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Exploring Factors Affecting Customers’ Zone of Tolerance towards Service Failure within a Hospitality Context

Trianasari, Beverley Sparks, and Ken Butcher

Abstract

This study applies the concept of zone of tolerance in a service failure context and explores the potential factors that determine its variability. Six focus groups were conducted involving 29 participants. Participants were exposed to two vignettes illustrating functional or interpersonal hotel service failures, occurring in different locations (home or foreign country), and their reactions were sought. Nine themes were generated: gender, age, purpose of visit, length of stay, travel companions, type of hotel, cultural familiarity, frequency and severity of failure; which were associated with respondents’ tolerance towards service failures. Central to the discussion was the role of cultural familiarity with the destination. Participants were less anxious in the event of functional failure in their home country, but less likely to complain when failure occurs overseas. This finding suggests that customers’ zone of tolerance towards service failures may vary in respect of geographical location where respondents are more or less familiar with a destination and its culture.

Introduction

Service quality is central to the profitability of service firms. However, due to a heavy involvement of people who interact either as service provider or customer during a service encounter, the quality of the service performance is hard to standardize. Thus, a failure during service delivery is often unavoidable. In the event of a service failure, customers may be dissatisfied and evaluate the service performance negatively. Consequently, as Sparks and McColl-Kennedy and Sparks (2003) noted, service firms could suffer from customer defection and subsequent loss of revenue.

Customers evaluate service quality through the comparison of their expectations with the actual service they receive. Parasuraman et al. (1991) differentiated two levels of expectation: desired and adequate expectations. These expectations are bound within a zone in which service performance is satisfactory. This zone is known as the zone of tolerance (ZOT). The ZOT may contract or expand within and among individuals depending on situational factors (Parasuraman et al. 1991).

Following the works of (Parasuraman et al. 1991), researchers have shown great interest in undertaking further study into the ZOT (e.g., Johnston 1995; Liljander and Strandvik 1993; Yap and Sweeney 2007). Most of these studies have focused on comparing desired and adequate expectations in the “pre-service” experience stage. However, understanding the changes in the ZOT during the “in-service” and “post-service” stages is essential, as it is within these stages that service failure often occurs from a service encounter. This understanding will expand current knowledge in terms of why, how or in what circumstances the ZOT changes. Additionally, from a practical point of view, managers will be able to anticipate the levels of tolerance of certain customers toward service failure, as well as the necessary recovery actions. For these reasons, a study that focuses on the application of the concept of ZOT and the potential factors affecting the ZOT within a service failure context was undertaken. The specific objective of this paper is to report the qualitative phase of this study.

Literature Review

Zone of Tolerance

As depicted in Figure 1, the ZOT represents an interval between desired and adequate expectations (Parasuraman et al. 1991). Desired expectation is defined as the levels of service the customer wishes to receive.
while adequate expectation is the minimum level of service the customer is willing to accept. (Parasuraman et al. 1993) further elaborated that desired expectation is a blend of what the customers believe “can be” and “should be” delivered. On the other hand, adequate expectation is what the customer believes “will be” delivered. Accordingly, when the level of service performance is below the ZOT, the customer will be dissatisfied. In contrast, when service performance lies above the ZOT, the customer will be satisfied or even delighted.

**Figure 1**

**Zone of Tolerance adopted from Zeithaml et al. (1993, p.5)**

Among the limited research on the ZOT, the main focus has been on the boundary of the desired and adequate levels of expectations prior to service consumption (Gwynne et al. 2000; Hoyer and MacInnis 2001). However, examining the variations of the ZOT in the event of service failure is important, as failure is often unavoidable during service delivery. Therefore, additional empirical research is needed to further the understanding of what triggers the changes of the ZOT, and addressing these gaps is the rationale of this research.

**Service Failure**

A service failure is defined as a mistake (Lewis and Spyrokapoulos 2001) during service delivery or a negative service encounter (Zeithaml et al. 1993). Michel (2004) stated that service failures occur when service performances do not meet the expectations of the customer. Service failures can be classified into two types: functional or core (caused by the system or function) and process or interpersonal failure (caused by the manner of the service provider) (Keaveney 1995; Levesque and McDougall 2000).

The service literature has noted that customers’ responses to service failure differ according to the type of failure and the type of loss that results from the failure. In the eyes of a customer, the consequence of a functional service failure is an economic loss, while the consequence of an interpersonal failure is a symbolic/psychological loss (Hui and Au 2001; Smith et al. 1999). Moreover, Levesque and McDougall (2000) found that a functional service failure is considered more severe than process failure, suggesting that a customer regards economic loss as more severe than psychological loss.

**Method**

For this study a qualitative approach was considered the most appropriate method in order to gain richness, texture, and a feeling for the raw data (Neuman 2006). This study was explorative in nature and was undertaken as part of a larger study into the variability of customers’ ZOT. A specific aim of the current study was to better understand how levels of tolerance vary in respect of service failure situations. Focus groups were chosen for this study to obtain insights into the topic. This method allows researchers to obtain data from the free interactions that occur among participants (Krueger and Casey 2000).

**Participants**

The targeted participants were Australians who had personal experiences or interests in hotel services, both international and domestic. Six focus groups were conducted with 29 people, consisting of 18 females and 11 males, who were drawn from direct invitation, referral by friends or academics, and from advertisements posted on public notice boards.

**Procedure**

The instrument for this study was designed to elicit customers’ expectations of hotel service standards and their reactions to service failures. General questions together with vignettes (short stories) illustrating two types of service failures, one being a functional failure (late pick up) and the other being an interpersonal
failure (unfriendly staff), were used. A vignette is a particular method that can be used within qualitative research alone or to complement other data collection techniques. Kitzinger (1994) stated that vignettes are useful to act as a common reference point during discussions, which is helpful when analyzing data.

The group discussions were audiotaped and lasted between 40 to 70 minutes. At the commencement of the sessions the moderator explained the purpose of the focus group and guided the participants with the format and rules of the discussions. Next, the moderator asked the participants several broad questions related to hotel service standards, including hotel service expectations, different types of service failures, and the variability of service standards in different countries. These questions were posed to obtain specific information to help develop background information for the next phase of the study. Participants were then asked to describe any hotel service failure situation that they had encountered as a domestic or international tourist. The moderator further questioned the participants on how they felt after the service failure experience, what actions the hotel took and whether the hotel’s actions were satisfactory.

The next stage of discussion used vignettes to focus the participants on two types of service failure: functional and interpersonal. All participants received the same vignette at a time and were asked to read the story and then express or elaborate upon their reactions to the incident and likely behavioural intentions. This process was adopted for each vignette.

Data collected were later transcribed and grouped. The analysis began by reading the transcriptions and the field notes. The repeated ideas were sorted, and relevant themes were collated into abstract concepts consistent with the literature.

Results

A wide range of hotel service standard expectations was obtained. Out of the 90 items that emerged, two major groups were formed; people and facilities. It was observed that as respondents delved deeper into the discussion, the primary topic of focus was the people aspect of service, rather than the facility aspect.

In order to explore more specific service failure events, and possible reactions or evaluations, respondents were also asked to review specific vignettes that illustrated functional and interpersonal failures. Respondents’ reactions for both the interpersonal and functional failures were classified under three themes; emotional/affective (“I’ll be anxious.”), thinking/cognitive (“The employee should smile.”), and behavioural (“I’ll blame the hotel.”) evaluations. The responses to the vignettes are explained in the following section.

Responses to the vignette

One vignette was primarily about a functional failure and focused on variations in time delays when being picked up at an airport. In respect of service failures involving time, the respondents mostly felt that a two-minute wait was about fair, although there were some levels of tolerance for up to 10 minutes. Mostly, the tolerance was due to attributions of external factors occurring, such as traffic delays. Moreover, it was found that the longer the waiting time (e.g. 15, 20, and 30 minutes), the more intolerant respondents became.

Interestingly, there were unique differences in the responses or expressions based on their familiarity with the culture of the tourist destination, whereby an increase in anxiety was observed if the wait was to occur overseas, particularly when language was a barrier. For functional failures, although cognitive (“Did I make the right booking?”) and behavioural reactions (“I can jump in a taxi.”) were found, many of the responses were expressed in emotional language, such as feeling unwelcome, anxious, panicky, worried, or frustrated.

Another vignette illustrated interpersonal failures. Variations were made with regard to the unfriendliness of staff using two scenes: one where the staff did not smile and one where the staff did not greet the customers. Respondents put similar weight on the two scenes (“not smiling” and “not greeting”). It was argued that to smile and to greet customers should be part of the job of the hotel staff (“It’s their job.” “It’s a basic customer service.”). Similar to the functional failure, the reactions toward interpersonal failure were
shown cognitively (“...smile shows that you are happy to have me.” “It means you don’t care.”), emotionally (“I’ll be cross.”), and behaviourally (“I will go somewhere else.” “Just forget it.”). Moreover, it was observed that males were less likely to react than female respondents. The majority of the female participants showed emotional expressions and interacted actively in the discussion on this failure. Only one female commented that she was not affected (“It’s not a big deal...It won’t change my mood for the day.”). Overall, this may suggest that gender plays a role in the evaluation of interpersonal service failure.

Individual Differences

The explorations were continued to obtain the underlying factors behind the reactions towards service failures. The group discussions generated nine themes that influenced how people felt about service failure incidents: gender relevant (“I am a woman, I would be more anxious than you guys.”), age relevant (“As I age, I feel more willing to demand what I suppose to receive... I will complain for such service.”), purpose of visit (“If I am on business trip, I can’t accept it.”), length of stay (“If my stay is short, I won’t bother.”), travel companions (“It will be different if I am travelling by myself or with family, especially with kids.”), type of hotel (“If that was a 4 or 5 stars hotel, they should provide a good service.”), the frequency of failures (“If it keeps happening, then I would be unhappy.”), the severity of the failure, and cultural familiarity (“It depends on where I go...If I have been there or I know their culture...”).

Discussion

In the literature, service quality is classified into two dimensions: outcome quality and process quality (Grönroos 1983). Accordingly, there are two types of failures associated with these dimensions: functional failure, and interactional failure. Similarly, the group discussions in this study generated two types of expectations for hotel service standards: expectations toward people or staff and expectations about facilities. Thus, a service experience may be evaluated by customers based on these two aspects. When either one or both of these aspects are not performed as expected, customers might see this as a failure.

The focus group discussion found that participants demonstrated different reactions for the two types of service failures. The participants appeared to be more tolerant toward the interpersonal failure that was illustrated as unfriendly staff (“not smiling” or “not greeting”) than toward the functional failure that was illustrated as a late pick up service. Participants spent more time in the discussion talking about the people who deliver the service than the facility or functional aspect in regard to their expectation toward hotel service standards. In contrast, when it came to service failure, participants appeared to be more concerned about the functional failure than the interpersonal failure. That is, when dealing with failure, customers are more concerned about the “on time” pick up service than the friendliness of staff. This finding suggests different widths may exist for zones of tolerance, depending upon the nature of the failure. In this case, functional failure is indicative of a narrower ZOT than interpersonal failure. This finding indicates that participants regard economic loss as a result of functional failure more severely than interpersonal loss as a result of interpersonal failure.

The nine themes generated in the discussion are potentially associated with variations in the ZOT. These themes include demographic relevance, traveling experience, and cultural familiarity. However, the focus group interest toward cultural familiarity was a central point of discussion for participants and is detailed in the following section.

Cultural familiarity

People travel around the globe more and thus interact more with the local culture of their destination. Being familiar with the culture of the destination may affect how people evaluate service. Indeed, the participants in this study frequently raised the aspect of culture of the destination (e.g. R: “It’s culture”; S: “Yes, I think so...It’s more about culture...”). This includes the level of friendliness of local people. That is, in some places, people are friendlier than in other places. Thus, being familiar with the culture of the destination is likely to
reduce the uncertainty of what to do or how to behave in certain circumstances, particularly when a problem occurs.

Moreover, participants believed that service standards vary all over the world. This belief implies that customers may expect and allow gaps between their expectations of service and their perceptions of service performance for international service experiences. It was mentioned that when vacationing in destinations in their home country, they have a known standard to judge the actual performance against, while overseas (places never been visited), there is no prior knowledge about the culture at a destination and thus no knowledge for comparison (J: “I know more about Australian hotels than Balinese hotels, so the standard (in Australia) is a way to contrast against it. I got nothing about Bali...”). This lack of knowledge or familiarity indicates that travellers are less confident about standards of service and would be more tolerant of variations to expected service standards. In contrast, in a familiar destination, participants are more demanding when they know what to expect. For functional failures occurring at home, respondents felt more relaxed and thought that it would always be easier to solve any problems (“I won’t be worried at home”, “I can jump in a taxi”, “I’ll ring the hotel”) compared to problems occurring in a foreign country. When overseas, participants explained that they had to think about how to make a call, or who to ask, especially if language was an issue and they were unsure whether people at the airport could be approached or not. These examples represent the more cognitive and behavioural aspects of service evaluation. From the emotional aspect, feelings of anxiousness fear or insecurity when overseas were dominant.

In regard to interpersonal failure, participants showed different reactions. Cognitive evaluations were found where the respondents emphasised that the staff should smile (“The employee should smile...Smile is international.” “Smile doesn’t cost anything...it’s your job.”). Emotional reactions were also observed frequently (“I feel unwelcome.” “I don’t feel good.”). This finding supports McColl-Kennedy and Sparks (2003) who stated that customers are likely to cognitively (using counterfactual thinking) and emotionally respond to service failure. Moreover, the behavioural reactions were shown in the intentions to complain, do nothing, or leave the hotel. The seemingly greater likelihood that participants filed a complaint after experiencing service failure in their home country versus overseas, particularly in a destination where English is not spoken, was much related to the familiarity with the culture.

People who are familiar with or knowledgeable about a place develop a feeling of security, comfort and confidence. Thus, the actual experience will be less threatening (Olsen et al. 1986). In contrast, when confronted with unfamiliar languages and social norms, tourists may feel insecure or uncomfortable (Weaver and Lawton 2010). This feeling will be likely to increase when dealing with problems or service failure during holidays. Perhaps, in a foreign country, customers may not feel confident about how to behave or react. Additionally, customers may not be certain of local people’s behavior, unless they are aware of social rules or norms. When people are less knowledgeable or familiar with the norms in the destination, they may be more likely to have a wider tolerance toward service failures. This finding suggests that cultural familiarity might play an important role in customers’ reactions towards service failures and thus their ZOT.

Conclusion

The purpose of this paper is to present the results of a qualitative study that investigated customers’ ZOT in service failure situations. The findings support the existing literature (e.g., Parasuraman et al. 1991) that customer tolerances towards service failures vary depending upon situational and individual factors. Nine themes that described respondents’ tolerance towards service failures emerged from the group discussions. These themes include age, gender, familiarity with destination, length of stay, purpose of visit, travel companions, frequent of service failures, severity of failure, and type of hotel.

Respondents showed different levels of tolerance toward the two types of service failures. Less tolerance was shown toward functional failures than with interpersonal failures. It was also found that respondents
had different reactions to service failures occurring in their home countries than when travelling overseas. In a foreign country, respondents were more likely to be more tolerant toward service failure than in their home country. This suggests that the variations of customers’ tolerance may be explained by geographical location, where participants are more or less familiar with a destination and its culture.

This study was exploratory in nature and limited by a small sample size, as well as specific service failure situations. Thus, the findings are not to be generalized to a wider population. Nevertheless, this study provided preliminary insights into the variability of the ZOT in the context of service failure. The findings of this qualitative study will be used as the basis for further study that will statistically test the effect of several factors derived from the group discussion on the ZOT in a service failure context.

Appendix 1

Focus group discussion materials

1. General questions
   What does the word “service” mean to you?
   Have you traveled domestically or internationally?
   What do you expect from a hotel service?
   Do you have any particular unsatisfactory experience in regard to a hotel service?
   How did you react and what did the hotel do to solve the problem?

2. Sample of vignettes
   (a) Time (functional failure)
   You were travelling to Bali (versus Sydney). You had booked a hotel including airport transfer. However, upon your arrival at the airport, you did not get the pick up immediately. Only after you waited for 15 minutes, then a hotel representative came. The moderator will ask further (i.e. what if the pick up arrive 30 minutes? 60 minutes later?).
   (b) Friendliness (interpersonal failure)

   You were travelling to Sydney (versus Bali). You had booked a hotel including airport transfer. Upon your arrival at the airport, you were picked up by the hotel staff. The staff asked you to follow him to the coach without smiling at you.

   Another sample illustrated that staff did not greet the guest.

3. Question related to vignettes
   How do you feel being in that situation?
   Why do you feel or react the way you do?
   What are you going to do about it?
   What if the situation occurs in Australia (versus Bali)?
   How do you see the standards of service all over the world? Do you think that they vary?

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