Chapter 5
Online Service Failure and Recovery Strategies in Luxury Brands:
A View From Justice Theory

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ABSTRACT

Digital environment no longer permits marketers' self-isolated practices into offline business contours. A tighter relationship of the provider-customer is even more evident in luxury brands, where rather than the quality of the product, the perceived experience (i.e., emotion) drives the purchasing decision and plays the mediating role to customer satisfaction. The risk that online environment does not permit development of such experience subsequently that failure awakening would increase and recovery would be an unmanageable issue, seems to keep luxury brands skeptical of online environment. While other industries are already taking inclusive advantage of multidimensional features inherited in the online medium, luxury brands are situated in the very initial stage of familiarizing with digital media. Subsequently, the phenomena lack theoretical explanation, particularly in context to failure and recovery. The current chapter discusses service failure and recovery strategy in luxury brands, aiming to bring conceptual insight to it.

INTRODUCTION

The advent of the Internet has triggered the penetration of industries inclusively towards online marketing strategies in general and the e-commerce market in particular (Harris et al. 2006; Brogi et al. 2013). However, businesses such as that of luxury brands, where purchasing decisions are primarily made on the grounds of emotion rather than product quality, are facing numerous challenges in going online

DOI: 10.4018/978-1-5225-2697-1.ch005

(Okonkwo, 2010; Ozuem & Lancaster, 2014). Luxury providers seem yet to understand how to convey the 'luxury boutique experience online' (Larraufie & Kourdoughli, 2014, p. 206). Exposure to the product triggers luxury customers' emotion and impulsive purchasing decision respectively (Okonkwo, 2010). This implies a difficulty for the provider to 'communicate' online the product 'attributes' to the emotionally attached customers (Luo et al. 2012, p. 1135). In this context, Luo et al. (2012, p. 1135) emphasize an increased risk of online service failure occurring in luxury brands. This is consistent with the reached consensus across digital marketing scholars that online environment embeds a greater risk of incidents (Kietzmann et al. 2011; Zhu et al. 2013). It is also well supported by the failure-recovery literature in general, which suggests that service failures are inevitable (Harris et al. 2006; Kau & Loh, 2006; Mostafa et al. 2014). The online environment seems to have been detaching luxury brands from their authentic theme, namely that of specially featured high-priced products available for the select few (Heine, 2012). Numerous luxury companies have reduced prices for online customers, thereby enlarging the target market (e.g., Ng, 2014). The question this raises is whether luxury brandings are losing the epithet 'luxurious'. This new approach and positioning might reduce failure-recovery expectations for utilitarian customers. These are the customers who evaluate the loss from failure with the gain from recovery in terms of financial resources (Ringberg et al. 2007). However, the underlying challenge remains that of identifying recovery alternatives, which would meet the expectations of all types of customers without endangering the originality of luxury branding.

The effort of services marketing scholars and practitioners to conceptualize service the failure-recovery strategy experience in online luxury brands has been particularly evident in the last decade (Ozuem & Lancaster, 2014). Guillory (2016) explains the origin of the online luxury service failure in terms of a two-fold typology: (1) failure in ordering, and (2) failure in shipping. The former refers to technical issues subject to deficiencies in the online platform (e.g., website). The latter corresponds to the delivery problems (see Figure 3). This is in line with extant online failure literature, which identifies these two as the most frequent types of service failure in the online environment (Meuter et al., 2000; Holloway & Beatty, 2003) (see Figure 2). Further, online recovery strategies such as discount, replacement, apology, and refunds have been examined (Kuo et al., 2011). Additionally, numerous antecedents have been considered to explain luxury customers' stance in the online failure-recovery experience. For example, Ozuem & Lancaster (2014) propose three attributes to identify customers' satisfaction with the failure-recovery experience. These are communication, expected time of recovery, and fairness. Brogi et al. (2013) analyzed engagement in online post-recovery behavior such as word-of-mouth and its consequences, suggesting a greater impact of WOM across online brand communities. Thus, although online negative word of mouth might influence all types of customers, brands would face a greater threat if negative WOM were collaboratively spread (Rauschnabel et al. 2016).

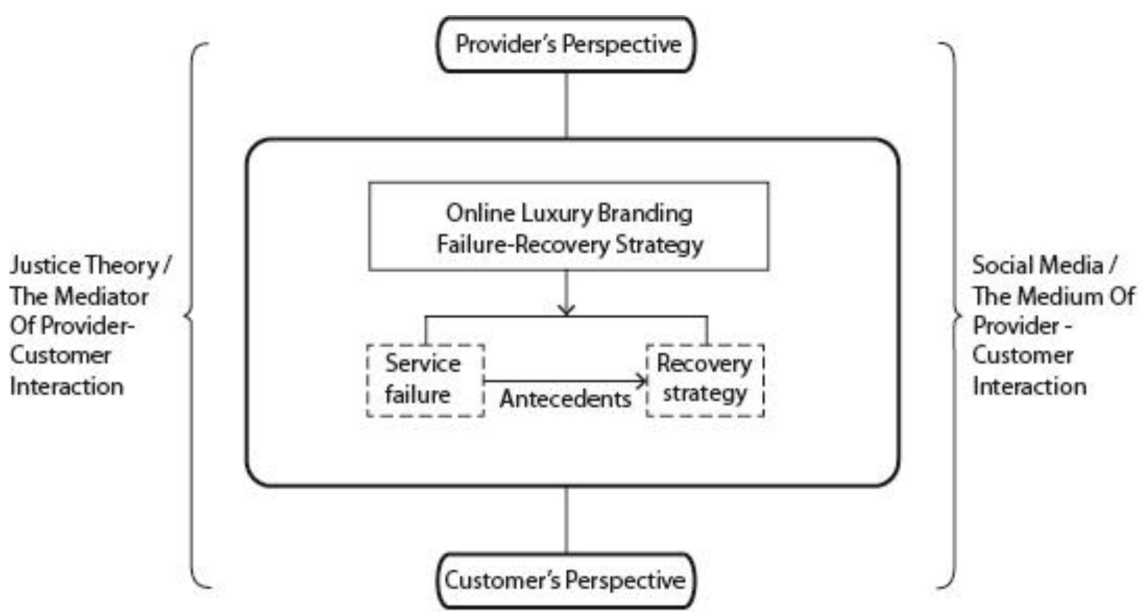
The difficulty consists in how to provide recovery strategies that make customers satisfied. Failure-recovery literature has traditionally identified customer satisfaction as being his/her perception fairly recovered (Smith & Bolton, 2002; Wirtz & Mattila, 2004; Wang et al., 2011). Indeed, the online luxury failure-recovery strategy has yet to be approached from the perspective of justice theory. The impetus towards new theoretical insights and the development of conceptual models to support luxury brands has directed the authors of this chapter towards contextualization of the online failure-recovery strategy in luxury fashion brands from the justice theory.

Subject to discrepancies across extant findings, the current chapter overcomes the isolation of failure-recovery experience with a positivistic approach (Wirtz & Mattila, 2004; Kau & Loh, 2006). It moves towards phenomenological research contours such as that of postmodernism recommended by

Atwal & Williams (2009). However, the authors seem to have identified postmodernism in general and customer understanding of luxury branding experience in particular with one's conscious stance and the imaginary reality constructed within one's head. Authors of the present study counter-argue this view on two grounds. First, the fast pace of the information circulated within social media limits one's focus on imaginary scenarios. Second, the emotional stance that characterizes luxury customers embeds the past (i.e., subconscious), which indeed discloses customers' heterogeneous failure-recovery perceptions (i.e., multiple realities). Such an approach is in line with the work of Ringberg et al. (2007) who developed the three-fold typology (oppositional customers, relational customers, utilitarian customers), representing customers' development of failure-recovery evaluation of the experience. Oppositional customers believe that companies care only about their profit, overcoming customers' requests. Relational customers are more interested in a long-lasting relationship with the provider, enabling them to be more tolerant of unsatisfactory failure-recovery experiences. Utilitarian customers evaluate a failure-recovery experience in terms of the gain from the recovery strategy. However, their work is confined to brick-and-mortar services. Further, they examined only the customer, ignoring the say and the role of the provider. The advent of social media no longer permits understanding of online failure-recovery by a social actor alone (Kuo et al., 2011; Gruber et al., 2015). Consequently, the current chapter discusses luxury branding failure-recovery strategy from the perspectives of both provider and customer, using social media as the medium of interaction.

As digital marketing scholars imply (Gregoire et al., 2015; Gruber et al., 2015), even if the provider is not formally situated within social media, it is informally present through customers' voice (e.g., through the tweets on Twitter, and comments and online communities on Facebook). The conceptual model to explain the online luxury branding service failure-recovery strategy experience recommended in the present study is presented in Figure 1, which sets the foundation of the structure of the chapter. The offline context of failure-recovery has also been considered as a means to understand how the evolu-

Figure 1. Conceptual model: Online luxury branding failure-recovery experience



tion of the digital environment (including social media) has transferred the failure-recovery experience, inclusive of that in luxury branding, into an online one. The following section discusses service failure typologies. It then follows with discussion of justice theory as a mediator of luxury branding provider-customer interaction throughout the failure-recovery experience. Additionally, social media is considered as the medium of the failure-recovery experience, and managerial implications and recommendations for future research are presented.

SERVICE FAILURE TYPOLOGIES

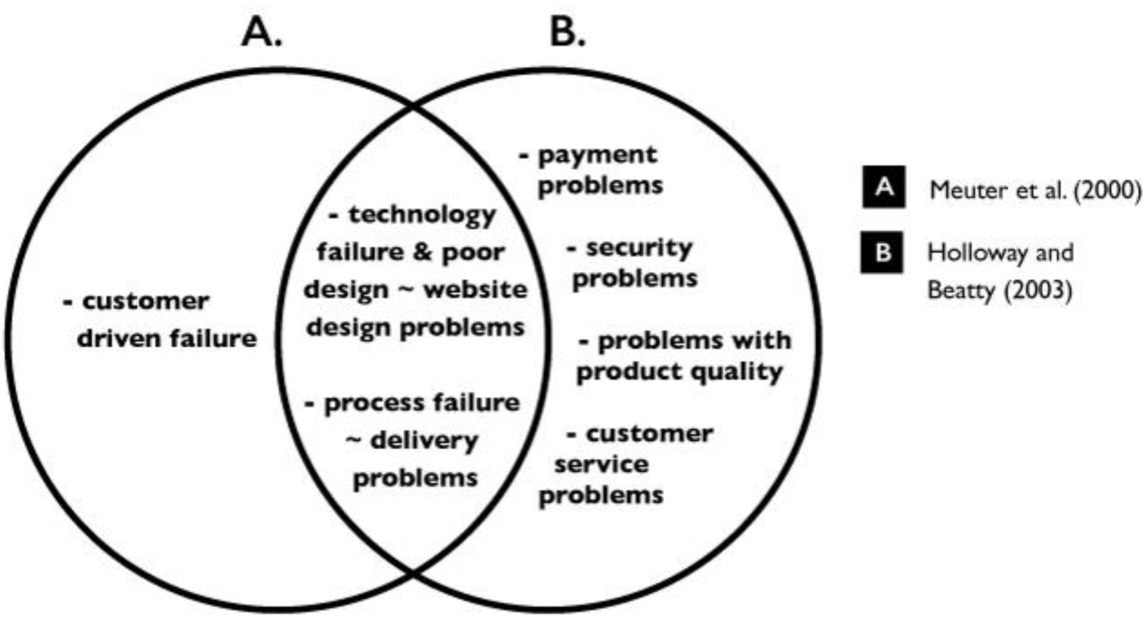
A chronological reflection of the extant literature provides some elucidation of types of service failures. In the context of self-service technologies (SST), and incorporating to some degree online services, subject to an analysis of customer dissatisfaction, Meuter, Ostrom, Roundtree & Bitner (2000) introduced the four-grounded service failure typology. The model is related to the virtual provider-customer encounter, and it includes the following types of service failures: (1) technology failure, (2) process failure, (3) poor design, and (4) customer-driven failure (p. 57). These authors suggested delineations with examples of each failure type as follows (see page 57): (1) Technology failure—the interface of the medium fails to work and obstructs the use of services (for example, 'a broken ATM'). (2) Process failure—a failure that emerges after the customer has completed an interaction with a technological service medium. Most likely the customer will recognize the failure after some time has passed (for example, a customer has ordered and paid online for a product but has not received it). (3) Poor design—a technological failure occurs (for example, on a website or with an ATM) because there is a lack of clarity in terms of how to use it, and there is a service design problem with the service itself, rather than with the medium (for example, a prolonged period is required for the money to be transferred from an ATM to a customer's account). (4) Customer-driven failure—failures can occur when the customer is 'at fault' (for example, a customer does not recall the personal identification number required to make an online transaction) (see page 57). The study identifies the first failure type (i.e., technology failure) as the most frequent kind, although it suggests that they all represent customers' perceptions of self-service technology incidents. Further, it emphasizes the lack of recoveries in self-services (i.e., online services), implying an increased risk from encountering failures (Meuter et al. 2000). Based on these ideas, customers are strict observers of online providers, and the provider must understand how customers assign meaning to service failures to develop effective online recovery strategies.

An additional construct that categorizes online service failures is the six-fold typology advanced by Holloway & Beatty (2003). The authors reviewed the first two types of failure in parallel with the process, technology, and poor design failures of Meuter et al. (2000). They tackled the issue of online versus traditional service encounters and suggested that service failures also differ within these encounters. The failure typology suggested by them incorporates the following: (1) delivery, (2) website design, (3) payment, (4) security, (5) product quality, and (6) customer service problems (p. 95). This hierarchy of failure types has been set based on the frequency of occurrence—from the most frequent to the least frequent failure type. In analyzing these failure types, the delivery problems that the authors emphasized include complaints such as 'the product arrived later than promised, the wrong product was delivered, and merchandise was delivered to the wrong address' (p. 95). Website design problems include the following: the website did not open, the content was not user-friendly, and the website was only available in one language (see p. 96). Payment problems refer to customer perceptions of paying more than they have gain from the service (see p. 96). Security problems include fraud issues (see p. 96). Problems with product quality are associated with customers' perception that they have received a quality lower than they have thought they would get (see p. 96), and customer service problems occur because the provider does not respond to customer requests (see p. 96). The authors considered the behavior of customers after online failure and suggested that they did not seem to be happy with the online recovery. Further, they emphasize customers' perception of being unfairly treated by the provider. This delineation, besides enriching the theoretical background of online research, provides an informative guide for the provider to identify their fallacies and a source to provide meaning to customer expectations. Additionally, to be able to perceive as much information as possible from the customer, the authors accentuate the importance of providing both online and offline means of customer-provider interaction such as 'toll-free numbers, e-mail addresses, and real-time chat rooms' (Holloway & Beatty, 2003, p. 102).

A visualisation of online service failure typologies developed by Meuter et al. (2000) and Holloway & Beatty (2003) is shown in Figure 2. The two sets in the figure represent the typologies of the original authors so that set A illustrates the service failure typology suggested by Meuter et al. (2000) and set B illustrates that of Holloway & Beatty (2003). The intersection of A and B represents the elements of two typologies that are similar to each other (Holloway & Beatty, 2003, p. 101). Given that the intersected section represents the most frequent failures identified by both studies, the intersection provides a good indicator of how online services might improve.

A recent study on luxury fashion brands such as Gucci, Banana Republic and Louis Vuitton reveals a two-fold online service failure typology, which includes (1) failure in ordering, and (2) failure in shipping (Guillory, 2016). The two seem to be in line with the online service failure types of Meuter et al. (2000) and Holloway & Beatty (2003) as presented in the intersection of the online service failure typologies (Figure 2). Ordering appears to be identified with technology failure and website design problems.

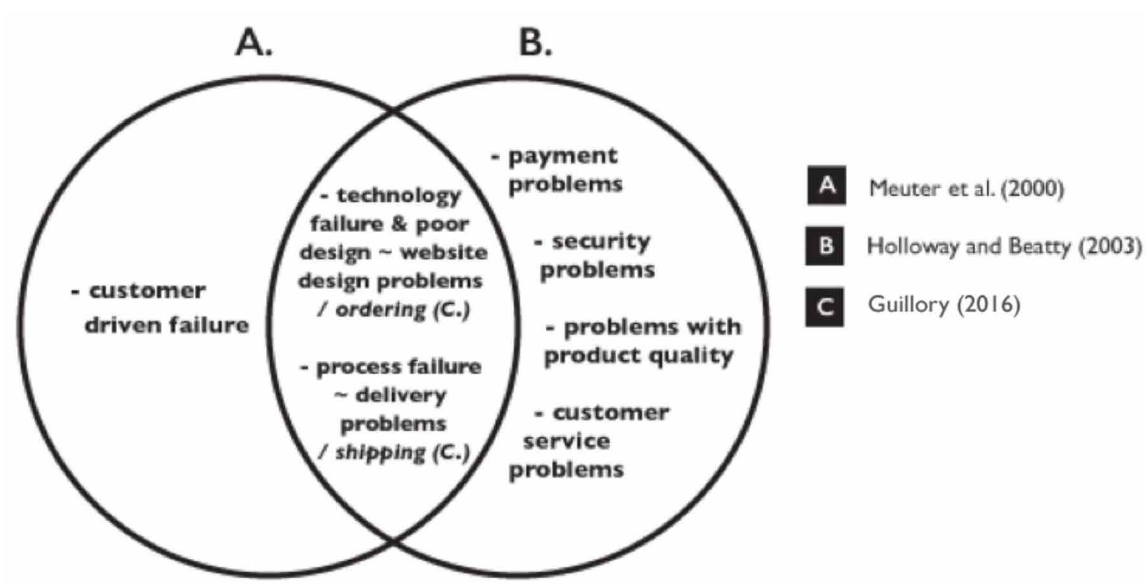
Figure 2. Online service failure typologies
Adapted from Meuter et al. (2000) and Holloway & Beatty (2003)



Shipping refers to the delivery problems (Figure 3). The author explains that in luxury branding online service failures dominate the offline ones, implying the following. First, customers of luxury brands are transferring their purchasing practices to online means. Second, luxury brands are still in a developing phase of optimizing the use of the digital environment. Further, Kluge et al. (2013) focused solely on website failure and developed a four-fold typology of characteristics that the webpage of the luxury company must adopt. These are: (1) ‘the use of darker background colours’, (2) ‘the use of a larger or full screen space to present the stage content’, (3) ‘a horizontal navigation bar’, and (4) ‘a substantial reduction of elements’ (p. 908). These characteristics reveal that luxury customers form judgments on both the effectiveness and the aesthetic use of webpage. If the webpage of luxury companies did not incorporate those four characteristics, customers’ expectations would not be met, generating service failures.

When the above-mentioned typologies are reviewed on a macro level, the service failure typologies offered by scholars in blended online services and online luxury branding services are all to a large extent interrelated. Service failures can be visualized as a ‘triangle’ that encompasses the breakdown of the service itself, the breakdown of the service encounter, and the deviation from customer expectations. It seems easier to construct typologies subject to an analogy of service and service encounter breakdowns, rather than to focus purely on customer expectations. Conceptualizing customer perceptions of expectation becomes even more complex when considering themes related to service failure recovery. To add clarity to discussions of customers’ recovery expectations, the following section discuses customers’ stance on grounds of justice on failure-recovery encounters. Services marketing literature has traditionally identified customer satisfaction with his/her perception of a fair failure-recovery experience (Wirtz & Mattila, 2004; Kau & Loh, 2006; Rio-Lanza et al., 2009).

Figure 3. Online service failure typologies, inclusive of online luxury brands
Adapted from Meuter et al. (2000), Holloway & Beatty (2003), and Guillory, 2016



JUSTICE THEORY: THE MEDIATOR OF THE LUXURY BRANDING PROVIDER-CUSTOMER INTERACTION

Failure-recovery literature has traditionally identified customer satisfaction as being his/her perception fairly recovered (Smith & Bolton, 2002; Wirtz & Mattila, 2004; Wang et al. 2011). Justice theory, inclusive of its three components (distributive, procedural and interactional justice) dominates the theoretical background to explain such phenomena. Smith et al. (1999) defined distributive justice as customers' evaluation of recovery fairness on grounds of 'the perceived outcome of exchange', and procedural justice in terms of the evaluation of the fairness of procedures/strategies that the provider uses to deal with the failure-recovery experience (p. 357). Wirtz & Mattila (2004) identify interactional justice with customer judgment of the fair recovery of an employee's behavior, largely defined in terms of the 'apology, perceived helpfulness, courtesy, and empathy' (p. 151). The literature in the justice theory and services recovery reveals contradictory findings. This is also evident for the online luxury brands. For example, Wirtz & Mattila (2004) suggest that all three justice dimensions (i.e., distributive, procedural, and interactional) have impact on generating satisfaction in the recovery. However, customers are more satisfied with an immediate response and apology (i.e., with procedural and interactional justice) than with compensation (i.e., distributive justice). Yet the latter seems to generate satisfaction when the provider is ineffective in meeting customers' expectations in one of the former two (Wirtz & Mattila, 2004). Kau & Loh (2006) dispute the work of Wirtz & Mattila (2004) and suggest that rather than procedural and interactional justice, distributive justice is the main attributor of customer satisfaction. Later, Rio-Lanza et al. (2009) proclaimed that procedural justice is the justice dimension with the greatest influence in generating customer satisfaction. Both Kau & Loh (2006) and Rio-Lanza et al. (2009) consider mobile phone services. The very different outcomes suggested by these studies with the same research focus (the same industry used) raise the question of why these different findings have occurred. The uniqueness within the study of Rio-Lanza et al. (2009) is that of examining emotions as an element that mediates customers' perception of justice. Following this, one may argue that emotion is a key factor justifying the findings.

Having stated that customers of online luxury branding are more emotionally than rationally driven (Heine, 2009; Okonkwo, 2010), one might suggest that Rio-Lanza et al.'s (2009) work represents the reality of luxury customers' perception of fairness in the failure-recovery experience. This is in line with Ozuem & Lancaster (2014) who state that prompt recoveries make luxury fashion customers believe that the provider dealt fairly with the customer. Later, Ozuem et al. (2017) argued that customers are happy if the provider apologizes for the failure. Both these studies were conducted in United Kingdom. The variation across findings implies customers' heterogeneity in assigning meaning. Subsequently, Ozuem et al. (2017) called for personalized recovery strategies, suggesting that structured recovery platforms might undermine customers' specific recovery requests.

Heine (2009) proposes a model of five 'personality states' that luxury brands might encounter (p. 30), implying that the recovery perception (i.e., fairness) is generated on grounds of the personality that the customer assigns to a luxury product. These personality states are: (1) *modern* (association of the product with a time period), (2) eccentricity (a product that helps a person to stand out from others), (3) opulence (association of the product with richness), (4) elitism (association of the product with uniqueness), and (5) strength (association of the product with the physical and psychological stance of the person). The model seems to suggest that customers develop brand personality on grounds of their emotional stance. This study has been carried out across millionaires, who have been named as 'heavy luxury consumers' (Heine, 2009, p. 25), suggesting the dominance of emotion over rationality in wealthy customers of luxury products.

Piff et al. (2010) support this, arguing that the wealth positioning of an individual describes his/her stance towards others. Yet luxury customers who are not millionaires might be happier with the distributive (i.e., compensatory) rather than procedural or interactional justice. Herrmann, Xia, Monroe & Huber (2007) argue that customers of top automobile companies (i.e., luxury ones) evaluate the encounter on grounds of the price (i.e., distributive justice). If these customers (who are not necessarily millionaires) are happy with the compensation, the procedures of the encounter and the employee behavior are of a lower importance. Cultural background seems to be another factor to determine customers' recovery requests. Bian & Forsythe (2012) explain how Chinese customers' purchase of luxury products is driven by the purpose of being socially accepted. In contrast, consumers in the United States seem to buy luxury products as a means to feel unique (Bian & Forsythe, 2012). Bian & Forsythe (2012) did not examine the cultural background of luxury customers in terms of justice theory. However, their findings imply the influence of others or personal individuality traits to evaluate one justice dimension over the other.

Digital media literature suggests that social media has eased the process of conceptualizing the customer (Kietzmann et al., 2011; Gruber et al., 2015; Rauschnabel et al., 2016), inclusive of their perception of fairness in the recovery provision. This is because individuals in social media reveal personal information and engage in online conversation and online communities (Brogi et al., 2013; Ozuem, Howell & Lancaster, 2016). However, the inherited risk in social media such as the rapid spread of online negative word of mouth, and the ease of switching behavior to other online providers, no longer permits superficial understanding of customers' perception of failure-recovery experiences (Barwise & Meehan, 2010; Gu & Ye, 2014). Consequently, both academics and practitioners seek understanding and effective use of social media throughout the failure-recovery experience. The difficulty of achieving this seems to be greater in the luxury industry due to customers being emotionally rather than rationally driven. The following section provides theoretical explanation and conceptual cases to illustrate luxury branding customer-provider interaction in social media in cases of failure-recovery encounters.

SOCIAL MEDIA: THE MEDIUM OF THE FAILURE-RECOVERY ENCOUNTER

Customers of luxury fashion products appear to use Twitter over the other social media platforms to approach brands (Opitz, 2016). According to Opitz (2016) Twitter is followed by Instagram, and the latter is particularly powerful if luxury fashion influencers reveal the message to the audience. The author discusses the cases of two leading luxury fashion brands, Gucci and Prada, that have used fashionista public figures to reach audiences. The former used Chiara Ferragni and the latter used Arielle Noa Charnas, through whom Gucci and Prada reached thousands of engagement (Opitz, 2016). This suggests that influencers should be used as a means of online recovery strategies. Facebook is another social media platform to mediate provider-customer communication throughout the luxury branding failure-recovery process. In this context, digital marketing literature identifies social media with different platforms, which inclusively permit simultaneous failure and recovery experiences (Kuo et al. 2011; Gu & Ye, 2014).

In social media, the provider might deliver the recovery in the form of the comment, as a response to a customer's online complaint. Secondly, the provider might approach the complainant with personal messages, turning the communication and recovery provision from a community one into a provider-complainant experience. Thirdly, providers could go to live streaming in developing a realistic recovery provision. The advantage here is that the host in real time might read customer comments, identify possible criticisms (i.e., failure), and provide an immediate response (i.e., deliver a recovery). Live streaming is also used by Armani, which has organized online interviews with leading people in fashion brands (Stocker, 2012). This again suggests that in cases of customer dissatisfaction, live streaming interviews with knowledgeable people on the issue could be used as form of explanation recovery strategy. The failure-recovery literature has traditionally identified explanation with a satisfactory recovery strategy (Barwise & Meehan, 2010; Pang et al., 2014), in particular when the customer believes that the person involved possesses adequate information.

According to Andjelic (2015), the majority of luxury brands are utilizing contemporary digital marketing strategies (including live streaming); however, they are failing to reveal the original message of the luxury product. From this viewpoint, live streaming would be an unsuccessful recovery strategy if the authentic message of the luxury brand were not revealed. A recent example of a successful use of the live streaming is the Balmain luxury fashion company (Andjelic, 2015). The host in the live streaming was the designer of Balmain products, Oliver Rousteing. In this example, the host was the one to develop the message of the brand, and subsequently it was not difficult for the customer to conceptualize its authenticity (Andjelic, 2015).

Both live streaming (such as the case of Armani, and Balmain) and use of public figures as means to communicate with customers (e.g., Gucci and Prada) are effective recovery strategies if a sincere message is revealed. If customers interpret an online message as one that does not present the reality, a minor failure turns into a major one (Barwise & Meehan, 2010; Xia, 2013). In such a situation, customers feel that the company is trying to take advantage of them (Ringberg et al. 2007). Regardless of the means of online delivery of the message, its inappropriate content might lead to the double deviation scenario. Jin (2012) suggests that dissatisfaction with the content of a Facebook page not only reduces customer's online repurchase tendency but also leads to customers' complete ignorance of luxury brands' Facebook pages. The author used Louis Vuitton, which is one of the leading luxury brands, as a case study to understand this phenomenon and found that regardless of how well a brand is positioned, a customer's discontent experience with the Facebook page leads to switching behavior and loyalty reduction. The author suggests that such an outcome is evident across both hedonic and utilitarian customer types, although the risk seems to be greater within the former group. Further, customers whose purchasing decision is motivated by others rather than by personal desire seem to be stricter in evaluating the company through Facebook lenses (Jin, 2012). Additionally, the content of the message should be relevant to the targeted customers. For example, Coach, which is a U.S. luxury brand, used public figures from China as a means to facilitate online communication with Chinese customers (Ng, 2014). The risk of failure to provide a satisfactory online experience in general and a recovery strategy in particular does not seem to be isolated to the online means of customer-provider interaction. An unsatisfactory online experience with a provider seems to lead to reduction of offline purchases too (Piercy & Archer-Brown, 2014).

Further, the failure-recovery process in the offline environment might require one or more steps, each step consisting of a face-to-face employee-customer interaction. The time gap between steps prolongs the recovery completion, increasing the risk of dissatisfaction. Customer-provider online interaction is a twenty-four hour communication process. Even if the provider does not complete the recovery provision at once, the provider's online presence controls the customer. This does not mean that the provider should ignore the customer request (Azemi & Ozuem, 2016). Indeed, in such cases the online customer feels that he/she was not treated fairly, spreading negative word-of-mouth and harming the company respectively (Kietzmann et al., 2011; Xia, 2013; Brogi et al., 2013). However, it is recommended that the provider uses numerous media platforms simultaneously to communicate messages to the audience. In this way, the customer would consider that the provider has not reneged on its responsibilities. Rather, he/she would acknowledge the provider's continued online relationship as its strategic approach.

Harris et al. (2006) suggest that online customers are more tolerant of failures compared to offline ones. In contrast, social media literature (Kuo et al., 2011; Gruber et al., 2015) emphasizes customers' firm stance of revenge in cases of failure experience. Social media platforms such as Facebook and Twitter in particular are used to spread online negative word-of-mouth (Kietzmann et al., 2011; Gregoire et al., 2015). The risk embedded in online negative WOM is explained on two grounds. First, other customers become aware that a company has failed to provide a satisfactory experience. Second, competitors make use of the unsatisfactory experience to increase their target groups. In the latter context, Gregoire et al. (2015) talk about the 'feeding the vultures' (p. 175), which refers to competitors' engagement with online complaints about other providers.

Negative online word-of-mouth is of a greater risk if the complaint triggers online conversation (Xia, 2013; Brogi et al., 2013). Gu & Ye (2014) suggest that almost half of customers consider other complaints before communicating their own or becoming engaged in online negative word-of-mouth. The risk seems higher within the luxury branding industry. Zheng et al. (2009) suggest that 55 per cent of luxury branding customers consider other customers' reviews (p. 724). The authors argue that luxury companies ignore online comments, emphasizing that such a strategy leads to customers' perception of injustice in their recovery approach. This calls for recovery platforms that treat the customers inclusively. Such platforms should be customized to individual recovery requests (Ozuem et al. 2017) as a means to enhance satisfaction in general and to trigger positive word of mouth. Similarly, to offline customers and those of other industries, luxury customers that are satisfied with the recovery have a low tendency to spread positive word of mouth (Zheng et al., 2009). However, if they do, they enhance other customers' trust towards the provider (Brogi et al., 2013).

Prada has also used customization as a means to enhance customer satisfaction, developing apps that could be used by customers to customize their preferred products (Stocker, 2012). A recent study to consider such contexts is that of Yoo & Park (2016). These authors propose that customization generates credibility for luxury customers in a four-fold scheme of values. This typology includes 'hedonic, utilitarian, social, and creative achievement value' (p. 4) and is defined respectively as follows: the product has made the customer satisfied, the product met the customer's need, the customer has received what other individual's value, and the product that the customer has received makes him/her feel worthy (p. 2). The authors further suggest that mass customization generates loyalty.

In the broadest terms, in the context of recovery strategy, customization might help the provider in a two-fold continuum: (1) providers would be able understand customer recovery requests better, and (2) a customized product could be used as a replacement for the one that generated the failure. That is, such a digital marketing strategy might assist in meeting customer expectations and in overcoming service failures, respectively (Stocker, 2012). For example, Christian Louboutin developed apps to facilitate customer online store visits and purchases (Stocker, 2012). The customer-app interaction might be identified with the co-creation recovery strategy. As Roggeveen et al. (2012) explain, co-creation might have the same impact as financial recovery strategies in generating customer satisfaction. On the other side, Hermès has developed an app that teaches customers 'how to tie their scarves' (Heine & Berghaus, 2014, p. 230). Customers might use such an informative online section when not happy with their Hermès scarf due to lack of knowledge on tying it.

MANAGERIAL IMPLICATIONS

Following Kim & Ko's (2012) suggestion, providers could overcome online service failures if the following two are achieved: (1) brand equity, and (2) relationship equity. Brand equity refers to the influence that social media has on constructing a luxury brand that stands out from others in the market. This could be accomplished through successfully revealing the authentic message inherited in the brand. This additionally helps towards reaching the stance presented by the second concept, relationship equity, which is identified with the impact that the online interaction has in triggering a long-lasting relationship (see Kim and Ko, 2012, p. 1481). The latter concept is supported by numerous services marketing scholars (Hess et al. 2003; Hui et al. 2011) who suggest that if customers were happy with the prior long relationship they would be less strict in judging the service failure experience. However, as Finocchiaro (2010) suggests, online luxury brands should acknowledge the risk of online failure. This is in line with services marketing literature, which has traditionally emphasized that service failures are inevitable (Smith et al. 1999; Craighead et al. 2004; Ringberg et al. 2007). This implies the urge of online luxury branding to go online.

Guillory's, (2016) two-fold failure typology proposes that luxury-branding providers could avoid failure on grounds of (1) failure in ordering (i.e., issues with the website) and (2) failure in shipping (issues with the delivery). According to Riley and Lacroix (2003), luxury branding is identified with the 'spontaneity of shopping', which is generated by the perceived 'pleasure of touching and feeling' the product (p. 103). This does not seem to restrict Guillory' s, (2016) failure in ordering to the technical aspect of the website. Indeed, it suggests that providers should develop websites that visually stand out, rather than merely presenting informative content. It is recommended that prior to creating websites and social media content, a provider's marketing representatives should develop focus groups of luxury branding customers asking them about the features that would trigger emotional linkage with these platforms. The foundation to such a suggestion lies in the work of Ridgway & Myers (2014), who examined customers' perception of the quality of fashion products on grounds of the color of the logo. The authors suggest that blue, green, and purple colors represent competence, ruggedness, and sophistication respectively. This implies that any deviation from such linkage between the color and customer's perception of the quality lead to luxury-branding service failure.

However, the challenge remains of how to develop recovery platforms that generate customer satisfaction in general and service recovery in particular (e.g., Maxham & Netemeyer, 2002; Matos et al. 2007) even after technical issues such as the aforementioned happen. Academics and practitioners highlight that customers are heterogeneous in their perception of service failure and recovery strategy experiences (Ringberg et al. 2007; Schoefer & Diamantopoulos, 2009). To our greatest knowledge, there is no luxury branding customer typology that would guide recovery provision. However, the extant empirical evidence explains how customers in general develop failure-recovery perception. Such information should lay the foundation for the providers to develop recovery strategies and utilize them, respectively. For example, Kim et al. (2016) reveal a seven-fold typology of attributes that customers use to evaluate a luxury product. This includes: (1) 'status aspiration', (2) 'romance and seduction', (3) 'involvement with a fantasy world or adventure', (4) 'other-directedness', (5) 'self-esteem, power and success', (6) 'sensory world of beauty, nature, body and feelings', and (7) 'activation' (p. 308). In the broadest terms, they are identified with the feelings of being emotionally well, powerful, and well positioned in the society, since customers subjectively evaluate luxury products. As qualitative scholars explain, subjectivity leads to multiple realities (Saunders et al. 2009; Maxwell, 2013; Ozuem, Thomas & Lancaster 2016). This again emphasizes the importance of developing multiple recovery programs. Thus, providers should utilize strategies that can be customized to meet the requests of every customer.

It is suggested that luxury brands should be part of social media to be able to understand and evaluate customers' very personal failure-recovery requests (Ozuem, Howell & Lancaster, 2016). Their social media presence is greatly identified with customer-provider communication through messages such as those on Facebook or Twitter. The consensus remains that customers' online messages reveal a lot about them (Barwise & Meehan, 2010; Gregoire et al., 2015). That is, social media overcomes the main challenge that marketers have in providing a successful recovery (i.e., understanding of customers' failure-recovery requirements). To take advantage of such benefits, luxury companies should have digital marketing representatives that continually follow customer messages, for if a message took the form of a complaint or online negative word-of-mouth. Stokinger & Ozuem (2015) emphasize that communication through social media generates trust among luxury customers. Further, social media permits a prompt recovery. Customers who receive prompt recoveries seem to believe that the provider was fair throughout the recovery process (e.g., Smith et al., 1999).

Further, it is important that providers become part of online communities. Online communities seem to generate more information than personal messages. Members of online communities share the same interests, implying a tendency to generate more talk. One's talk seems to 'provide value to [other] members' (Schau et al., 2009, p. 30). Schau et al. (2009) explain the close relationship of online community members with the concept of 'social network', inclusive of the following: '(1) welcoming, (2) empathizing, and (3) governing' (p. 34). In the broadest terms, these elements are defined as members' support of each other both psychologically and from a decision-making perspective. Subsequently, customers seem to stick to such communities for a long period of time. Schau et al. (2009) illustrate such a stance with the online community of BMW Minis, which are considered luxury cars. Moreover, rather than customers alone, providers themselves should initiate online communities. Heine & Berghaus (2014) use the Lancome Rose Beauty Community as an example of a success story. Lancome opened and named this online community after a very satisfied customer (see p. 232). This illustrates the will of the company to appreciate its customers. Under such circumstances, there is a greater tendency of customers to engage in online communities. It is recommended that luxury companies have specialists who know how to collect and analyze data from communities regardless of its origin. Additionally, digital marketing experts must be able to use the data as a means to develop recovery programs and generate customer satisfaction.

Regardless of the emphasis in customizing recovery approaches, there is a set of golden recovery rules applicable to all types of customers. These include: (1) apology (Bell & Zemke, 1987; Kuo et al. 2011), (2) acknowledgement, and (3) provision of a sincere explanation of the issue (Barwise & Meehan, 2010). Jones (2015) provides examples of luxury companies including Saint Laurent and Tom Ford that have used advertisements that do not adequately present females. In these cases, the golden recovery rules might have controlled customer dissatisfaction. Additionally, to overcome the risk of an escalation of online negative word-of-mouth, it is recommended that luxury companies transfer the recovery process to the offline environment. This is essential in two scenarios: first, if a major failure occurs, second, if the recovery process does not end with the golden recovery rules. Further, providers should develop digital marketing strategies that include multiple social media platforms (Heine and Berghaus, 2014). Approaching the dissatisfied customer as a follow- up to the recovery on numerous platforms could enhance his/her trust in the provider, particularly if the recovery was successful, thus illuminating the service recovery paradox. However, as Okonkwo (2009) proposes, the overall luxury branding strategy should embed policies on the use of online media. This would enhance the coordination between a luxury brand's online business and other departments within the company, which in turn would generate a better use of recovery strategies and satisfactory customer recovery experiences.

CONCLUSION

The online competition and the enhanced customer power (Chaffey & Ellis-Chadwick, 2012) have directed luxury brands towards social media (Kim & Ko, 2012; Stocker, 2012). However, luxury brands seem to have engaged in e-commerce at a slower pace compared to other industries (Meuter et al., 2000; Harris et al., 2006). The increased risk that the provider would not be able to develop an emotional link with the customer, thus generating failure, justifies the luxury brand's skepticism. The digital environment in general and social media in particular have turned failure-recovery into a co-created experience between the provider and the customer (Kietzmann et al., 2011; Gregoire et al., 2015; Gruber et al., 2015). The advantages inherent in social media such as the ease of conceptualizing customers' failure-recovery perception have overcome the main challenge to providing a just recovery (Ozuem, Howell & Lancaster, 2016). However, it is suggested that the majority of recovery attempts in a brick-and-mortar context lead to customer irritation (Casado-Diaz & Nicolau-Gonzalbez, 2009). The risk seems to be greater in online services, where the ease to spreading negative word-of-mouth and switching are 'one second' activities. Indeed, this sensitivity is more acute in the luxury branding industry, where the customer is greatly influenced by emotional linkage with the product (Okonkwo, 2010; Ozuem & Lancaster, 2014).

The engagement of luxury brands in the online environment began only recently. Consequently, there seems to be more contextual than empirical evidence on the subject. Yet to overcome contradictions evident across extant findings, it is recommended that future research should be directed by the following three-fold approach. First, scholars should use qualitative research as a means to conceptualize the luxury branding failure-recovery phenomenon in depth. Second, luxury-branding customers should be approached as being heterogeneous in order to develop typologies that overcome structured recovery programs. Third, the proposed conceptual model in this chapter, namely the online luxury branding failure-recovery experience, could be used as point of departure for further research on the phenomenon.

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KEY TERMS AND DEFINITIONS

Double Deviation Scenario: Customer dissatisfaction with the company is greater after the recovery experience than prior to it.

Luxury Product: A high-priced product with specific attributes that trigger customers' emotions and emotional purchase respectively.

Online Recovery Strategy: The activity or activities that the provider utilizes online to make the customer satisfied after a service failure experience.

Online Service Failure: If the customer's expectation from the online purchase is not met, an online service failure occurs.

Service Failure Recovery Paradox: The customer's satisfaction with the company is greater after the recovery than prior to the service failure.

Socially Constructed Online Experience: An experience that is developed by more than one party, inclusive of the context, with the online failure recovery strategy seen as a three-fold construct of (1) customer, (2) provider, and (3) online platform.