

Effects of Service Recovery on Customer Satisfaction and Relationship Retention in Catering Industry

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ABSTRACT The raise of consumer awareness in modern competitive catering markets presents that the discontented customers are likely to express the discontentment through word of mouth. Consumers would directly or indirectly express when the quality of the service process does not conform to the expectation. Service recovery therefore cannot be avoided and neglected in catering industry, and it relates to the service performance and the customer retention. It was found in the past research that, when there was a service failure, the perceived justice of customers towards the service recovery policies of an enterprise could enhance the customer satisfaction and promote the reliability towards the catering enterprise so that they would be willing to retain the transactional relationship. For this reason, this study would like to discuss the relations between service recovery and relationship retention and explore the mediating effects of customer satisfaction. The customers of Noble Family in northern Taiwan, as the research samples, are distributed 500 copies of questionnaires. Total 267 valid copies were retrieved, with the retrieval rate 53%. The research findings are concluded as - 1. Service recovery presents significant correlations with customer satisfaction. 2. Customer satisfaction shows remarkable correlations with relationship retention. 3. Service recovery reveals notable correlations with relationship retention. 4. Customer satisfaction appears partial mediating effects on the correlations between service recovery and relationship retention.