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## **Tourism Recovery Strategies During Major Crises: The Role of Proactivity**

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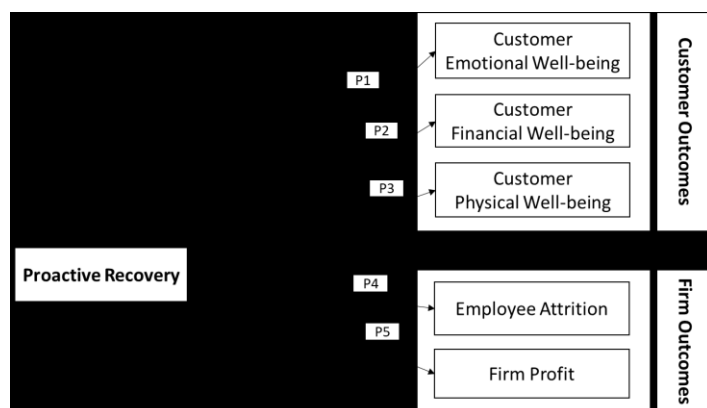
# Tourism Recovery Strategies During Major Crises: The Role of Proactivity

**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., Hogueve, 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.

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