# Beyond a Single Firm and Internal Focus Service Failure/Recovery: Multiple Providers and External Service Recoveries

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## Abstract

Moving beyond the traditional focus on single service providers and internal service recoveries, this article extends service failure/recovery research by examining the effect on consumer evaluations and behavior of 1) a series of service failures that involve multiple entities in the creation of customer experiences; 2) an external service recovery, that is, a recovery implemented by a firm other than the one that caused the service failure; and 3) a joint service provider recovery, in contrast to the prevalent focus on a single firm service recovery. Employing two experiments, findings confirmed that a firm unaffiliated with the firm that caused the service failure benefits more from an external service recovery than an affiliated firm. Surprisingly, external recoveries by affiliated entities themselves, and compared to the internal recovery by the entity that caused the failure, did not significantly impact consumer evaluations and behavior. Study implications and future research directions are discussed.



**Keywords: multiple service providers, external service recovery, joint service recovery, experimental design**

## Introduction

Identifying key service research priorities, Ostrom, Parasuraman, Bowen, Patrício and Voss (2015, 136) noted that "services are increasingly 'prosumed' (produced and consumed) in settings that combine actors from multiple sectors, creating a demand for research that moves from bilateral supplier–customer service–value co-creation to a multi-actor perspective and [an] ecosystem service–value cocreation." This view was reiterated by Barile, Lusch, Reynoso, Saviano and Spohrer (2016) who note that rather than treating the individual (customer or employee), dyad (employee-customer interaction), or group (service organization) as the unit of analysis, the time has come to expand service research to understand the development of service systems, networks, and ecosystems.

There are various reasons that necessitate a broader lens when investigating service encounters. Larivière and colleagues (2017) allude to the 'service encounter 2.0' paving way for changing interdependent roles of technology, employees, and customers as enabler, innovator, coordinator and differentiator. In a similar vein, Sharma, Jain, Kingshott and Ueno (2018) point to the changing dynamics brought by an increasingly networked environment, with a service ecosystem consisting of multiple participants, namely employees, the focal customer, fellow customers, social media communities and technology that are constantly interacting with each other. They argue that in view of these interdependent relationships, it is essential to take the role of multiple actors into account when devising strategies for service encounters as well as service recovery (SR) in case of a service failure (SF).

Yet, despite calls to move beyond the narrow focus on the individual customer-firm dyad that goes back to the early 2000s (e.g., Gitell 2002; Weber 2003), research relating to service failure/recovery (SFR) has firmly stayed within the narrow confines of the single customer-provider context for the subsequent decade or so. It has only been in the past few years that a small number of studies emerged that redress such a narrow perspective (e.g., Allen, Brady, Robinson & Vorhees 2015; Lee & Cranage 2017; Tax, McCutcheon & Wilkinson 2013). Examining the settings of prior hospitality and tourism research on SFR, the vast majority of work has focused on restaurant and/or hotel settings, and to a lesser extent the airline context (Vaerenbergh et al. 2018). This is again in line with the predominant focus on individual service

providers. In contrast, there is a notable lack of research of the effect of a SF in an environment of more loosely connected entities that come together in the creation of a customer experience, for example, an event setting. Yet, it is such a setting that offers an opportunity to examine in greater depth the effect of a SF on various closely related entities from the consumer's perspective.

Investigating SFR in the event industry is also important for several other reasons. First, the global events industry, valued at $1,100 billion in 2018, was expected to grow at a rate of 10.3% to reach US$2,330 billion by 2026 (Allied Market Research 2019). Revenue of the live music industry was projected to increase globally at a compound annual growth rate of 3.3% until 2022, with total revenue anticipated to reach US$ 31 billion, and ticket sales accounting for US$ 24 billion (Chapple 2018). While COVID-19 will have negatively impacted these projections, the events industry is likely to remain important (Research & Markets, 2020). Second, failure of events is rather common. Anderton (2019, 47) noted that "many events fail to be held for more than a single year; indeed, almost a third of new events launched in 2014 failed to return in 2015." Music festivals in particular are prone to failure, with the Fyre Festival in the Bahamas and the Hope & Glory Festival in Liverpool in 2017 representing two highly publicized music festival failures, with wide-ranging implications for the various stakeholders. Third, several studies examined reasons for event successes and failures (e.g., Kinnunen & Haahti 2015; Nordvall & Heldt 2017). The fact that numerous stakeholders are involved in the creation of event-goers' experiences, and potential stakeholder conflicts have been identified as one reason for event failures. Yet, thus far, no research examined the effectiveness of specific measures various event stakeholders may adopt to recover from different failures experienced during an event.

The current paper addresses several research objectives, namely to establish the

a) effectiveness of a service recovery that is implemented by a close affiliate of the failing firm (affiliate recovery) versus that by a firm without any affiliation (unaffiliated recovery) – Study 1;
b) effectiveness of select recovery measures in a multiple service providers context – Studies 1 and 2;

c) effectiveness of a service recovery implemented by the provider who caused the service failure (internal recovery) versus a service recovery jointly implemented by several affiliated entities (external recovery) – Study 2; and the
d) extent to which the severity of a service failure affects the effectiveness of the recovery implemented by the various entities – Study 2.

Two experiments were devised to address these objectives. Study 1 was designed to assess the relative effectiveness of an affiliate recovery versus an unaffiliated recovery, choosing an airline/alliance partner airline versus an airline/hotel setting respectively. Concurrently, we examined the effect of different service recovery measures implemented. Set within an event context, Study 2 was devised to examine the effectiveness of an internal versus external recovery. The extent to which the severity of the SF and specific recovery measures impacted consumer evaluations of the various entities involved in the service provision/experience creation was also assessed.

The current research makes several key contributions. It extends SFR research in multiple ways, by examining the effect on consumer evaluations and behavior of

1) a series of SF that involves multiple entities in the creation of the customer experience;
2) an external service recovery, that is, a recovery implemented by a firm other than the one that caused the SF; and
3) a joint service provider recovery, in contrast to the currently prevalent focus on a single firm service recovery.

At the same time it provides insights for industry practitioners on viable strategies to deal with service failures caused by affiliated firms/stakeholders.

The article is structured as follows: First, the characteristics of multiple as opposed to single service provider settings are outlined. Then, the conceptual background is presented by reviewing pertinent literature relating to SFR, and justice theory, leading to the formulation of hypotheses that guide this research. Next, method and findings relating to Experiment 1 are discussed, followed by that relating to Experiment 2. Finally, theoretical and managerial implications of the research are detailed, before directions for future research are outlined.

## Research Background

### *SFR Research – Multiple Service Provider Context and Service Networks*

Recently, the notion of a 'service ecosystem' has received increased traction in the literature, with it being defined as "an interactive network of actively engaged actors sharing resources through technological tools and common rules toward common purposes." Its main features are actors, institutions and technology (Vargo & Lusch 2016, 11). Demonstrating the interdependence of various actors in an industry (Adner 2006) and investigating how competition occurs between ecosystems rather than between individual actors (Iansiti & Levien 2004) offer a broad, networked view of marketing. This conceptual zooming out (Alexander, Jaakkola & Hollebeek 2018) has generated a theoretical shift toward the adoption of a systems orientation based on the premise of interconnected actors and objects within specific systems (Vargo & Lusch 2016). In a similar vein, Barile and colleagues (2016) asserted that the emerging service research domain continues to move beyond dyadic, business-to-consumer interactions to embrace networks of interacting customers, businesses, citizens, and governments. Adopting a service ecosystem perspective allows both scholars and practitioners to capture business and its environment more realistically, and practitioners to expand their business perspective to better face the challenges of complex business settings.

The concept of service ecosystems, based on service-dominant (S-D) logic (Vargo & Lusch 2004), has been discussed in relation to various topics, namely co-creation, customer engagement, and service innovation, to name a few. Service ecosystems have also been discussed in relation to tourism and hospitality. Gretzel, Werthner, Koo and Lamsfus (2015, 2) argue that "tourism products and services are, in fact, dynamically assembled bundles deriving from users' and providers' co-creation, producing new markets and value-enhanced experiences." In the broader context, tourism destinations can also be considered as complex ecosystems with a vast range of stakeholders that collaborate in value creation for themselves and others (Gretzel et. al 2015; Scott, Baggio & Cooper 2008). In tourism ecosystems by far the greatest emphasis has been placed on investigating the role of technology (Barile et al. 2017), with the evolution of the 'smart' concept to examine the role played by digital tools in reshaping users' co-creation experiences (Tussyadiah & Fesenmaier 2009) and in generating service innovation (Benckendorff et al. 2014).

Yet, while the need to shift the focus of investigation has now been recognized, only a few studies thus far have examined SFR beyond the individual customer-firm dyad, both within and beyond the tourism and hospitality context. For example, more than a decade ago Weber (2003) advanced arguments to examine the effect of customer evaluations and behaviors on SF in strategic alliances, that is, within structured collaborative business settings, in the airline industry. Subsequent research examined the effect of various antecedents and recovery measures on consumer evaluations of and behaviors towards different airline alliance entities, with a specific focus on alliance partner airlines (Weber & Sparks 2006; 2009).

Tax, McCutcheon and Wilkinson (2013, 454) advanced the notion of a service delivery network (SDN), defined as "two or more organizations that, in the eyes of the customer, are responsible for the provision of a connected overall service experience." As an example they reference a SDN where a theater company selects a nearby restaurant as a partner and promotes restaurant discounts to theater ticket holders in return for the restaurant's special timely service for theater patrons. It also promotes a particular taxi firm in return for having sufficient transport capacity available after performances. While their discussion of potential implications of a SDN was broad, in the context of SFR they noted the difficulty for customers to establish responsibility for a SF, together with the challenge for SDN members to agree on attributions of blame. Yet, regardless of which member caused the failure, customers may expect other members to implement a recovery for their partner's error, despite their potentially limited ability to do so.

Relevant to the discussion of the effect on consumer evaluations and behavior of a SF on multiple service providers is prior research on spillover effects. Even though this research stream has been primarily focused on cooperative marketing activities, such as brand alliances, co-branding, and joint branding (e.g., Bourdeau et al. 2007; Lynch et al. 1991; Simonin & Ruth 1998), Allen and colleagues (2015) used spillover research to examine conditions under which a SF by one firm actually creates an opportunity to enhance customer evaluations of a different firm in a contiguous service experience. On that basis, they advanced the notion of an external service recovery in which consumers may have more favorable perceptions of a firm when there was a previous failure with a different firm compared with no previous SF (and thus, no

opportunity for an external recovery). In a series of experiments and field research within the tourism/hospitality industry they confirmed that external recovery leads to appreciable gains for the recovering firm (hotel) but only when it is not affiliated with the failing firm (airline or hotel). The authors drew on adaptation theory (Helson 1971), and more specifically contrast effects (Schwarz & Bless 1992), and spillover research to hypothesize and then confirm differing effects of internal versus external SR, and subsequently, external recoveries implemented by affiliated versus unaffiliated firms. In their study, Allen and colleagues examined the effect of an external service recovery by a single firm only, did not vary the severity of the SF, and focused on an external service recovery in the form of compensation only. The current study builds on and extends Allen and colleagues' (2015) research by examining the effect of 1) different service recovery measures, 2) variations in SF severity, and 3) an external service recovery jointly implemented by various entities versus an external recovery by a single service provider.

### *SFR and Justice Theory*

Research in justice within organisations dates back about 50 years. Justice theory has its origin in social psychology. In the past, it has been especially utilized in legal and organisational settings. Its application in service industry settings is much more recent (e.g., Smith et al. 1999; Sparks & McColl-Kennedy 1998). The adaptation of justice theories to SFR is based on the premise that consumer evaluations and behaviors, including fairness, satisfaction, word of mouth and loyalty, are dependent on whether consumers feel that justice has been done and consequently, they have been treated fairly (McColl-Kennedy & Sparks 2001). There are three types of justice. Distributive justice (DJ) relates to customers' perceptions of the fairness of actual outcomes or consequences of a decision (Deutsch 1985); in a service context it refers to customers' perceptions of fairness of a service recovery such as monetary/nonmonetary compensation an airline, a hotel, or a festival organizer may provide during the recovery process (e.g., Colliander, Söderlund & Marder 2019; Kim, Kim & Kim 2009; Migacz, Zou & Petrick 2018). Procedural justice (PJ) is concerned with customers' perceptions of the fairness of procedures used in making decisions (Lind & Tyler 1988); in a service failure situation, perceived procedural justice refers to customers' perceptions of fairness of the recovery process, for example, whether an airline, a restaurant or a festival organizer promptly implemented recovery actions or whether there was a delay in their provision (e.g., Siu, Zhang & Yau 2013;

Xu, Liu & Gursoy 2019). Interactional justice (IJ) revolves around customers' perceptions of the fairness of interpersonal behaviors in the enactment of procedures and delivery of outcomes (Bies & Shapiro 1987); in a service recovery this may be manifested in the sensitivity, respect and effort afforded to the customer by restaurant or hotel personnel (e.g., Collie, Graham & Sparks 2000; Karatepe 2006).

The relative importance of the various justice dimensions and their impact on satisfaction, word of mouth (WOM) and repeat purchase intentions – the three most extensively studied dependent variables in SFR research (Sparks & Fredline 2007) - has been examined by several authors, with varied results. Some studies suggested that interactional or procedural justice were more significant (e.g., Maxham & Netemeyer 2002; Voorhees & Brady 2005) while other research found DJ to be the most decisive predictor of satisfaction (e.g., Homburg & Fürst 2005; Patterson et al. 2006). McCollough et al. (2000) asserted that consumers assign more importance to both interactional and distributive justice compared to procedural justice. It is notable that all studies discussed thus far have examined the effect of the various types of justice in a single service provider-customer context only. Thus, to date there is little knowledge to what extent the deployment of various justice measures may impact customer evaluations and behavior towards multiple service providers involved in a failure situation. However, in view of the literature reviewed in relation to SF in multiple service provider contexts and justice theory, we hypothesize that:

> *$H_{1a}$: In the context of an external recovery, consumers will have more favorable levels of (a) satisfaction, (b) WOM and (c) repeat purchase intentions when the external service recovery was implemented by a firm unaffiliated rather than affiliated with the firm that caused the SF.*

> *$H_{1b}$: In the context of an external recovery, consumers will have more favorable levels of (a) satisfaction, (b) WOM and (c) repeat purchase intentions when the external service recovery was implemented by a firm unaffiliated rather than affiliated with the firm that caused the SF by offering compensation rather than an apology.*

In order to test hypotheses, this research utilizes experimental designs, with two script-based scenarios asking respondents to read a short vignette that focused on the issues under investigation and then respond to questions relating to the variables of interest. Bitner (1990, 75) noted the following advantages of role-playing (scenario-based) experiments: 1) greater internal validity, 2) expensive or difficult manipulations can be relatively easily operationalised, 3) researcher's control over otherwise unmanageable variables, and 4) compression of time by summarizing events that might otherwise unfold over a number of days or weeks. However, these advantages are realized with a concurrent loss of external validity. Yet, the use of actual consumers, and realistic and believable scenarios can provide an acceptable degree of realism (Carlsmith, Ellsworth & Aronson 1976). Thus, particular attention was placed in this research on these aspects. Adopting a research design with two different contexts and populations/samples further aimed to enhance our study's external validity.

## Study 1

Study 1 was designed to address two research issues: First, we assessed the relative effectiveness of a service recovery that is implemented by a close affiliate of the failing firm (affiliate recovery) versus that made by a firm not affiliated with that firm (unaffiliated recovery), choosing an airline/alliance partner airline versus an airline/hotel setting respectively. Second, we examined the effect of different measures being implemented as part of the service recovery.

### *Sample and Data Collection*

A professional research firm and an online survey method were employed to collect data in the United States in January 2019. The target sample size was 200 respondents, comfortably exceeding the minimum required sample size of 25 subjects per cell for a factorial design (Cohen 2007). Potential respondents, randomly drawn from the company's database, received an email explaining the purpose of the research, together with a link to the survey site. Screening questions ascertained that study participants had taken a minimum of three flights and had at least three hotel stays in the past 12 months so that they could better place themselves in the scenario described. The research firm provided a small incentive to respondents who completed the entire experiment. Respondents were randomly assigned to one of the four scenarios. Prior to

the main data collection, the instrument was extensively pre-tested, resulting in a few minor modifications.

### *Design and Stimulus Material*

Study 1 employed a 2 (External SR Affiliation: affiliate recovery vs. unaffiliated recovery) x 2 (External SR Measure: compensation vs. apology) between-subject factorial design. Respondents were presented with a SF scenario in which a traveler planning to attend a major international music festival is faced with an overbooking situation by an airline, a subsequent flight delay and a missed flight connection. Different recovery measures by different service providers are then detailed. Finally, questions relating to dependent variables, manipulation, realism and believability checks, in addition to demographics are posed. Respondents were asked to imagine themselves to be the aggrieved customer. The four scenarios were identical except for manipulations of the two independent variables.

#### *Independent and Dependent Variables*

External SR Affiliation was manipulated at two levels by consumers experiencing a recovery by an airline alliance partner (affiliate recovery) versus a hotel (unaffiliated recovery). External SR Measure was also manipulated at two levels: compensation (upgrade to business class by the affiliated airline alliance partner or a junior suite by the unaffiliated hotel) versus apology (provision of a sincere apology).

Satisfaction, WOM and repeat purchase intentions were measured for the firm implementing the external service recovery (alliance airline or hotel). Scales adapted from Oliver and Swan (1989), Blodgett, Hill and Tax (1997), and Zeithaml, Berry and Parasuranam (1996), with three, three and two items respectively, were utilized. A sample scenario including the manipulations of independent variables is provided in the Appendix, together with dependent variable measurements.

## *Results and Discussion*

Following preliminary data screening on the 254 responses collected, as recommended by Hair and colleagues (2010), 26 responses were deleted as they displayed signs of respondent fatigue with an unacceptable high number of questions with the same response category, together with logically inconsistent answers. A further 21 cases were removed due to incorrect answers for the manipulation checks. Consequently, 207 valid responses were available for further data analysis. The majority of the sample was female (62%) and had a college degree (63%), with almost two-thirds being in the 46-65 years age range.

### *Realism and Manipulation Checks*

Table 1 provides descriptives for several measures that assessed the realism of the scenario scripts (Willson & McNamara 1982). Results indicate that respondents found the service experience realistic and likely to occur, in addition to being able to identify with the depicted customer. Checks also confirmed that manipulations for the two independent variables were successful (Table 1).

### *Scale Reliabilities*

Summated scales for satisfaction, WOM and repeat purchase intentions were devised. Prior to calculating reliability coefficients (α), items were reverse-coded where required. The reliability of all scales exceeded the conventional minimum of .70 (Nunnally 1978), indicative of adequate to superior reliability.

### *Consumer Evaluations and Behaviors*

A multivariate analysis of variance (MANOVA) was conducted to test hypotheses $H_{1a}$ and $H_{1b}$, with a particular emphasis on the main effect of External SR Affiliation, and the interaction effect of External SR Affiliation and External SR Measure respectively. Prior to the analysis, data were checked to ensure conformity with the main assumptions underlying this method, namely normality of distribution of dependent variables, homogeneity of variance-covariance matrices, and the independence of observations. A 2 (External SR Affiliation) x 2 (External SR Measure) MANOVA revealed significant main and interaction effects. Multivariate

statistics and significant univariate results are presented in Table 2. Simple effects and contrasts were conducted at the .05 level.

*INSERT TABLES 1 AND 2 HERE*

A significant main effect was found for External SR Affiliation. Univariate results showed a significant effect on satisfaction, WOM and repeat purchase intentions. An inspection of the means indicated that ratings for all dependent variables were significantly higher for the unaffiliated firm compared to the one affiliated with the firm that caused the SF (satisfaction: $M_{UA/A}$ = 6.15/4.64; WOM: $M_{UA/A}$ = 6.02/4.6; repeat purchase intentions: $M_{UA/A}$ = 5.92/4.52), lending support to $H_{1a}$.

The main effect for External SR Affiliation was further clarified by a significant 2-way interaction between External SR Affiliation and External SR Measure. Univariate results pointed to a significant effect for all dependent variables. Ratings for satisfaction, WOM and repeat purchase intentions were higher when an unaffiliated firm implemented an external recovery in the form of compensation compared to offering an apology (satisfaction: $M_{C/A}$ = 6.70/5.64; WOM: $M_{C/A}$ = 6.69/5.39; repeat purchase intentions: $M_{C/A}$ = 6.6/5.28). While the same pattern was also observed for offering compensation versus an apology for an external service recovery by an affiliated firm, dependent variable ratings were significantly lower for all measurements compared to an external recovery by an unaffiliated firm (satisfaction: $M_{C/A}$ = 5.84/3.49; WOM: $M_{C/A}$ = 5.78/3.46; repeat purchase intentions: $M_{C/A}$ = 5.62/3.46). The interaction effect is graphically displayed in Figure 1 for satisfaction, with those for WOM and repeat purchase intentions following a similar pattern and thus, being omitted for brevity.

*INSERT FIGURE 1 HERE*

**Moving from a Single Firm External Recovery to a Joint Firm External Recovery**

In order to further explore the impact of an external service recovery and entities associated with the one that caused the SF, an additional experiment, Study 2, was devised. Yet, given the prevalence of tourism ecosystems together with changes in the competitive

environment detailed at the outset of this paper, rather than examining a tourism industry context with two distinct firms that are either clearly affiliated or unaffiliated, the setting now shifts to a context whereby the affiliation among the various players is less obvious and more ambiguous. Specifically, the SF situation is now set within an event context that involves various entities, namely the event organizer, venue, sponsor and destination. Instead of a single firm implementing a service recovery, the study now examines a situation where multiple entities jointly implement a service recovery for a closely affiliated entity in order to protect their respective reputations. Data for this study was also collected in the United States via an online survey. Screening questions ascertained respondents' frequency of visits to music festivals in the past 12 months, with a minimum requirement of three visits.

Study 2 was designed to assess the effectiveness of a service recovery by the provider who caused the SF versus a service recovery jointly created by affiliated entities, and the extent to which the severity of the SF impacts consumer evaluations of the various entities involved in the service provision/experience creation. To set the scene, we discuss pertinent literature relating to SF severity, given its potential impact on consumer evaluations and behavior in response to a SFR.

***Service Failure Severity***

Failure severity refers to the magnitude of loss or intensity of a SF; it can be either tangible (representing losses in monetary or service/product value) or intangible (in terms of inconvenience or time lost). Numerous studies have examined SF severity on customer evaluations (e.g., McCollough, Berry & Yadav 2000; Smith et al. 1999), especially satisfaction (e.g., Hess 2008; Wang et al. 2011). It is a critical aspect as it determines the level of recovery required to restore customer satisfaction when a failure occurs (Swanson & Hsu 2011). Indeed, some researchers argue for its inclusion in any research examining customer responses to SF to ensure the integrity of study results (e.g., Wang, Wu, Lin & Wang 2011; Trianasari, Butcher & Sparks 2018). Customers who experience a severe failure are likely to evaluate the service unfavorably and report dissatisfaction, are less likely to continue a relationship with and engage in negative WOM towards that service provider (del Río-Lanza, Vázquez-Casielles & Díaz-Martín 2009). Conversely, when customers experience less severe failures, they evaluate the

potential loss as low, might ignore negative emotions, and are less likely to blame the service provider (Gelbrich 2010). Yet again the effect of SF severity has thus far only been examined with reference to a failure caused by and clearly attributed to a single service provider. Based on the literature reviewed, we advance the following hypotheses in a multiple provider context.

> *$H_{2a}$: Consumers will have more favorable levels of (a) satisfaction, (b) WOM and (c) repeat purchase intentions for the affiliated entities relative to the firm that caused the SF, when the SF severity is high compared to it being low.*

> *$H_{2b}$: Consumers will have more favorable levels of (a) satisfaction, (b) WOM and (c) repeat purchase intentions for the affiliated entities relative to the firm that caused the SF, when the joint external SR employs compensation, compared to a joint external SR involving an apology, and an internal SR involving compensation.*

**Study 2**

***Sample and Procedures***

The research firm engaged for data collection for Study 1 also assisted with collecting data for Study 2, adopting the same procedures as outlined earlier. Given the different research design, the target sample size for Study 2 was 300 respondents. Screening ensured that all respondents had visited at least three music festivals in the past year, with the intent for our sample to closely represent typical festival-goers in North America (Eventbrite 2016). This instrument was also extensively pre-tested, modified, and re-tested prior to the main data collection. Respondents were randomly assigned to one of the six scenarios.

***Design and Stimulus Material***

A 2 (SF Severity: low vs. high) x 3 (SR: single internal SR - compensation vs. joint external SR - compensation vs. joint external SR - apology) between-subjects experimental design was adopted. A within-subject variable, entitled 'Entity,' examined differences in festival-goers' perceptions of and behavioral responses towards the four entities, namely the event organizer, venue, sponsor, and destination (represented by the local council). SF Severity and SR were manipulated so that six scripts were devised.

These six scripts were developed, based on a review of recent music festival failures detailed in various media (e.g., Hanbury 2019; MacNeill 2017; Rodger 2017), in addition to eight interviews with music festival organizers and attendees. Using a scenario method, and asking respondents to imagine themselves to be the aggrieved festival-goer, each scenario described a situation where a festival-goer had purchased an expensive ticket for a 2-day outdoor music festival in addition to purchasing travel to and accommodation at the festival site. Then different SFR measures were detailed. Scenarios were identical except for manipulations of the independent variables. Questions relating to dependent variables, and manipulation, realism and believability checks followed the SFR scenario. A final section ascertained demographic data. A copy of the scenario, including the manipulations of the two independent variables, is provided in the Appendix.

*Independent and Dependent Variables*

SF Severity and SR were manipulated at two and three levels respectively. SF Severity varied by consumers experiencing either a series of minor, not uncommon problems encountered during festivals (low severity) versus a cancelled festival (high severity). SR entailed either a recovery implemented by the event organizer (in the form of compensation – partial ticket refund, donation to a national charity) or a joint recovery by the affiliated event entities in the form of compensation (organization of a free concert) or an apology. Satisfaction, WOM and repeat purchase intentions were ascertained to establish festival-goers' perceptions and behavioral responses. Dependent variable measures were obtained not only for one but four individual entities. Thus, single-item measures were utilized, adopted from Westbrook and Oliver (1981), Blodgett, Hill and Tax (1997), and Zeithaml, Berry, and Parasuranam (1996) respectively. All items were measured on a seven-point Likert scales (1=strongly disagree, 7=strongly agree).

***Results and Discussion***

The same data screening procedures detailed for Study 1 were employed for Study 2; with 19 and 27 cases deleted from the 351 responses obtained due to respondent fatigue and incorrect manipulation check responses respectively. Thus, 305 cases were available for analysis. The sample comprised of 55% females. Almost half of the respondents were in the 26-45 years

age category and the majority (56%) had obtained a college degree. Over 60% attended three music festivals in the past 12 months, with the remainder attending more than three.

Repeated measures MANOVA was employed to investigate hypotheses $H_{2a}$ and $H_{2b}$. Manipulation checks confirmed that the manipulations of the independent variables were successful (Table 1). A 2 (SF Severity: low vs. high) x 3 (SR: single internal SR – compensation vs. joint external SR – compensation vs. joint external SR – apology) repeated measures MANOVA revealed significant main and interaction effects for both entity and failure severity but not for service recovery. Multivariate statistics and significant univariate results are presented in Table 2. Simple effects and contrasts were conducted at the .05 level.

There was a significant multivariate main effect for Entity. This main effect was, however, further clarified by a significant multivariate interaction effect with SF Severity. Univariate results showed a significant effect on all dependent variables, with their means for all four entities being shown in Table 3; the interaction effects are graphically displayed in Figure 2 for repeat purchase intentions (satisfaction and WOM graphs are omitted given their similar patterns). These results offer support for $H_{2a}$.

***INSERT TABLE 3 AND FIGURE 2 HERE***

Simple effect tests revealed that when severity was high, satisfaction, WOM and repeat purchase intentions varied depending on the entity evaluated (satisfaction: $F(3,152) = 40.3$, $p < .001$; WOM: $F(3,152) = 30.47$, $p < .001$; repeat purchase intentions: $F(3,152) = 42.11$, $p < .001$). Contrasts indicated that respondents were significantly less satisfied with the event organizer compared to the destination ($p < .001$), and had more negative WOM ($p < .001$) and lower repeat purchase intentions ($p < .01$) for the former versus the latter.

When severity was low, all dependent variables again varied for the four entities under investigation (satisfaction: $F(3, 147) = 17.2$, $p < .01$; WOM: $F(2, 147) = 20.36$, $p < .001$, repeat purchase intentions $F(2, 147) = 12.46$, $p < .001$). Contrasts indicated that respondents were significantly less satisfied with ($p < .001$), and had lower WOM ($p < .01$) and repeat purchase

intentions for ($p < .01$), the organizer compared to the destination, as was the case for the sponsor versus the destination. Simple tests revealed that when failure severity was high, respondents were significantly less satisfied, and more negative in their WOM and repeat purchase intentions for all four entities than when failure severity was low (Table 3).

Examining findings in relation to $H_{2b}$, no significant multivariate interaction effect was found between Entity and SR, leading us to reject this hypothesis.

**Conclusions, Implications and Future Research Directions**

This study contributes to service theory by responding to Ostrom et al.'s (2015) call for service research priorities relating to understanding the interactions from a multi-actor and service ecosystem perspective, and how actors affect one another in the rapidly changing and dynamic business environment. In doing so, it goes beyond the until now prevalent focus on examining dyadic SFR interactions. Empirically, this study is among the first that explores the effects of a SF among multiple actors in networks, in addition to examining the effectiveness of external service recoveries.

The importance of such investigations has been stressed by numerous authors in recent years (e.g., Allen et al. 2015; Tax et al. 2013; Vaerenbergh et al. 2019), citing the significant increase in new business contexts in the modern economy as a precursor to focus on more complex interactions and account for multi-actor complexity in recovery processes. In particular, they note that now the overall quality of a service depends on the variety of network partners, with failures potentially affecting the whole network (Tax et al. 2013).

This research investigated SFR in two different contexts. Study 1 focused on a setting that involved two firms (airline/hotel), with services being delivered one after the other. In contrast, Study 2 examined four entities involved in the creation of a customer experience simultaneously in an event context, with the SF being addressed simultaneously.

Results of Study 1 support the notion advanced by Allen et al. (2015) that a firm unaffiliated with the firm that caused the SF benefits more from an external service recovery than an affiliated firm, with higher ratings for satisfaction, WOM and repeat purchase intentions found for the former compared to the latter. In contrast to Allen and colleagues (2015) who focused on an external recovery in the form of a compensation, we compared the effectiveness of an external recovery in the form of compensation to one taking the form of a simple apology, given the different cost implications for the recovering firm. An apology was perceived as less effective for both the unaffiliated and affiliated firms. Yet, for an unaffiliated firm such a recovery may be sufficient. In contrast, a tangible goodwill gesture is more effective than a simple apology if a firm wants to take advantage of a SF by another service provider, with an affiliated firm having the most to gain from such an approach. That may take a form of a hotel offering an extended check-out time to a guest arriving on a delayed flight, or an employee of a cruise operator securing compensation for a customer's damaged bag from a shuttle service. While such insights are likely to be of value to service firms under normal circumstances, they may take on even greater importance during periods of extraordinary challenging business environments, such as during the current global COVID-19 crisis that has hit the travel industry especially hard. Service failures are inevitable in the normal course of business (Hart, Heskett & Sasser 1990), yet, travel industry firms, particularly their frontline staff and travelers respectively had to deal with and experienced service failures in extremely stressful situations due to the unprecedented shutdown of global travel. There have been numerous examples of travel industry firms that by adopting perspective-taking (Ku, Wang & Galinsky 2015), walking in travelers' shoes and dealing with service failures of firms within the same ecosystem in an empathetic manner, have reaped customer praise and proclaimed switched loyalties (e.g., Elliott 2020; Thorn 2020; Walton 2020). Naturally, a firm will have to determine when external recoveries are warranted, given their associated costs. Frontline staff needs to be provided with clear guidelines when they can exact such a service recovery, especially in view of a customer's profile and value to the firm. This finding is in line with numerous prior research that affirms the importance of compensation (e.g., Patterson et al. 2006; Smith et al. 1999). However, in an external recovery context, it appears to contradict findings of Bahmani, Jin and Ghose (2020) who suggested that a 'low' recovery in the form of an apology may be sufficient, with a distributive-focused external recovery not always being needed. Yet, this suggestion applied only to their low-severity

scenario. With high failure severity, similar in nature to the one in this study, it was the deployment of compensation that led to higher ratings for the recovering affiliate. This is also in line with findings of Allen and colleagues (2015), further reiterating the need to equip and empower frontline staff with the ability to identify proper opportunities to address customer complaints in relation to other providers. However, in view of potential costs associated with the deployment of compensation, future studies may further investigate the effectiveness of variants of compensation and apologies employed in this study to identify their relative benefits to the external firm.

In view of prior research on the effect of SF severity (del Río-Lanza, Vázquez-Casielles & Díaz-Martín 2009; Gelbrich 2010), it was not surprising to find in Study 2 that it also impacted consumer evaluations and behavior of the various entities in a multiple provider setting. The event organizer perceived as having caused the SF received significantly lower ratings than the other three entities involved in the experience creation - this was the case more so in a high severity failure situation compared to a low severity one. However, what is unexpected and surprising is that the external recoveries by affiliated entities in themselves, and also compared to the internal recovery by the entity that caused the SF, did not significantly impact consumer evaluations and behaviour, in both high and low severity failure situations. As outlined earlier in this paper, scenarios for this study were devised following a review of recent music festival failures and associated recovery actions taken by affiliated entities. For example, in the UK, the 'Hope and Glory' Festival was held in Liverpool in 2017 but performances on the second day were canceled when attendees complained of numerous organizational problems (MacNeill 2017). To appease frustrated visitors, a major local venue offered to stage a free concert at a considerable cost while bars and restaurants offered discounts to ticketholders. Yet, based on our study results, while such actions may get favorable media attention, they do not result in a significant impact and more favorable consumer evaluations of and behavior towards the entities implementing such external recovery measures. A possible reason for this rather surprising result is the fact that the offer of another music festival free of charge in the following week may not have been perceived as a viable option for visitors because many out-of-town festival-goers spent considerable money on transportation and accommodation arrangements to attend the event. The inability to avail to such an offer may be even more aggravating, and thus

result in more negative responses. Given the logistics involved in organizing such a free concert, the 'delay' of one week is understandable. However, such a compensation is in stark contrast to an immediate and/or more flexible compensation typically offered by airlines or hotels in the form of a cash rebate or a voucher for future travel/hotel stays at a time of convenience. Thus, in a festival context any external recovery offered by affiliated stakeholders should not only be of similar value but also be immediate and flexible in nature. Possible options may include vouchers to other cultural activities for immediate use or with an extended validity, in the destination or even other destinations, if feasible. As is apparent from our findings, an external recovery in the form of an apology also did not have any significant impact, yet, it may nevertheless be something affiliated entities want to provide, given the limited resources required for this.

The current research presented two different SF scenarios that were evaluated by different sets of respondents, and suggested that findings may be generalized beyond a single cross-sectional study and context. However, as is readily apparent, these two events could be easily linked, forming part of a customer journey where a customer traveling to attend a festival experiences a flight delay that may lead to a flight/room upgrade by another airline/hotel. Such a service recovery would then set the stage for the festival experience, and potentially affect subsequent perceptions of and behaviors towards the various festival stakeholders. Future research could adopt such a 'customer journey' lens, exposing all respondents to one SF after another, and in a closer reflection of reality, to examine the cumulative effect of a series of SF. As noted by Vaerenbergh and colleagues (2019), despite some exceptions (e.g., Surachartkumtonkun, McColl-Kennedy & Patterson 2015), there have been few efforts to conceptualize and manage recovery as an experience journey. The suggested approach would address the call for such research.

A chief limitation of this research is that it is based on a scenario design. How respondents feel and respond to simulations or scenarios may not necessarily reflect their responses to actual situations (Blodgett et al. 1997), as frequent festival-goers may make judgments based on their prior personal experiences or media exposure. Future scenario-based studies may include more control variables, such as relevant experiences and recent exposure to

media reports that may influence their responses, to reduce noise in the data. Research may also consider adopting an experience-based sampling approach (e.g., Hektner et al. 2007) that investigates consumer reactions in-situ.

Data for this study was collected in January 2019, that is, prior the COVID-19 pandemic that had an unprecedented effect on the tourism industry (Goessling, Scott & Hall 2020), including airlines, hotels and events. Numerous SF incidents have been reported by the media regarding flight/event cancellations, consumers wanting to cancel hotel bookings, and other forms of disputes causing consumer complaints. These pervasive, large scale SF create unique research opportunities. For example, does knowing a SF happens to everyone mitigate dissatisfaction? If so, are different SR actions required? Despite the enormous interruptions brought by COVID-19, it is highly likely that travel with airlines, stays in hotels and attendance at events will resume in the not too distant future, albeit by adopting different approaches and taking different forms (Hall, Scott & Goessling 2020). Notwithstanding these changes, the fact that consumer/tourist experiences are increasingly co-created by various players in a service network rather than by a single service provider in isolation is likely to remain. Consequently, findings of this research are likely to be still relevant in a post-COVID-19 context.

**Table 1. Realism and Manipulation Checks**

| Realism Check Items | Study 1 | | Study 2 | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| I think a service experience like this does occur in real life. | 6.04 | 1.4 | 5.61 | 1.3 |
| I felt I could identify with the customer in this scenario. | 5.8 | 1.5 | 5.18 | 1.3 |
| The situation described was realistic. | 6.3 | 1.1 | 5.55 | 1.2 |

| Manipulation Checks – Study 1 | Mean | SD |
|---|---|---|
| ***External Recovery Affiliation*** | | |
| To what extent are Alliance Airline A and Alliance Airline B/ the airline and the hotel affiliated with each other? | | |
| Scenario 1 – Alliance Airlines A and B | 5.92 | 1.8 |
| Scenario 2 – Airline and Hotel | 2.18 | 1.1 |
| Scenario 3 - Alliance Airlines A and B | 5.33 | 1.6 |
| Scenario 4 – Airline and Hotel | 2.11 | 1.5 |
| ***External Recovery Measure*** | | |
| Alliance Airline B compensated me for my previous experience with Alliance Airline A./ The hotel compensated me for my previous experience with the airline. | | |
| Scenario 1 – Compensation | 5.80 | 1.2 |
| Scenario 2 – Compensation | 6.24 | 1.1 |
| Scenario 3 – Apology | 1.69 | 1.0 |
| Scenario 4 – Apology | 1.57 | 0.9 |
| Alliance Airline B apologized for my previous experience with Alliance Airline A/The hotel apologized for my previous experience with the airline. | | |
| Scenario 1 – Compensation | 2.72 | 1.2 |
| Scenario 2 – Compensation | 2.69 | 1.2 |
| Scenario 3 – Apology | 6.06 | 1.0 |
| Scenario 4 – Apology | 6.30 | 1.0 |

| **Manipulation Checks – Study 2** | | |
|---|---|---|
| | **Low SF Severity** | **High SF Severity** |
| **SF Severity** | **Mean/SD** | **Mean/SD** |
| Mild vs. Severe service problem | 3.49/ .92 | 6.33/1.06 |
| Minor vs. Major service problem | 3.29/1.08 | 6.26/1.13 |
| Insignificant vs. Significant service problem | 3.24/1.09 | 6.31/1.09 |
| | | |
| **SR** | | **Mean/SD** |
| **Single Internal SR – Compensation** | | |
| The festival organizer promised to offer a partial ticket refund. | | 5.94/1.28 |
| The festival organizer promised to make a donation to a national charity. | | 5.95/1.25 |
| **Joint External SR – Apology** | | |
| City Officials, the venue and the festival sponsor apologized to festival-goers. | | 5.48/1.38 |
| **Joint External SR – Compensation** | | |
| City Officials, the venue and the festival sponsor promised to arrange a music festival free of charge. | | 5.91/1.38 |

*Note.* All variables were measured on a seven-point scale, with a value of 1 indicating strong disagreement and a value of 7 indicating strong agreement.

**Table 2. Summary of Significant MANOVA Results**

**Study 1- External SR Affiliation and External SR Measure**

| | | Multivariate | | | Univariate | | |
|---|---|---|---|---|---|---|---|
| **Source** | **df** | **F** | **p** | **$\eta_p^2$** | **F** | **P** | **$\eta_p^2$** |
| **MAIN EFFECTS** | | | | | | | |
| **External SR Affiliation** | **[3,201]** | **24.68** | **.000** | **.269** | | | |
| Satisfaction | | | | | 74.7 | .000 | .269 |
| WOM | | | | | 54.9 | .000 | .213 |
| Repeat Purchase | | | | | 53.8 | .000 | .210 |
| **External SR Measure** | **[3,201]** | **32.95** | **.000** | **.330** | | | |
| Satisfaction | | | | | 96.4 | .000 | .322 |
| WOM | | | | | 89.3 | .000 | .306 |
| Repeat Purchase | | | | | 83.4 | .000 | .291 |
| **INTERACTION EFFECTS** | | | | | | | |
| **External SR Affiliation x External SR Measure** | **[3,201]** | **5.75** | **.001** | **.079** | | | |
| Satisfaction | | | | | 13.7 | .000 | .063 |
| WOM | | | | | 7.0 | .009 | .033 |
| Repeat Purchase | | | | | 4.9 | .029 | .023 |

**Study 2 – SF Severity and SR**

| | | Multivariate | | | Univariate | | |
|---|---|---|---|---|---|---|---|
| **Source** | **df** | **F** | **p** | **$\eta_p^2$** | **F** | **P** | **$\eta_p^2$** |
| **Between Subjects** | | | | | | | |
| **MAIN EFFECT** | | | | | | | |
| **SF Severity** | **[3,297]** | **20.94** | **.000** | **.175** | | | |
| Satisfaction | | | | | 59.95 | .000 | .167 |
| WOM | | | | | 49.31 | .000 | .142 |
| Repeat Purchase | | | | | 49.49 | .000 | .142 |
| **Within Subjects** | | | | | | | |
| **MAIN EFFECT** | | | | | | | |
| **Entity** | **[9,291]** | **23.62** | **.000** | **.422** | | | |
| Satisfaction | | | | | 68.49 | .000 | .186 |
| WOM | | | | | 66.69 | .000 | .182 |
| Repeat Purchase | | | | | 69.62 | .000 | .189 |
| **INTERACTION EFFECT** | | | | | | | |
| **Entity X SF Severity** | **[9,291]** | **4.41** | **.000** | **.120** | | | |
| Satisfaction | | | | | 7.57 | .000 | .025 |
| WOM | | | | | 6.44 | .000 | .021 |
| Repeat Purchase | | | | | 12.92 | .000 | .041 |

* Significant with the application of the Bonferroni correction $p < .0125$

**Table 3. Study 2 - Descriptives for Satisfaction, WOM, Repeat Purchase - Entity x SF Severity Interaction**

| | High SF Severity | | | Low SF Severity | | | |
|---|---|---|---|---|---|---|---|
| **Entity** | ***M*** | ***SD*** | ***n*** | ***M*** | ***SD*** | ***N*** | **t [a]** |
| ***Satisfaction*** | | | | | | | |
| Organizer | 1.68 | 1.34 | 155 | 3.22 | 1.61 | 150 | 9.11 |
| Venue | 3.00 | 1.48 | 155 | 3.81 | 1.48 | 150 | 4.81 |
| Sponsor | 2.83 | 1.65 | 155 | 3.74 | 1.60 | 150 | 4.90 |
| Destination | 3.01 | 1.45 | 155 | 4.04 | 1.47 | 150 | 6.19 |
| ***WOM*** | | | | | | | |
| Organizer | 1.91 | 1.49 | 155 | 3.29 | 1.54 | 150 | 7.96 |
| Venue | 3.32 | 1.55 | 155 | 3.94 | 1.45 | 150 | 3.61 |
| Sponsor | 2.91 | 1.62 | 155 | 3.83 | 1.58 | 150 | 5.03 |
| Destination | 3.21 | 1.55 | 155 | 4.21 | 1.49 | 150 | 5.77 |
| ***Repeat Purchase*** | | | | | | | |
| Organizer | 2.08 | 1.50 | 155 | 3.69 | 1.56 | 150 | 9.16 |
| Venue | 3.57 | 1.55 | 155 | 4.20 | 1.38 | 150 | 3.74 |
| Sponsor | 3.25 | 1.62 | 155 | 4.06 | 1.45 | 150 | 4.61 |
| Destination | 3.65 | 1.54 | 155 | 4.43 | 1.41 | 150 | 4.62 |

[a] $p < .000$

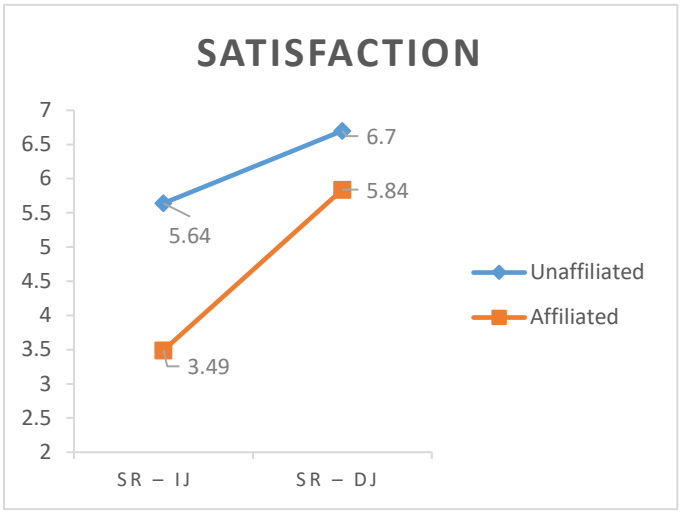


**Figure 1. Study 1 - Satisfaction – External SR Affiliation x External SR Measure Interaction**

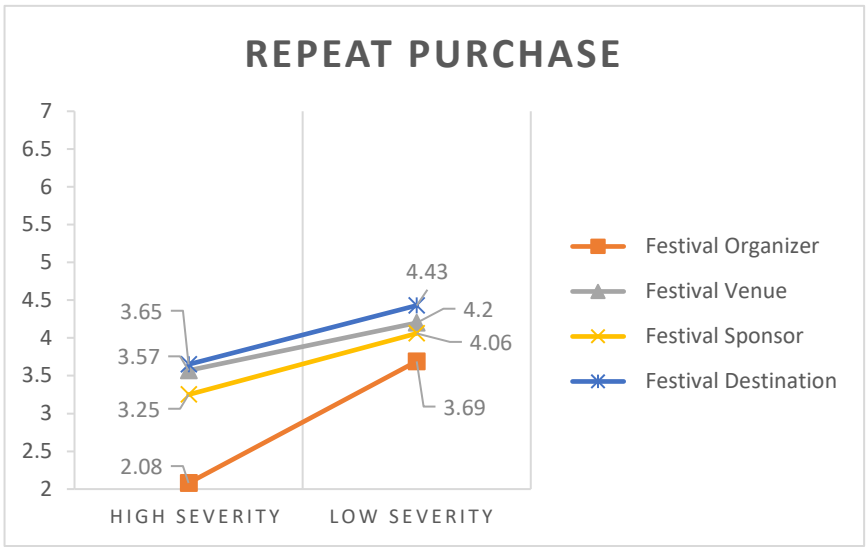


**Figure 2. Study 2 - Repeat Purchase – Entity x SF Severity Interaction**

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## Appendix

### Experiment 1

Imagine that you have purchased tickets to attend a major, international 2-day outdoor music festival and arranged for travel to and accommodation in the overseas destination where the music festival will take place. The destination is ten hours flying time with a stopover after 4 hours. The festival ticket is quite expensive at US$1,500.

***[AFFILIATED – ALLIANCE AIRLINE]***

You have booked a flight that involves two airlines that are part of the same airline alliance. On the day of your trip, you arrive at the airport, but when checking in for your first flight segment with Alliance Airline A, the airline gate agent informs you that the flight was oversold so that you will not have a seat on the flight as scheduled but instead have been booked on a later flight. As a result, you experience a 4-hour delay, and miss your connecting flight. Upon arrival at your layover destination and while checking in at the gate with Alliance Airline B, you strike up a conversation and complain to the gate agent of Alliance Airline B about your service issue with Alliance Airline A and the unfortunate 4-hour delay that resulted in you missing your connecting flight with Alliance Airline B.

***[UNAFFILIATED – HOTEL]***

On the day of your trip, you arrive at the airport, but when checking in, the airline gate agent informs you that the flight was oversold so that you will not have a seat on the flight as scheduled but instead have been booked on a later flight. As a result, you experience a 4-hour delay. Upon arrival at your hotel and while checking in, you strike up a conversation with and complain to the hotel desk clerk about your service issue with the airline and the unfortunate 4-hour delay.

***[COMPENSATION]***

*RECOVERY- ALLIANCE AIRLINE B]*

The airline agent completes the check-in process and, to your surprise, gives you a boarding pass for an upgrade to fly business class.

*[RECOVERY – HOTEL]*

The desk clerk completes the check-in process and, to your surprise, gives you the keys to an upgraded room: a 2-bedroom Jr. suite with a premium view.

***[APOLOGY]***

*RECOVERY- ALLIANCE AIRLINE B]*

The airline agent completes the check-in process. He carefully listens to you recounting your experience, is very sympathetic to your situation, and states that he is very sorry for the inconvenience caused to you.

*[RECOVERY – HOTEL]*

The desk clerk completes the check-in process. He carefully listens to you recounting your experience, is very sympathetic to your situation, and states that he is very sorry for the inconvenience caused to you.

**Dependent Variables - Alliance Airline B/Hotel**

If this service experience had happened to me, I would

***[Satisfaction]***

- be satisfied with Alliance Airline B/this hotel.
- think that I did the right thing when I selected Alliance Airline B/this hotel.
- be happy with Alliance Airline B/this hotel.

*Cronbach Alpha – Alliance Airline B - .954*

*Cronbach Alpha – Hotel - .955*

***[WOM]***

- likely say positive things about Alliance Airline B/this hotel.
- recommend Alliance Airline B/this hotel to my friends.
- tell my friends to try Alliance Airline B/this hotel if they were looking for an airline/hotel.

*Cronbach Alpha – Alliance Airline B - .975*

*Cronbach Alpha – Hotel - .981*

***[Repeat Purchase]***

- fly with Alliance Airline B again/stay at this hotel again.
- fly Alliance Airline B/stay at this hotel more often.

*Cronbach Alpha – Alliance Airline B - .974*

*Cronbach Alpha – Hotel - .876*

**Experiment 2**

You have purchased an expensive ticket for a major 2-day outdoor music festival and arranged for travel to and accommodation in the state (provincial) capital– a city that has organized numerous successful music festivals over the past few years. The festival promises to showcase several top headliners and amazing productions, have a wide variety of exciting food truck options, and a great atmosphere. It is sponsored by a well-known national company with a high-quality reputation. There has been a lot of marketing and publicity over the past few months for the festival and you are looking forward to a great weekend. However, when you arrive at the festival site, you

***[SF SEVERITY]***

> ***Low*** – have to wait quite some time to get into the festival site and once inside, it's not easy to get around due to the crowds and limited signage. Nevertheless, you and your friends have a good time and enjoy the various bands and the atmosphere, even though some of the bands come on later than scheduled. Relative to the large crowds, the number of food trucks and on-site toilets are rather limited, so that there are queues and wait times everywhere.
>
> ***High*** - there are long queues of people waiting at the entry gates, and you learn and later see for yourself that given major logistic problems and safety concerns, notes are posted on the festival ground gates to inform ticketholders that the festival has been cancelled, with no further information on alternative arrangements or refunds.

Subsequently, it emerges that the event organizer did have a track record of failed events, something the city council was unaware of despite vetting procedures, and repeated meetings. While the event organizer did not take care properly of organizing the many aspects of the music festival, you cannot help but wonder whether the city council, the event venue, and the major event sponsor should not have demanded more information/confirmation and controls over the event from the event organizer to ensure that festival-goers are provided with an experience they paid for and expected, given the city's track record of hosting major festivals.

In the following days,

***[SR]***

**Single Internal SR – Compensation -** the event organizer reaches out to the festival audience via social media, promising to partially refund tickets, and also to honor making a donation to a national charity.

**Joint External SR – Compensation -** City officials, the venue and the event sponsor reach out to the festival audience via social media, and advise that given the problems experienced by festival-goers they decided to jointly put on a music festival the following week free of charge.

**Joint External SR – Apology -** City officials, the venue and the event sponsor reach out to the festival audience via social media, and jointly offer an apology to festival-goers.

**Dependent Variables – Festival Stakeholders**

Thinking about the EVENT ORGANIZER*, if this service experience had happened to me, I would

***[Satisfaction]***

- be satisfied with the event organizer*.

***[WOM]***

- recommend attending another event organized by this event organizer*.

***[Repeat Purchase]***

- attend another music festival organized by this event organizer*.

*substituted with CITY COUNCIL, EVENT VENUE, EVENT SPONSOR