

Customer Perceptions of Service

- Customer Perceptions
- Customer Satisfaction
- Service Quality
- Service Encounters: The Building Blocks for Customer Perceptions

Objectives for Chapter 5: Consumer Perceptions of Service

- Provide a solid basis for understanding what influences customer perceptions of service and the relationships among customer satisfaction, service quality, and individual service encounters.
- Demonstrate the importance of customer satisfaction—what it is, the factors that influence it, and the significant outcomes resulting from it.
- Develop critical knowledge of service quality and its five key dimensions: reliability, responsiveness, empathy, assurance, and tangibles.
- Show that service encounters or the “moments of truth” are the essential building blocks from which customers form their perceptions.

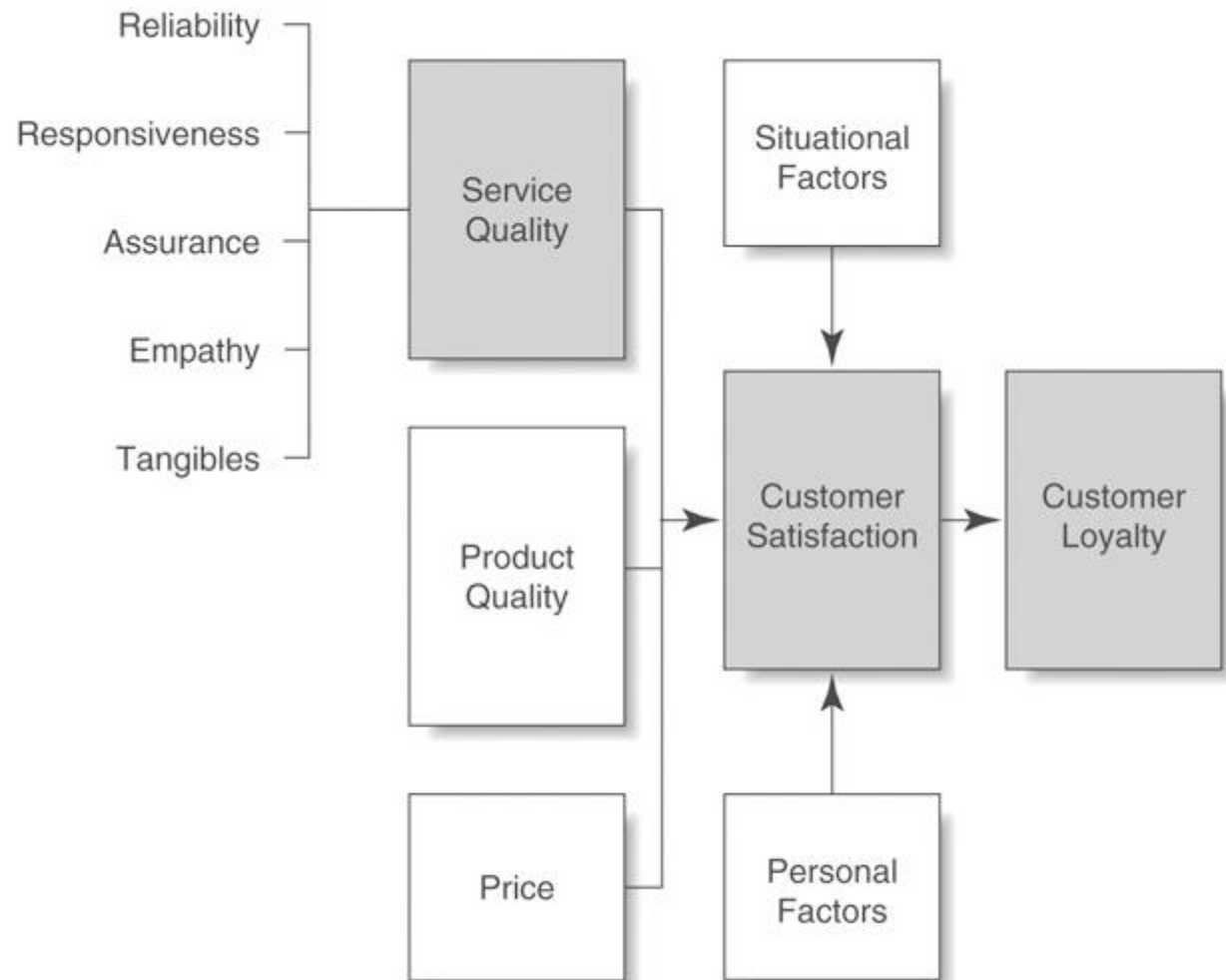
The customer is . . .

Anyone who receives the company's services, including:

- external customers (outside the organization, business customers, suppliers, partners, end consumers)
- internal customers (inside the organization, e.g., other departments, fellow employees)

Customer Perceptions of Quality and Customer Satisfaction

FIGURE 5.1
Customer
Perceptions of
Quality and
Customer
Satisfaction



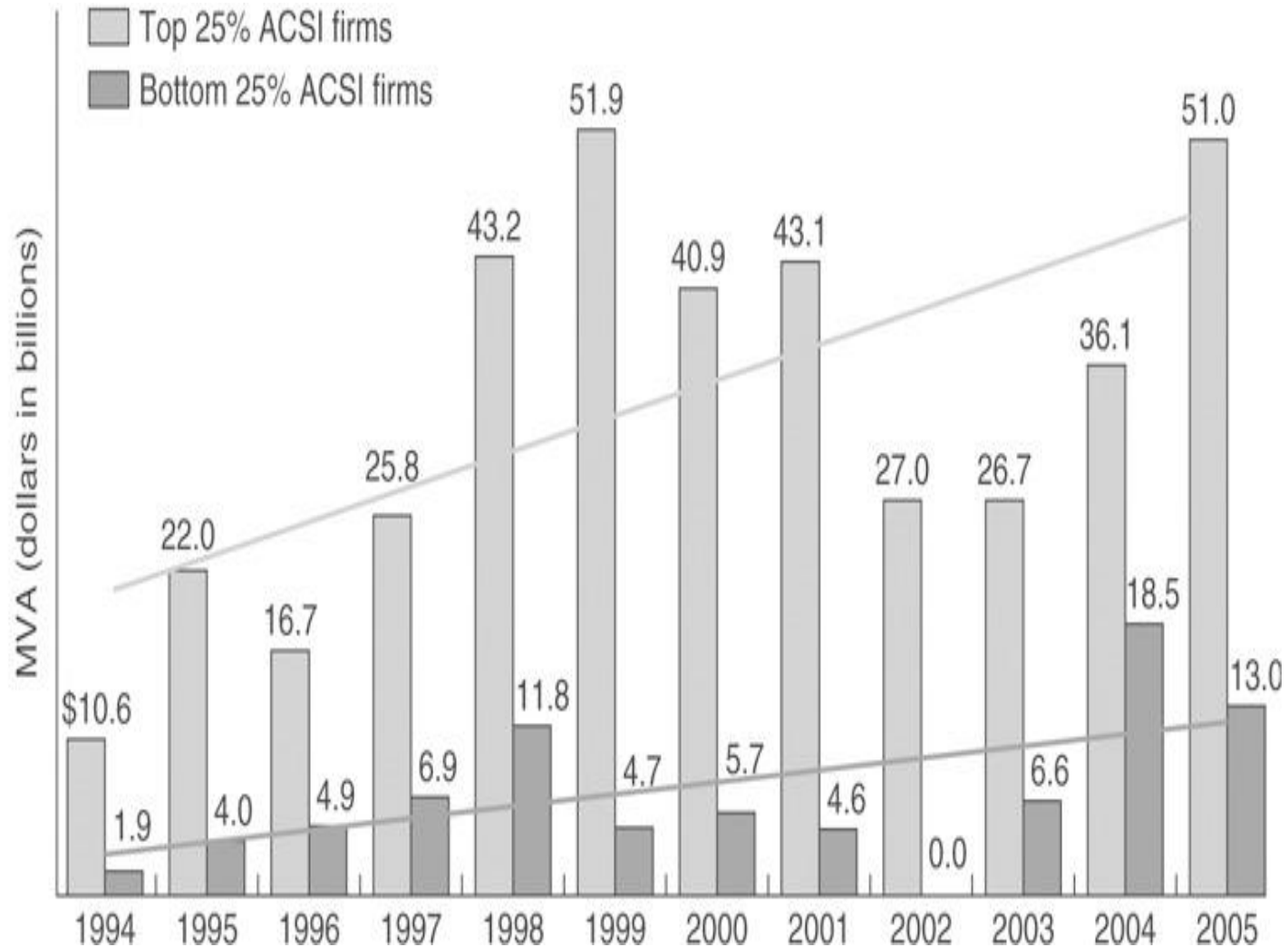
Factors Influencing Customer Satisfaction

- Product quality
- Service quality
- Price
- Specific product or service features
- Consumer emotions
- Attributions for service success or failure
- Perceptions of equity or fairness
- Other consumers, family members, and coworkers
- Personal factors
- Situational factors

ASQI and Market Value Added

FIGURE 5.2
ACSI and Market
Value Added

Source: ACSI website, www.theacsi.org, About ACSI, "Economic Indicator," accessed August 18, 2007. Reprinted by permission of American Customer Satisfaction Index, www.theacsi.org.



Geek Squad's Focus on Responsiveness



The Geek Squad emphasize the service quality dimension of *responsiveness* in its service positioning.

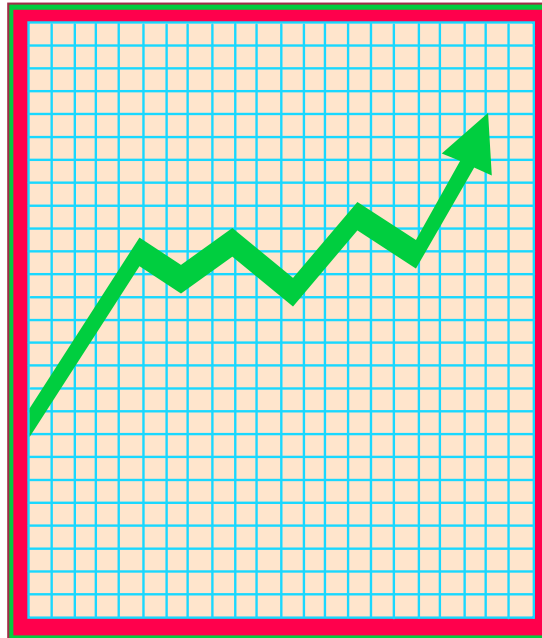
How Customers Judge the Five Dimensions of Service Quality

TABLE 5.2 Examples of How Customers Judge the Five Dimensions of Service Quality

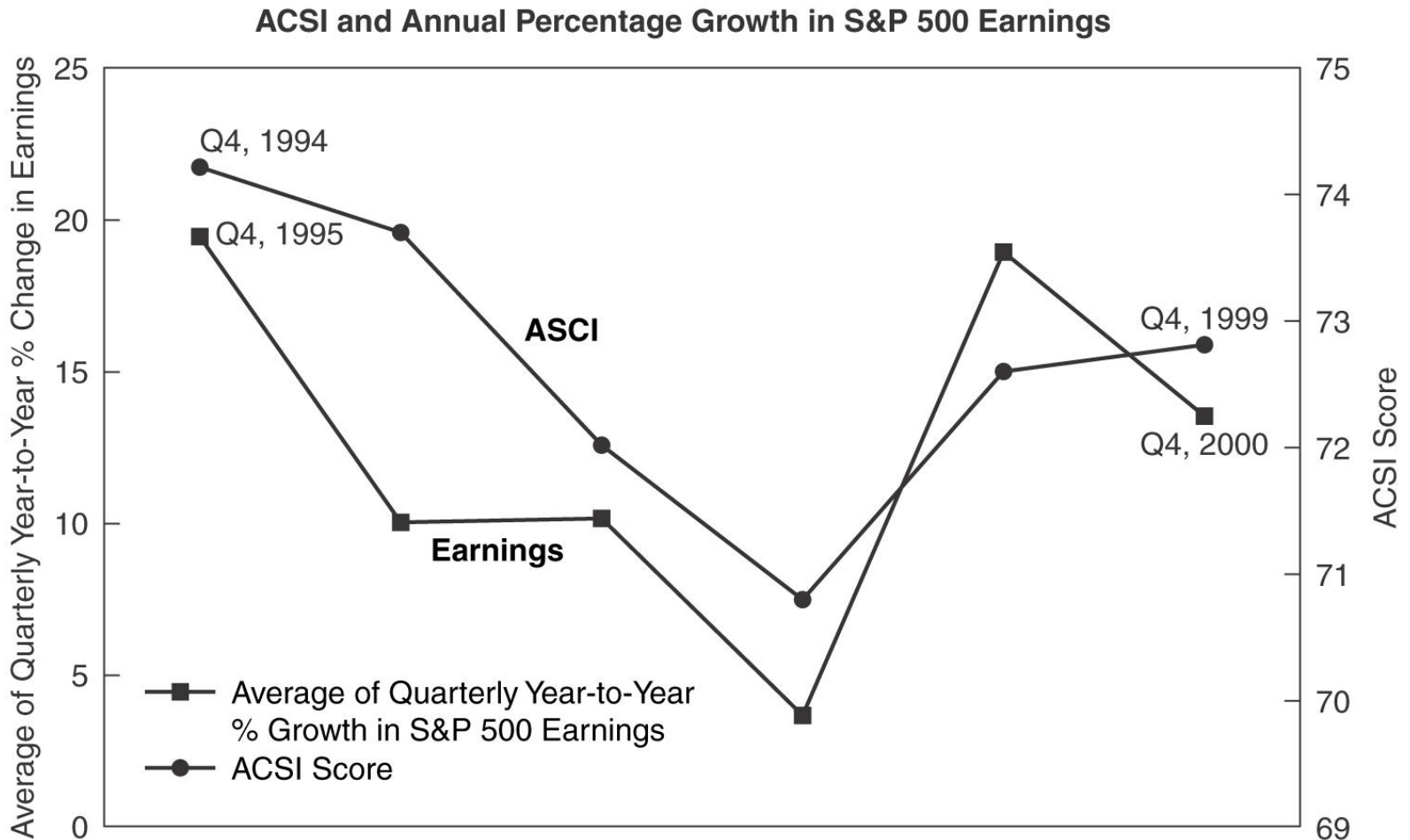
Industry	Reliability	Responsiveness	Assurance	Empathy	Tangibles
Car repair (consumer)	Problem fixed the first time and ready when promised	Accessible; no waiting; responds to requests	Knowledgeable mechanics	Acknowledges customer by name; remembers previous problems and preferences	Repair facility; waiting area; uniforms; equipment
Airline (consumer)	Flights to promised destinations depart and arrive on schedule	Prompt and speedy system for ticketing, in-flight baggage handling	Trusted name; good safety record; competent employees	Understands special individual needs; anticipates customer needs	Aircraft; ticketing counters; baggage area; uniforms
Medical care (consumer)	Appointments are kept on schedule; diagnoses prove accurate	Accessible; no waiting; willingness to listen	Knowledge; skills; credentials; reputation	Acknowledges patient as a person; remembers previous problems; listens well; has patience	Waiting room; exam room; equipment; written materials
Architecture (business)	Delivers plans when promised and within budget	Returns phone calls; adapts to changes	Credentials; reputation; name in the community; knowledge and skills	Understands client's industry; acknowledges and adapts to specific client needs; gets to know the client	Office area; reports; plans themselves; billing statements; dress of employees
Information processing (internal)	Provides needed information when requested	Prompt response to requests; not "bureaucratic"; deals with problems promptly	Knowledgeable staff; well trained; credentials	Knows internal customers as individuals; understands individual and departmental needs	Internal reports; office area; dress of employees
Internet brokerage (consumer and business)	Provides correct information and executes customer requests accurately	Quick website with easy access and no down time	Credible information sources on the site; brand recognition; credentials apparent on site	Responds with human interaction as needed	Appearance of the website as well as flyers, brochures, and other print materials

Outcomes of Customer Satisfaction

- Increased customer retention
- Positive word-of-mouth communications
- Increased revenues

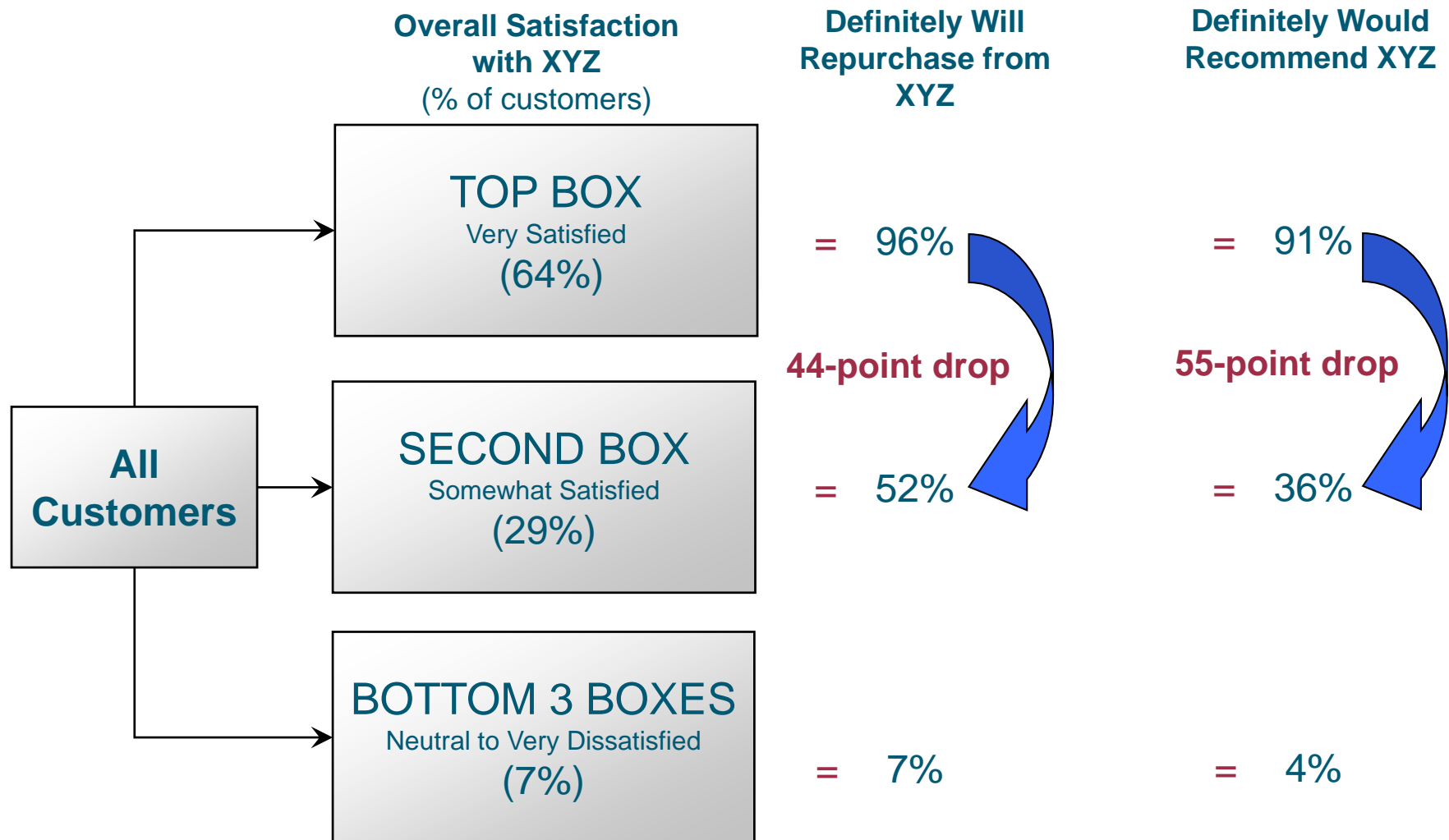


ACSI and Annual Percentage Growth in S&P 500 Earnings



Source: C. Fornell "Customer Satisfaction and Corporate Earnings," commentary appearing on ACSI website, May 1, 2006, <http://www.bus.umich.edu/research/nqre/Q1-01c.html>.

Top Box Scores – A Higher Standard

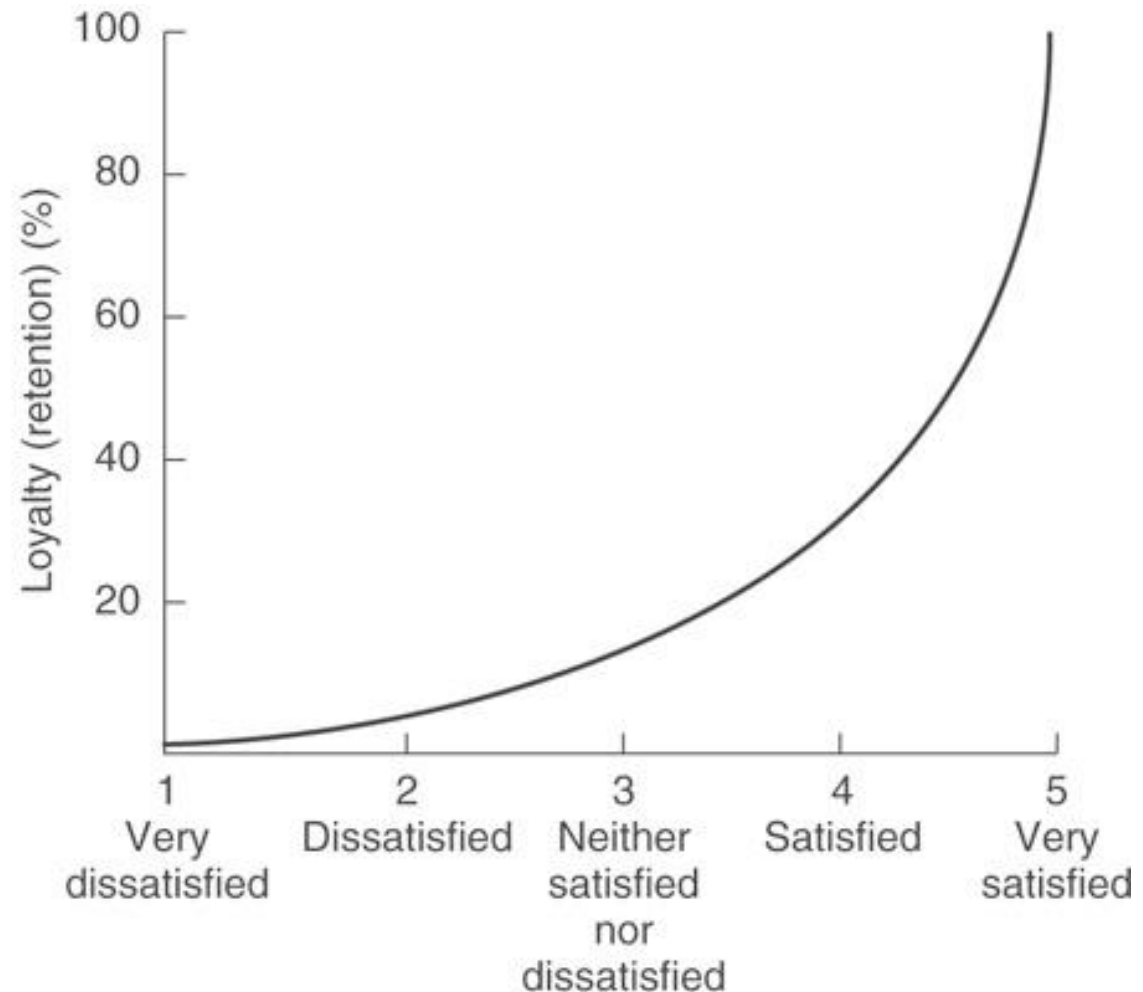


Source: Technical Assistance Research Bureau (TARP), 2007.

Relationship between Customer Satisfaction and Loyalty in Competitive Industries

FIGURE 5.3
Relationship
between Customer
Satisfaction
and Loyalty in
Competitive
Industries

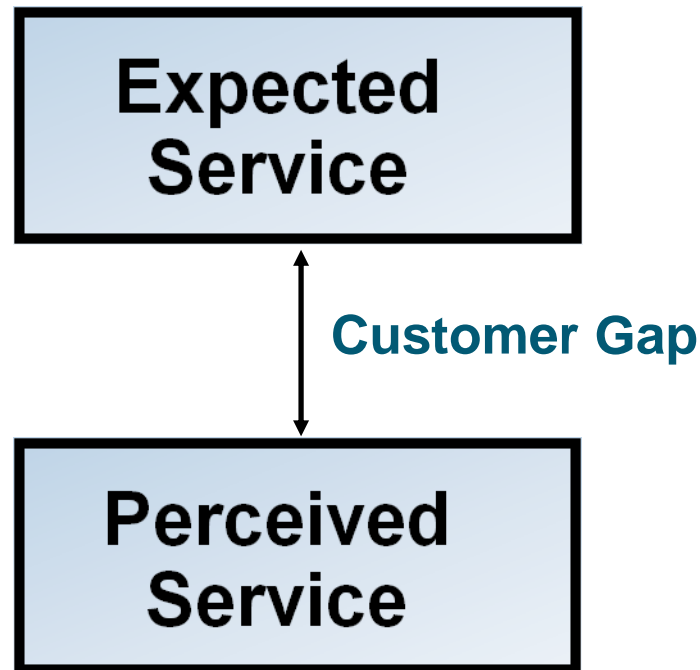
Source: J. L. Heskett, W. E. Sasser Jr., and L. A. Schlesinger, *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value* (New York: The Free Press, 1997), p. 83. Copyright © 1997 by J. L. Heskett, W. E. Sasser, Jr., and L. A. Schlesinger. Reprinted with the permission of The Free Press, a Division of Simon & Schuster, Inc.



Satisfaction measure

What is Service Quality?

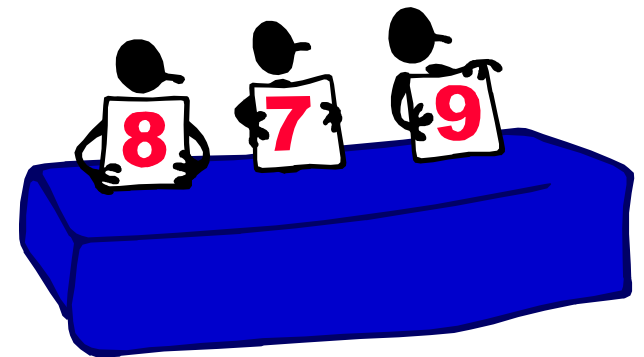
The Customer Gap



- Service quality is the customer's judgment of overall excellence of the service provided in relation to the quality that was expected.

Service Quality

- The customer's judgment of overall excellence of the service provided in relation to the quality that was expected.
- Service quality assessments are formed on judgments of:
 - outcome quality
 - interaction quality
 - physical environment quality



The Five Dimensions of Service Quality

Reliability

Ability to perform the promised service dependably and accurately.

Assurance

Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Tangibles

Physical facilities, equipment, and appearance of personnel.

Empathy

Caring, individualized attention the firm provides its customers.

Responsiveness

Willingness to help customers and provide prompt service.

Exercise to Identify Service Attributes

In groups of five, choose a services industry and spend 10 minutes brainstorming specific requirements of customers in each of the five service quality dimensions. *Be certain the requirements reflect the customer's point of view.*

Reliability:

Assurance:

Tangibles:

Empathy:

Responsiveness:

SERVQUAL Attributes

RELIABILITY

- Providing service as promised
- Dependability in handling customers' service problems
- Performing services right the first time
- Providing services at the promised time
- Maintaining error-free records

RESPONSIVENESS

- Keeping customers informed as to when services will be performed
- Prompt service to customers
- Willingness to help customers
- Readiness to respond to customers' requests

ASSURANCE

- Employees who instill confidence in customers
- Making customers feel safe in their transactions
- Employees who are consistently courteous
- Employees who have the knowledge to answer customer questions

EMPATHY

- Giving customers individual attention
- Employees who deal with customers in a caring fashion
- Having the customer's best interest at heart
- Employees who understand the needs of their customers
- Convenient business hours

TANGIBLES

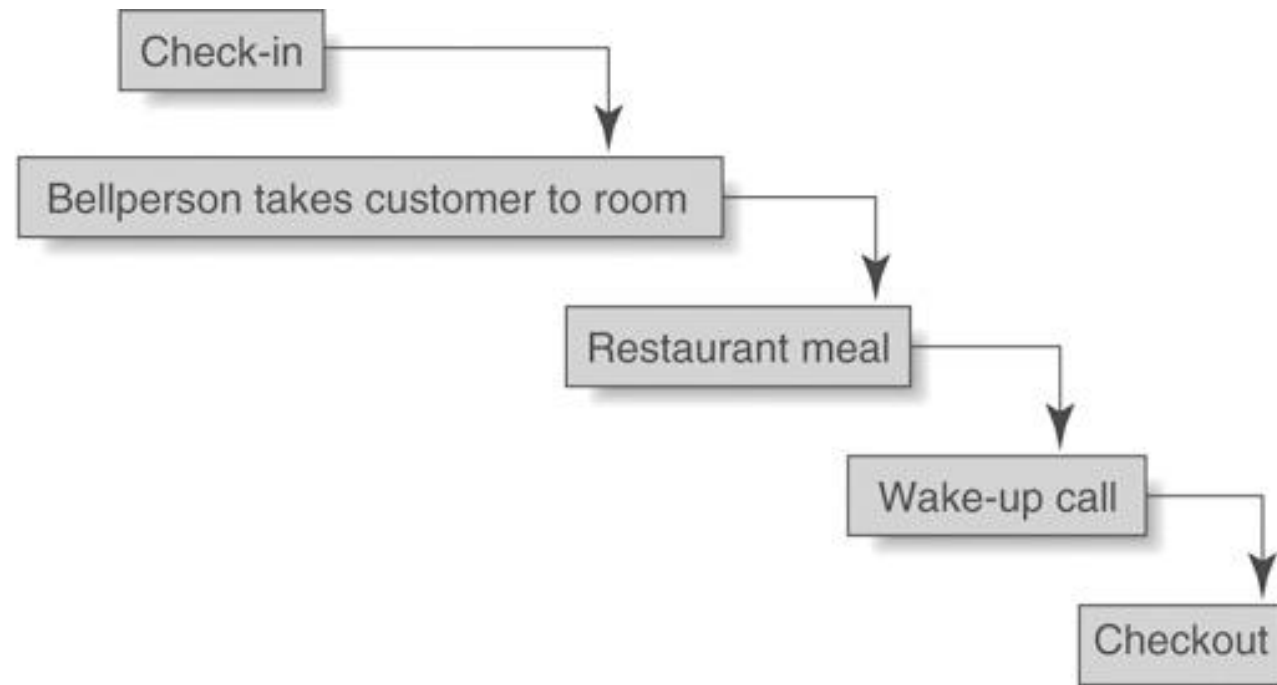
- Modern equipment
- Visually appealing facilities
- Employees who have a neat, professional appearance
- Visually appealing materials associated with the service

The Service Encounter

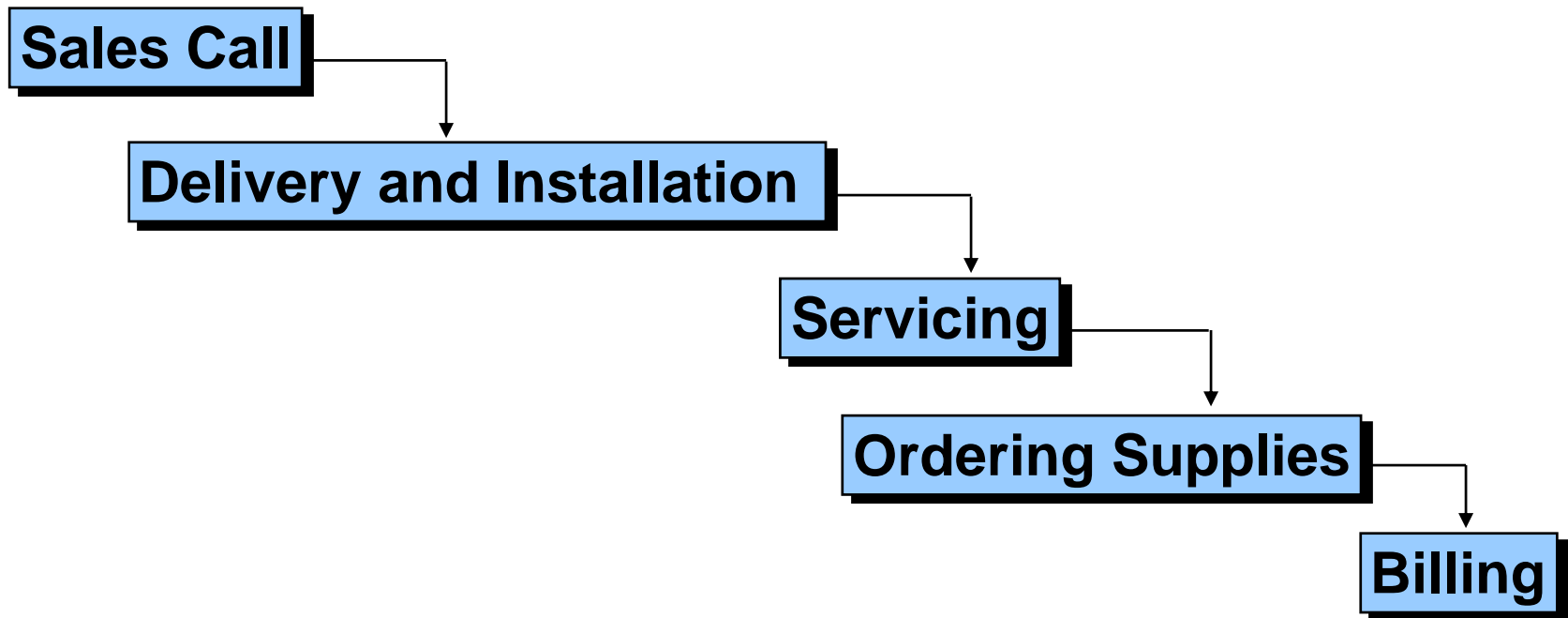
- is the “moment of truth”
- occurs any time the customer interacts with the firm
- can potentially be critical in determining customer satisfaction and loyalty
- types of encounters:
 - remote encounters, phone encounters, face-to-face encounters
- is an opportunity to:
 - build trust
 - reinforce quality
 - build brand identity
 - increase loyalty

A Service Encounter Cascade for a Hotel Visit

FIGURE 5.4
A Service Encounter
Cascade for a Hotel
Visit



A Service Encounter Cascade for an Industrial Purchase



Service Encounters: An Opportunity to Build Satisfaction and Quality

Every service encounter is an opportunity to build satisfaction and quality.

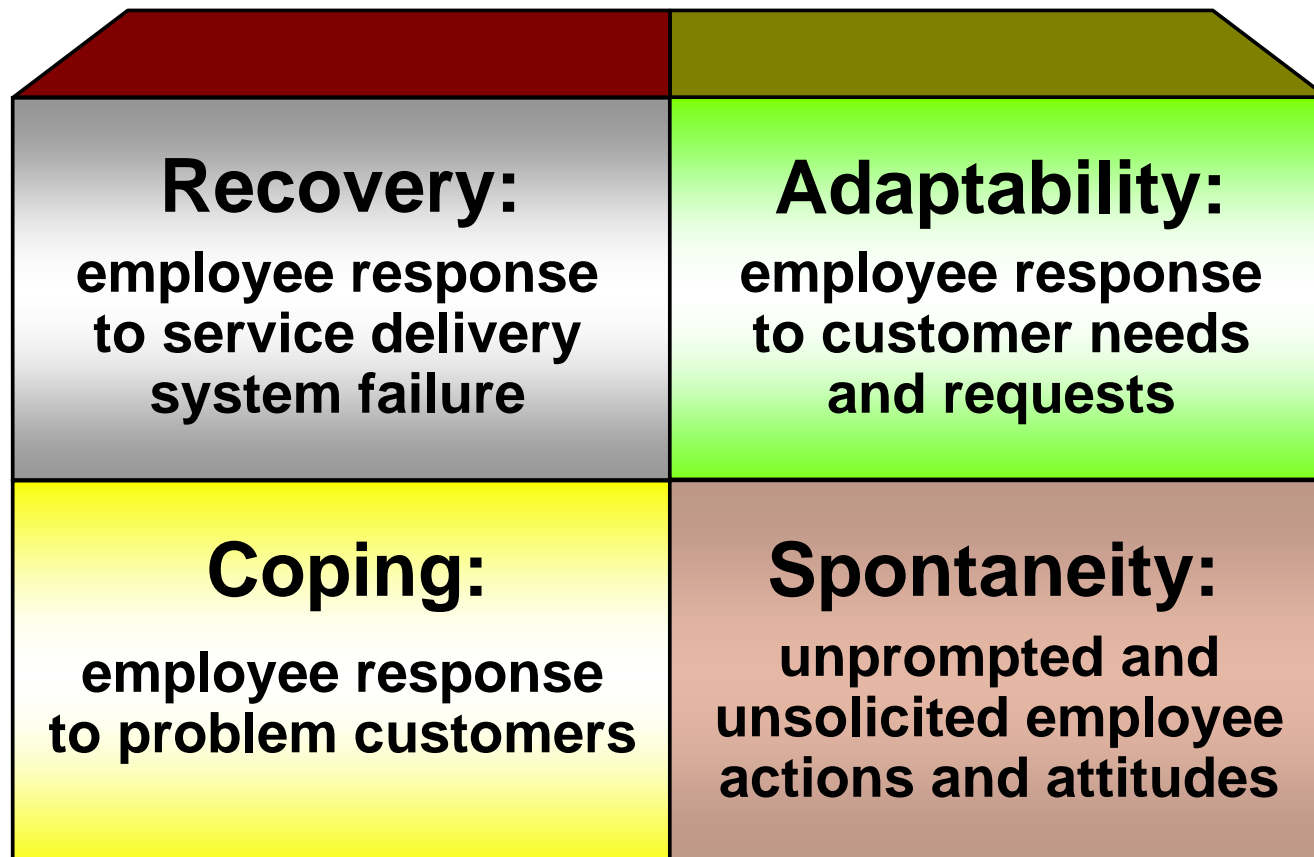
PEOPLE WHO CAN GREET YOU WITHOUT REFERRING TO A CORPORATE MANUAL.

It's not in their training. Or handbooks. What makes our employees unique is what's already in them. Things like eagerness. A genuine concern for your well-being. And understanding that the key to making you feel comfortable isn't written in a job description. Besides, who else gives you both Hilton HHonors® hotel points and airline miles for the same stay as well as a warm cookie at check-in? For reservations, visit doubletree.com or call 1-800-222-TREE.



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Common Themes in Critical Service Encounters Research



Recovery

TABLE 5.3 General Service Behaviors Based on Service Encounter Themes—Dos and Don'ts

Theme	Do	Don't
Recovery	Acknowledge problem	Ignore customer
	Explain causes	Blame customer
	Apologize	Leave customer to fend for himself or herself
	Compensate/upgrade	Downgrade
	Lay out options	Act as if nothing is wrong
	Take responsibility	"Pass the buck"

Adaptability

TABLE 5.3 General Service Behaviors Based on Service Encounter Themes—Dos and Don'ts

Theme	Do	Don't
Adaptability	Recognize the seriousness of the need	Ignore
	Acknowledge	Promise, but fail to follow through
	Anticipate	Show unwillingness to try
	Attempt to accommodate	Embarrass the customer
	Adjust the system	Laugh at the customer
	Explain rules/policies	Avoid responsibility
	Take responsibility	"Pass the buck"

Spontaneity

TABLE 5.3 General Service Behaviors Based on Service Encounter Themes—Dos and Don'ts

Theme	Do	Don't
Spontaneity	Take time	Exhibit impatience
	Be attentive	Ignore
	Anticipate needs	Yell/laugh/swear
	Listen	Steal from customers
	Provide information	Discriminate
	Show empathy	

Coping

TABLE 5.3 General Service Behaviors Based on Service Encounter Themes—Dos and Don'ts

Theme	Do	Don't
Coping	<ul style="list-style-type: none"> Listen Try to accommodate Explain Let go of the customer 	<ul style="list-style-type: none"> Take customer's dissatisfaction personally Let customer's dissatisfaction affect others

Evidence of Service from the Customer's Point of View

FIGURE 5.5 The Evidence of Service (from the Customer's Point of View)

Source: From "Managing the Evidence of Service" by M. J. Bitner from *The Service Quality Handbook*, ed. E. E. Scheuing and W. F. Christopher, 1993; Reprinted by permission of the American Marketing Association.

