THESIS ABSTRACT

Customer churn because of service failures has become a strategic challenge for managers across the globe. An examination of extant literature pertinent to the relationship between service failures and customer churn reveals paradoxical findings which raise reasonable doubts about the theoretical validity and practical utility of service recovery strategies. To mitigate these concerns and guide managers to deal with service failures, we develop a comprehensive framework that addresses service recovery and customer churn. We explore multiple contingencies that may impact the effectiveness of different recovery mechanisms. Specifically, our research delves into factors – failure-specific, market-specific, customer-specific and industry-specific, that scholars and managers must pay attention to in order to understand the relationship between service failures and customer churn. By doing so, we not only propose a new model of consumer behaviour but also address many of the existing paradoxes in literature. In Essay I, we focus on market-specific and failure-specific factors. Specifically, we explore whether service recovery strategies based on failure-specific factors used in emerging markets should be different from those used in developed markets. We find that the conventional wisdom that has governed recovery strategies for the last two decades may not hold up in emerging markets because the underlying consumer behaviour may be different. We use multiple methods to validate our hypotheses, to make our research more robust and representative of the reality in emerging markets. In Essay II, we look into customer-specific and industry-specific factors. We find that the effectiveness of recovery strategies changes based on types of service as well as frequency of occurrence of failures, that is, whether the customers have faced the failure for the first time or if it is a repeat failure. Both the essays are an attempt to understand theoretical boundaries of service recovery and present some actionable intelligence for practitioners.

Keywords: *Service Recovery, Customer Churn, Types of Failures, Types of Services, Repeat Failures.*