customers always complain, and it cannot be avoided  
B) Service recovery is unnecessary if the problem was not the company’s fault  
C) Companies should take responsibility for service failures rather than "passing the buck"\*  
D) Customers should be compensated with free vacations for every issue

3. What was Paul Hudson’s approach to handling complaints at Thornbury Castle?

A) Offering a free meal for all guests  
B) Ignoring complaints unless they were serious  
C) Encouraging staff to anticipate problems before they arise and act proactively\*  
D) Reducing service costs by limiting customer interactions

4. What is one common reason service failures occur in tourism and hospitality?

A) Customers are always dissatisfied  
B) The industry does not value service quality  
C) Many failures are unforeseen or uncontrollable\*  
D) Companies do not care about complaints

5. What is the primary goal of an effective service recovery strategy?

A) To prevent all service failures  
B) To ensure all complaints receive financial compensation  
C) To restore customer satisfaction and encourage loyalty\*  
D) To eliminate the need for frontline employees

6. What role does empathy play in service recovery?

A) It makes customers more likely to forget the issue  
B) It allows employees to avoid taking responsibility  
C) It is only necessary for severe complaints  
D) It helps customers feel understood and valued, increasing their satisfaction\*

7. According to research, what is the most important factor influencing customer satisfaction after a service failure?

A) The speed of the company’s response  
B) Whether the customer gets financial compensation  
C) The quality of the company’s service recovery efforts\*  
D) How many employees handle the complaint

8. Which of the following is NOT a step in the service recovery process?

A) Apologizing  
B) Urgent reinstatement  
C) Offering symbolic atonement  
D) Ignoring customer feedback\*

9. According to research, what percentage of customers will return if their complaints are resolved quickly?

A) 30%  
B) 50%  
C) 82%\*  
D) 95%

10. Which of the following is an example of symbolic atonement?

A) Ignoring minor complaints  
B) Offering a free upgrade or extra amenity to a dissatisfied guest\*  
C) Charging extra for better service  
D) Avoiding compensation at all costs

11. Why is follow-up important in service recovery?

A) It helps businesses learn from service failures and improve processes  
B) It ensures that customers feel heard and valued  
C) It can increase customer loyalty and retention  
D) All of the above\*

12. What is the service recovery paradox?

A) A theory that service failures always lead to lost customers  
B) The idea that customers who experience excellent recovery efforts may become even more loyal than those who never had a problem\*  
C) The belief that service failures should be ignored  
D) A method of increasing prices after a service failure

13. Which company is known for using chatbots to handle customer service recovery?

A) Hilton  
B) Marriott  
C) Delta Airlines  
D) Radisson Blu Edwardian (using "Edward" chatbot)\*

14. How does artificial intelligence (AI) contribute to service recovery?

A) It eliminates the need for human employees  
B) It slows down customer complaint resolution  
C) It provides instant solutions to common problems through chatbots and automation\*  
D) It reduces service quality

15. What type of justice do customers seek when complaining about service failures?

A) Outcome fairness  
B) Procedural fairness  
C) Interactional fairness  
D) All of the above\*

16. How did British Airways justify investing in service recovery?

A) They found that service recovery efforts returned $2 for every $1 spent\*  
B) They wanted to reduce the number of customer complaints  
C) They needed to improve their reputation  
D) They were required by law to improve service recovery

17. Why is empowerment important for employees in service recovery?

A) It allows them to make decisions quickly to resolve issues  
B) It increases customer satisfaction  
C) It improves employee morale  
D) All of the above\*

18. What is a key downside of AI-driven service recovery?

A) AI systems are always more effective than human employees  
B) AI never makes mistakes  
C) AI lacks human empathy and emotional intelligence\*  
D) AI is always expensive to implement

19. How do social media listening tools help companies with service recovery?

A) They allow companies to delete negative reviews  
B) They prevent customers from complaining publicly  
C) They reduce the need for frontline staff  
D) They help businesses monitor and respond to customer issues in real-time\*

20. How did Sandals Resorts improve their service recovery efforts?

A) By reducing staff training  
B) By focusing only on positive guest feedback  
C) By removing the ability for guests to file complaints  
D) By empowering employees to take ownership of complaints and resolve them quickly\*

21. Why is the "Customer Complaint Iceberg" a concern for businesses?

A) It suggests that most customers do not complain, but instead spread negative word-of-mouth  
B) Unresolved complaints can damage a company’s reputation  
C) Businesses need proactive complaint management strategies  
D) All of the above\*

22. How did Walt Disney World handle service recovery effectively?

A) By offering a free trip to all guests  
B) By ignoring minor complaints  
C) By empowering employees with the "No Strings Attached" (NSA) card to resolve guest issues instantly\*  
D) By refunding all dissatisfied guests

23. What is an example of a service guarantee?

A) A restaurant offering a discount if food is served late  
B) A hotel refunding guests for poor service  
C) A travel agency offering refunds for weather-related cancellations  
D) All of the above\*

24. What is a key benefit of offering service guarantees?

A) They help businesses identify and correct service issues  
B) They reassure customers and increase trust  
C) They provide a competitive advantage  
D) All of the above\*

25. What is the best long-term strategy for service recovery?

A) Avoiding customer complaints altogether  
B) Offering money to every complaining customer  
C) Delivering high-quality service from the start and having a strong recovery plan in place\*  
D) Relying only on AI for customer service