

Journal of Hospitality Financial Management

The Professional Refereed Journal of the International Association of Hospitality Financial Management Educators

Volume 14 | Issue 1

Article 17

March 2010

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Recommended Citation

Mount, Daniel J. and Xiao, Qu (2010) "The effectiveness of a brand call-center in revenue recovery," *Journal of Hospitality Financial Management*: Vol. 14 : Iss. 1 , Article 17.
Available at: <https://scholarworks.umass.edu/jhfm/vol14/iss1/17>

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THE EFFECTIVENESS OF A BRAND CALL-CENTER IN REVENUE RECOVERY

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ABSTRACT

As organizations gradually recognize that enhanced customer satisfaction leads to better customer retention and profitability, the economic value of customers has been increasingly studied in various industries and individual companies in the past decade (e.g., Goodman, Ward, & Yanovsky, 1998; Reinartz & Kumar, 2000; Zeithaml, 2000). There has also been a significant increase in research on service recovery (Brown, Cowles & Tuten, 1996). However, very little research has aimed at the economic value of customers retained by effective service recovery in general and none, specifically, in the hotel industry. This paper presents a methodology to measure revenue recovery and the results of a six-year study on the effectiveness of a hotel call-center in recovering revenue for the hotel brand. The results show that the call-center has been effective in recovering revenue in that the recovery has been significant and is greater than the administrative costs of the call-center operation. The findings of this study suggest that revenue recovery could be a reliable measure for hotel brands to assess the economic value of their call centers.

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