
ENSAIOS | ESSAYS

IMPACT OF POOR SERVICE ON HOSPITALITY INDUSTRY ORGANIZATIONS: A VIEWPOINT

David Fowler

Louisiana State University Shreveport

95

Fowler, D. (2023). Impact of poor service on hospitality industry organizations: A viewpoint. *Tourism and Hospitality International Journal*, 20(1), 95-102.

Abstract

This short essay study examines the negative impact of perceived poor service within the hospitality industry. This succinct review of the literature reveals that poor service is a precursor for business deterioration and possible failure. Customer satisfaction is crucial to the hospitality industry, which includes companies like hotels, eateries, and other facilities focused on providing services. Bad customer service can negatively affect a consumer's experience and opinion of the brand, which can result in unfavorable reviews, a decline in client loyalty, and ultimately lower sales. Businesses must prioritize providing outstanding service to sustain their reputation and performance in a sector where consumer satisfaction is crucial. Failure to do so could have serious repercussions for the company because negative online and word-of-mouth publicity can spread quickly and harm the company's brand. In this scenario, it is critical to examine the negative effects of subpar service in the hospitality sector and comprehend the steps that companies may take to guarantee the provision of high-quality service.

Keywords

Poor service quality, Customer expectations, Hospitality industry

1. Introduction

The hospitality industry places a paramount emphasis on the provision of services to meet the specific needs and desires of customers. In this capitalistic sector, the perceptions of service levels by consumers are of utmost importance to organizations, and failure to meet such expectations can have negative repercussions for their survival (Boksberger & Melsen, 2011; Drake, 2023). Studies have shown that perceived diminished service levels and service failures have resulted in the demise of many companies (Huang, 2008). However, through acquiring and implementing knowledge, management and leadership have the potential to improve their overall service offerings by establishing proper measures and metrics to track and prevent failures while enhancing service (Modi et al., 2015). The continuous effort to exceed customer expectations is critical for businesses to retain their patronage and potentially gain a competitive advantage within the industry (Feinberg et al., 1990). Ultimately, the success of hospitality businesses hinges on their ability to satisfy the needs of their clientele by providing exceptional service that goes beyond their expectations.

2. The Measure of Poor Service

The provision of poor service quality and service failures can have adverse effects on customer retention and long-term revenue potential. However, it is essential to first establish what poor service entails and how it can be measured. Poor service can be defined as a failure of a service provider to meet the quality perceptions and expectations of a patron or a complete inability to provide the intended service (Sivakumar et al., 2014). In order to measure the quality of service provided, various methods are employed, including gathering feedback from customers, implementing total quality management control techniques, and making personal observations of the operational processes and procedures by those responsible for management and leadership (Nguyen & Nagase, 2020). It is worth noting that the perceptions of management may be lower than what the customer perceives as acceptable, resulting in a disparity between the expectations and perceptions of the customer, creating a gap (Luk & Layton, 2002). This gap between expectations and perceptions is what characterizes poor service and may adversely affect the service entity's offerings. As such, it is critical for service providers to measure their service quality and make necessary adjustments to bridge the gap between customer expectations and perceptions to avoid instances of poor service.

3. Customer Expectations

The oft-cited maxim "the customer is always right" has long been associated with the provision of excellent service to the patrons of any establishment (Scott, 1999). While this adage may not always hold true, it does underscore the importance of approaching

the expectations of customers when considering the success of any business. The perceived expectations of a customer, as well as potential consumers, are fundamental to the success of any organization. However, if these expectations are not adequately met, the operation is likely to suffer. Customers expect to derive value from every purchase they make with their hard-earned cash. They expect products and services to work as advertised, to be functionally robust, and to be delivered in a timely manner. This includes services, which should be prompt, responsive to the needs and wants of the customer, and backed by appropriate support before, during, and after the sales process. These expectations are critical to the consumer and must at least be met, or the business may suffer adverse consequences.

It is essential to note that expectations must also be realistic and feasible. Some beliefs may be out of reach for a service provider to achieve. However, there may be instances where the expectations of the patron are beyond what ownership and management deem acceptable (Mazzetti, 2023). When such a discrepancy occurs, there is a service gap between the customer's expectations and the perceptions of management (Mhlanga, 2018). It is imperative to close this service gap or at least minimize it to increase customer satisfaction (Mazzetti, 2023) and ensure continued patronage, which is crucial to achieving financial sustainability within the organization.

Overall, when customer expectations are not met, service quality suffers, leading to customers seeking substitute products and services (Feinberg et al., 1990). Therefore, it is critical for service providers to strive to meet and even exceed customer expectations to retain their patronage and maintain a competitive edge in the market.

3. When Business Fails

Poor service quality has been identified as a critical factor in the failure of businesses to satisfy their customers, potentially leading to their downfall (Naumzik et al., 2022). This has motivated scholars to focus their research efforts on developing models and theories to predict business failures based on customer satisfaction ratings, as it is recognized that customer satisfaction is a key determinant of the success or failure of a business (Ladhari et al., 2008). It is therefore imperative for companies to strive to meet or exceed customer expectations to ensure their longevity and profitability.

While the threat of business failure looms large in the face of poor service quality, organizations that take proactive steps to address these issues can recover from setbacks and even gain a competitive advantage (Bernadowski et al., 2013). By analyzing data on customer satisfaction and identifying areas where they fall short of expectations, companies can develop and implement strategies to improve their service quality and avoid the negative consequences of poor service delivery. Through these processes, they can gain insights into customers' needs and wants and adjust their operations to better meet these expectations, ultimately leading to increased customer loyalty and financial sustainability.

It is incumbent upon organizations to fulfill their commitments to their customers by delivering quality service in a timely and efficient manner. Failure to do so can lead to disillusionment and a loss of trust in the company's brand, which can ultimately result in the failure of the business (Grönroos, 1982). Companies must therefore take the initiative to identify and address gaps in service quality, as well as to ensure that their offerings align with customer expectations, to remain competitive and to ensure their long-term survival in the marketplace.

4. Preventing Poor Service

In the highly competitive business environment, ownership and management must prioritize the provision of products and services that meet or exceed customer expectations. Failure to do so can lead to poor service and negatively impact the financial sustainability of the organization (DeWitt & Brady, 2003). To mitigate this, poor service prevention and reparation should be a top priority for those in leadership roles.

One effective approach to preventing poor service is through employee training. When employees are trained in a manner that focuses on customer service and providing value to the patron, it leads to a change in attitudes and how employees engage with the customer (Shen & Tang, 2018). This can facilitate good service and prevent potential poor service encounters.

Another approach to service gap aversion is through the usage of total quality management (TQM). TQM is a comprehensive approach that emphasizes the importance of providing quality during all phases of production of a tangible product or a service (Ooi et al., 2011). However, it is crucial to note that TQM emphasizes the importance of understanding who the customer is, their expectations, and pulling out all stops to meet or exceed their expectations (Pegels, 1994). Therefore, understanding customer expectations is a critical aspect of effectively utilizing TQM.

By following the four primary functions of management, which include planning, organizing, leading, and controlling, organizations can prevent poor service. These functions combine to bring forth a total approach to management that can be applied to any field of endeavor. Effective use of these functions can result in engaged and potentially happier employees, leading to better service and happy customers (Matos et al., 2019).

Providing products and services that meet or exceed customer expectations is necessary for organizational success. Poor service prevention and reparation should be a top priority for ownership and management. Effective employee training, TQM, and the use of the four primary functions of management are all effective tools for preventing poor service and ensuring the financial sustainability of the organization.

5. Conclusion

In conclusion, the negative impacts of poor service, customer expectation gaps, and poor management on an institution can be detrimental and may lead to business failure. The key to avoiding such threats is to maintain a customer-first focus and be proactive in addressing potential service failures. Management must prioritize the implementation of strategies that aim to prevent and repair poor service to improve the chances of financial sustainability. Employee training, utilization of total quality management, and proper application of the four primary functions of management are effective approaches to preventing poor service.

Effective employee training can lead to a change in attitude towards customers, facilitating good service, and thwarting the potential for poor service. Utilizing total quality management during all phases of production of a tangible product or a service ensures that customer expectations are met or exceeded, avoiding service gap aversion. Proper application of the four primary functions of management - planning, organizing, leading, and controlling - can lead to engaged and happier employees, which in turn can lead to better service and happy customers.

It is essential to keep service levels at the forefront of management thought practices to ensure financial stability and sustainability within the organization. By taking the necessary measures to provide products and services satisfactory to the buying public, companies can avoid poor service and customer expectation gaps, retain customers, and realize future revenue. Ultimately, the responsibility falls on ownership and management to prioritize the implementation of effective strategies to prevent and repair poor service and ensure the organization's long-term success.

References

- Bernadowski, C., Perry, R., & Del Greco, R. (2013). Improving preservice teachers' self-efficacy through service learning: Lessons learned. *International Journal of Instruction*, 6(2), 67–86.
- Boksberger, P. E., & Melsen, L. (2011). Perceived value: a critical examination of definitions, concepts and measures for the service industry. *Journal of Services Marketing*, 25(3), 229–240. <https://doi.org/10.1108/08876041111129209>
- Conkright, T. A. (2015). Using the Four Functions of Management for Sustainable Employee Engagement. *Performance Improvement*, 54(8), 15–21. <https://doi.org/10.1002/pfi.21506>
- DeWitt, T., & Brady, M. K. (2003). Rethinking Service Recovery Strategies. *Journal of Service Research*, 6(2), 193–207. <https://doi.org/10.1177/1094670503257048>
- Drake, J. (2023). *Study : Negative customer experiences cost food retailers billions per year.* Winsight Grocery Business. <https://www.winsightgrocerybusiness.com/retailers/study-negative-customer-experiences-cost-food-retailers-billions-year>

- Feinberg, R. A., Widdows, R., & Hirsch-Wyncott, M. (1990). Myth and reality in customer service: good and bad service sometimes leads to repurchase. *The Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 3, 112–114.
- Fowler, D. S. (2020). A Case Study of Organizational Performance and Improvement Suggestions Within the Nonprofit Religious Services Sector: A Human Resource Development Approach. *Performance Improvement*, 59(8), 6–11. <https://doi.org/10.1002/pfi.21932>
- Huang, W. (2008). The impact of other-customer failure on service satisfaction. *International Journal of Service Industry Management*, 19(4), 521–536. <https://doi.org/10.1108/09564230810891941>
- Luk, S. T. K., & Layton, R. (2002). Perception Gaps in Customer Expectations: Managers Versus Service Providers and Customers. *The Service Industries Journal*, 22(2), 109–128. <https://doi.org/10.1080/714005073>
- Matos, F., Vairinhos, V., Selig, P. M., & Edvinsson, L. (2019). Intellectual Capital Management as a Driver of Sustainability. In F. Matos, V. Vairinhos, P. M. Selig, & L. Edvinsson (Eds.), *Intellectual Capital Management as a Driver of Sustainability: Perspectives for Organizations and Society* (Issue July 2018). Springer International Publishing. <https://doi.org/10.1007/978-3-319-79051-0>
- Mazzetti, M. (2023). *Understanding customer expectations: Management tips and examples*. Zendesk. <https://www.zendesk.com/blog/customer-expectations-meeting-rising-demands/>
- Mhlanga, O. (2018). Measuring restaurant service quality in East London, South Africa: A comparison of restaurant customer expectations and perceptions. *African Journal of Hospitality, Tourism and Leisure*, 7(2), 1–12.
- Modi, S. B., Wiles, M. A., & Mishra, S. (2015). Shareholder value implications of service failures in triads: The case of customer information security breaches. *Journal of Operations Management*, 35(1), 21–39. <https://doi.org/10.1016/j.jom.2014.10.003>
- Naumzik, C., Feuerriegel, S., & Weinmann, M. (2022). I Will Survive: Predicting Business Failures from Customer Ratings. *Marketing Science*, 41(1), 188–207. <https://doi.org/10.1287/mksc.2021.1317>
- Nguyen, T. L. H., & Nagase, K. (2020). Total Quality Management: a Mediating Factor in the Relationship Between Customer Expectations and Satisfaction. *International Journal of Management and Marketing Research*, 13(1), 1–13. www.theIBFR.com
- Ooi, K., Lin, B., Tan, B., & Yee-Loong Chong, A. (2011). Are TQM practices supporting customer satisfaction and service quality? *Journal of Services Marketing*, 25(6), 410–419. <https://doi.org/10.1108/08876041111161005>
- Pegels, C. C. (1994). Total Quality Management Defined in Terms of Reported Practice. *International Journal of Quality & Reliability Management*, 11(5), 6–18. <https://doi.org/10.1108/02656719410062830>
- Scott, S. V. (1999). The Academic as Service Provider: is the customer ‘always right? *Journal of Higher Education Policy and Management*, 21(2), 193–202.

<https://doi.org/10.1080/1360080990210206>

Shen, J., & Tang, C. (2018). How does training improve customer service quality? The roles of transfer of training and job satisfaction. *European Management Journal*, 36(6), 708–716. <https://doi.org/10.1016/j.emj.2018.02.002>

Sivakumar, K., Li, M., & Dong, B. (2014). Service Quality: The Impact of Frequency, Timing, Proximity, and Sequence of Failures and Delights. *Journal of Marketing*, 78(1), 41–58. <https://doi.org/10.1509/jm.12.0527>