

Tourism recovery strategies during major crises

Raki, Amir; Nayer, Daud; Nazifi, Amin; Alexander, Matthew; Seyfi, Siamak

DOI:

[10.1016/j.annals.2021.103144](https://doi.org/10.1016/j.annals.2021.103144)

License:

Creative Commons: Attribution-NonCommercial-NoDerivs (CC BY-NC-ND)

Document Version

Peer reviewed version

Citation for published version (Harvard):

Raki, A, Nayer, D, Nazifi, A, Alexander, M & Seyfi, S 2021, 'Tourism recovery strategies during major crises: the role of proactivity', *Annals of Tourism Research*, vol. 90, 103144. <https://doi.org/10.1016/j.annals.2021.103144>

[Link to publication on Research at Birmingham portal](#)

General rights

Unless a licence is specified above, all rights (including copyright and moral rights) in this document are retained by the authors and/or the copyright holders. The express permission of the copyright holder must be obtained for any use of this material other than for purposes permitted by law.

- Users may freely distribute the URL that is used to identify this publication.
- Users may download and/or print one copy of the publication from the University of Birmingham research portal for the purpose of private study or non-commercial research.
- User may use extracts from the document in line with the concept of 'fair dealing' under the Copyright, Designs and Patents Act 1988 (?)
- Users may not further distribute the material nor use it for the purposes of commercial gain.

Where a licence is displayed above, please note the terms and conditions of the licence govern your use of this document.

When citing, please reference the published version.

Take down policy

While the University of Birmingham exercises care and attention in making items available there are rare occasions when an item has been uploaded in error or has been deemed to be commercially or otherwise sensitive.

If you believe that this is the case for this document, please contact UBIRA@lists.bham.ac.uk providing details and we will remove access to the work immediately and investigate.

Tourism Recovery Strategies During Major Crises: The Role of Proactivity

Amir Raki ^a, Daud Nayer ^b, Amin Nazifi ^{b*}, Matthew Alexander ^b, and Siamak Seyfi ^c

*Forthcoming in
Annals of Tourism Research*

Suggested citation: Raki, A., Nayer, D., Nazifi, A., Alexander, M. J., and Seyfi, S., “Tourism Recovery Strategies During Major Crises: The Role of Proactivity”, *Annals of Tourism Research*, forthcoming.

January 11, 2021

Amir Raki and Daud Nayer equally share the lead on this article.

^a Alliancer Manchester Business School, University of Manchester, Booth Street West, Manchester M15 6PB, United Kingdom

^b Department of Marketing, Strathclyde Business School, University of Strathclyde, 199 Cathedral Street, Glasgow, G4 0QU, United Kingdom

^c Geography Research Unit, University of Oulu, Pentti Kaiteran katu 1, FI-90014, Oulu, Finland

* Corresponding author:

Dr Amin Nazifi
Lecturer in Marketing
Strathclyde Business School
University of Strathclyde
199 Cathedral Street
Glasgow, G4 0QU, UK
Phone: +44 141 548 4118
Email: amin.nazifi@strath.ac.uk

Tourism Recovery Strategies During Major Crises: The Role of Proactivity

Keywords: Proactivity, Tourism recovery strategies, Consumer wellbeing, Employee attrition, Firm profit.

1. INTRODUCTION

Tourism is a sector heavily impacted by the COVID-19 pandemic (hereafter COVID-19) and tourism businesses face multiple challenges ensuing from the outbreak and reduced global mobility (Fong, Law, & Ye, 2020). Survival attempts mean that short-term gains have been prioritized by firms resulting in dubious conduct and jeopardizing consumer wellbeing (He & Harris, 2020). Recent studies relating to COVID-19 largely focus on reactive, as opposed to proactive, responses to service failures (Fong et al., 2020; Yeh, 2020). Yet, an increasing prevalence of disruptive episodes (e.g., pandemics, natural disasters, security threats) necessitates reconceptualization of these phenomena as probable, instead of unpredictable, episodes and highlights the importance of proactivity to mitigate the devastating impacts of a crisis (Ritchie 2004). Nazifi et al. (2020) suggest that embracing a proactive approach in service recovery may be more beneficial for firms and conducive both to consumer wellbeing and a reduction in negative customer reactions such as negative online reviews (Liu, Jayawardhena, Dibb, & Ranaweera, 2019).

Transformative service research, a paradigm focused on wellbeing, offers new perspectives to firms in addressing contradictions between profitability and purpose inspiring approaches which contribute to a more human-centered strategy, fostering sustainability and improving customer emotional, financial, and physical wellbeing (Anderson & Ostrom, 2015). We combine transformative service research with proactivity to guide the development of consumer wellbeing-focused tourism recovery strategies. These strategies can both boost the tourism sector's resilience in the face of upcoming challenges and satisfy both ethical and social responsibilities of service providers (Ritchie & Jiang, 2019; Yeh, 2020). Drawing upon both transformative service research and general service research, this research note offers research propositions (see figure 1) based on proactivity literature on and evidenced from specific responses to failures in the tourism industry, thus laying a foundation for future research on failure responses in times of crisis.

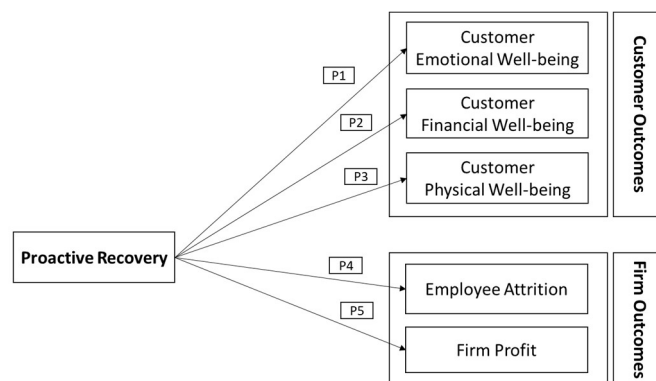


Figure 1. Conceptual Model

2. RESEARCH PROPOSITIONS

2.1 Service Failure, Wellbeing, and Proactivity

COVID-19 precipitated widespread flight and hotel cancellations around the world. A recent survey indicated a surge in complaints against airlines and travel agents with refunds the most common complaint rising by 965% during COVID-19 (Baratti, 2020). Although the impact of the current pandemic on tourism is yet to be comprehensively assessed, recent literature predicts grave impacts on tourist wellbeing due to service failures (e.g., flight delays, cancellations, and other complications such as forced quarantine). Wellbeing is considered to be a multidimensional concept, encompassing various aspects such as the emotional, financial, and physical state of an individual (Anderson & Ostrom, 2015). To combat the negative effects of service failures, proactivity can be a key instrument. Proactivity is associated with a forward-focused action and positive change that can differentiate proactive firms in the marketplace (Bateman & Crant, 1999). Nazifi et al. (2020, p.3) define proactivity in a service failure context as “firms anticipating potential service failures and acting prior to customer reactions to control or minimize the impact of these failures”.

2.2 Emotional Wellbeing

Responses to service failures such as flight delays or cancellations are expressed through negative emotional reactions evidenced through negative reviews (Sezgen, Mason, & Mayer, 2019). A proactive approach suggests the implementation of an action-based strategy by firms, where customers are informed in advance of a failure or, at least, prior to complaint (Nazifi et al., 2020). In response to COVID-19, some airlines have proactively communicated with customers, offering credit notes or discretionary flight rescheduling in the event of a no-show (see for example Lake, 2020) thus reducing passenger uncertainty, stimulating their sense of fairness, increasing satisfaction, and improving their emotional state, hence minimizing negative emotional consequences of failure.

P1: Proactive recovery strategies can positively affect consumer emotional wellbeing.

2.3 Financial Wellbeing

Service failures can impose severe financial consequences on customers including missed business opportunities, alternative transportation and accommodation costs, ticket refunds, lost vacation days, or increased travel expenses (e.g., due to forced quarantine), all negatively affecting an individual’s financial situation (Britto, Dresner & Voltes, 2012). In addressing the consequences of COVID-19, some travel firms have proactively made changes to their refund and return policies to ensure customer financial stability, offering longer extensions or travel vouchers on bookings, and providing passengers with COVID-19 insurance coverage for potential medical and quarantine costs (see for example Emirates Media Centre, 2020). This can reduce the financial implications of failures for customers during crises and promote financial wellbeing.

P2: Proactive recovery strategies can positively improve consumer’s financial wellbeing.

2.4 Physical Wellbeing

Research reveals that unforeseen cancellations can put the health of passengers at risk by increasing stress and anxiety and negatively affecting physical wellbeing (Miller, 2011; Sezgen et al., 2019). Employing a proactive recovery approach to COVID-19, a handful of airlines have designed contingency plans for passengers, to accommodate both their expressed and latent needs (e.g., providing masks, hand sanitizer, on-site medical tests, and medical cover) to protect passenger physical wellbeing (See for example CNN, 2020). Similarly, firms have proactively offered voluntary cancellation for customers (particularly vulnerable customers), when a flight is not canceled, to provide a satisfactory solution to those who no longer want to go on a trip due to the perceived risk. This policy helps avoid the wellbeing paradox (McGraw, Russell-Bennett & White 2020) which forces people to jeopardize either financial or physical wellbeing.

P3: Proactive recovery strategies can facilitate consumer's physical wellbeing.

2.5 Proactive recovery and firm outcomes

Knowledge of proactivity effects on organizations is limited. Prior research suggests that experience of a serious service failure may result in the verbal or physical abuse of frontline employees (Harris & Reynolds, 2004). Some companies have strict policies against abusive behavior towards employees and offenders may be prosecuted while other companies prefer to avoid losing customers. Against the backdrop of COVID-19, the significant rise in the number of complaints has led to increases in negative customer emotions and anxiety in service calls, making the service representative jobs more challenging than usual (Dixon et al. 2020). Further evidence from COVID-19 suggests that employee satisfaction has a positive impact on firms' financial performance during a crisis (Shan & Tang, 2020). Therefore, a proactive approach in dealing with failures by providing prompt communications to customers and reassurance can reduce pressure on the frontline employees and could reduce negative outcomes such as employee attrition.

P4: Employing a proactive recovery can lead to lower employee attrition.

Profitability is often the main consideration of firms in shaping strategy including recovery initiatives and proactive recovery strategies can both reduce recovery costs and enhance profitability (Nazifi et al., 2020). COVID-19 has made health and safety core elements of the customer experience for the foreseeable future which encourages recovery practices that better monitor, anticipate, and meet customers' expectations to encourage safe travel and stimulate demand (Deloitte, 2020). This "new normal" is within the scope of proactive recovery strategies with long-lasting impacts for the tourism sector through creating competitive advantage, improving brand image, and building loyalty that leads to profitability when the sector recovers.

P5: Employing a proactive recovery can lead to increased profits.

3. CONCLUSION

Failures in crisis periods lead to disruptions that threaten the wellbeing of consumers (Campbell, Inman, Kirmani & Price, 2020). Research suggests that, during a crisis, service

safety becomes a priority for customers to reduce distress and protect wellbeing (Berry, Danaher, Aksoy & Keiningham, 2020). In this context, this study highlights the importance of proactive strategies in the context of tourism failures, particularly during times of major crises, and its role in improving wellbeing. Given the increasing occurrence of major crises affecting both tourism and hospitality, it is no longer a question of *if* but rather *when* the next crisis occurs. Therefore, it seems imperative for firms to improve scenario planning and develop proactive strategies to reduce the negative consequences of such crises and promote stronger organizational outcomes. Research on chain profit models (e.g., Hogleve, Iseke, Derfuss & Eller, 2017) suggests that improvements to employee wellbeing positively impact customer experiences and, eventually, profitability suggesting a link between customer and organizational outcomes and underlining the interconnected value of proactive strategies. Combining the concept of proactivity within the transformative service research framework, the paper calls attention to its positive effects on consumer wellbeing and firm-related outcomes in the tourism literature.

REFERENCES

- Anderson, L. & Ostrom, A. L. (2015). Transformative service research: Advancing our knowledge about service and well-being. *Journal of Service Research*, 18 (3), 243-249.
- Baratti, L. (2020). US airlines saw 965% rise in passenger complaints amid coronavirus. Fox News. Retrieved December 02, 2020, from <https://www.foxnews.com/travel/us-airlines-customer-service-complaints-coronavirus>
- Bateman, T. S. & Crant, J. M. (1999). Proactive behavior: Meaning, impact, recommendations. *Business Horizons*, 42(3), 63-70.
- Berry, L. L., Danaher, T. S., Aksoy, L. & Keiningham, T. L. (2020). Service safety in the pandemic age. *Journal of Service Research*, 23(4), 391-395.
- Britto, R., Dresner, M. & Voltes, A. (2012). The impact of flight delays on passenger demand and societal welfare. *Transportation Research Part E: Logistics and Transportation Review*, 48(2), 460-469.
- Campbell, M. C., Inman, J. J., Kirmani, A. & Price, L. L. (2020). In times of trouble: A framework for understanding consumers' responses to threats. *Journal of Consumer Research*, 47 (3), 311-326.
- CNN. 2020. Emirates will cover medical expenses if passengers catch COVID-19. CNN. Retrieved December 05, 2020, from: <https://edition.cnn.com/travel/article/emirates-covid-19-expenses-cover/index.html>
- Deloitte. (2020). COVID-19, aviation's recovery flight plan. Retrieved January 03, 2021, from: <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/public-sector/ca-en-aviation%27s-recovery-flight-plan-aoda.pdf>
- Emirates Media Centre. 2020. Emirates sets industry-leading safety standard for customers travelling as it resumes operations [Online]. Retrieved Dec 08, 2020, from: <https://www.emirates.com/media-centre/emirates-sets-industry-leading-safety-standard-for-customers-travelling-as-it-resumes-operations/>

- Fong, L. H. N., Law, R. & Ye, B. H. (2020). Outlook of tourism recovery amid an epidemic: Importance of outbreak control by the government. *Annals of Tourism Research*, Doi: 10.1016/j.annals.2020.102951.
- Harris, L. C. & Reynolds, K. L. (2004). Jaycustomer behavior: an exploration of types and motives in the hospitality industry. *Journal of Services Marketing*, 18 (5), 339-357
- He, H. & Harris, L. (2020). The impact of Covid-19 pandemic on corporate social responsibility and marketing philosophy. *Journal of Business Research*, 116, 176-182.
- Hogreve, J., Iseke, A., Derfuss, K. & Eller, T. (2017). The Service–Profit Chain: A Meta-Analytic Test of a Comprehensive Theoretical Framework. *Journal of Marketing*, 81(3), 41-61.
- Lake, D. 2020. Air New Zealand announces special credit option in response to COVID-19 level change. NewsHub. Retrieved January 03, 2021, from: <https://www.newshub.co.nz/home/travel/2020/08/air-new-zealand-announces-special-credit-option-in-response-to-covid-19-level-change.html>
- Liu, H., Jayawardhena, C., Dibb, S. & Ranaweera, C. (2019). Examining the trade-off between compensation and promptness in eWOM-triggered service recovery: A restorative justice perspective. *Tourism Management*, 75, 381-392.
- McGraw, J., Russell-Bennett, R. & White, K. M. (2020). Tough but not terrific: value destruction in men’s health. *Journal of Service Theory and Practice*, 30(3), 331-359.
- Miller, S. A. (2011). April 2010 UK Airspace closure: Experience and impact on the UK’s air-travelling public and implications for future travel. *Journal of Air Transport Management*, 17(5), 296-301.
- Nazifi, A., Gelbrich, K., Grégoire, Y., Koch, S., El-Manstrly, D. & Wirtz, J. (2020). Proactive handling of flight overbooking: how to reduce negative eWOM and the costs of bumping customers. *Journal of Service Research*, doi:10.1177/1094670520933683.
- Qiu, R. T., Park, J., Li, S. & Song, H. (2020). Social costs of tourism during the COVID-19 pandemic. *Annals of Tourism Research*, 84, 102994.
- Ritchie, B. W. & Jiang, Y. (2019). A review of research on tourism risk, crisis and disaster management: Launching the annals of tourism research curated collection on tourism risk, crisis and disaster management. *Annals of Tourism Research*, 79, 102812.
- Ritchie, B. W. (2004). Chaos, crises and disasters: a strategic approach to crisis management in the tourism industry. *Tourism Management*, 25(6), 669-683.
- Sezgen, E., Mason, K. J. & Mayer, R. (2019). Voice of airline passenger: A text mining approach to understand customer satisfaction. *Journal of Air Transport Management*, 77, 65-74.
- Shan, C. & Tang, D. Y. (2020). The value of employee satisfaction in disastrous times: Evidence from Covid-19. Available at SSRN 3560919.
- Yeh, S. S. (2020). Tourism recovery strategy against COVID-19 pandemic. *Tourism Recreation Research*, 1-7. Doi: 10.1080/02508281.2020.1805933.