**Lecture - 38**
**Service Quality**

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Continuing with our discussion on service quality, what we have now understood from yesterday's discussion, that our aim is to reach customer advocacy, which means that from this state of customer, we have to ensure that we have customer's who smiling, satisfied and are vocal about the quality of your service, about the satisfaction that your service delivers. Now, as it is shown in this diagram, if the customer is not happy from that state to the state of happiness, it is not a matter of just pushing some buttons.

Because, technology can take you to somewhere on the way, but there will be often if there are other things systematically not properly taken care of, then the customer will be very unhappy as it is shown in this diagram. But, your service provider may not actually sense that level of unhappiness of the customer, so there will be a synchronicity between the service provider and the service consumer.

So, as we discussed yesterday, that we have these qualities, these processes, these classes of actions, which is tangible, empathy and responsiveness, reliability, assurance, which will take us to customer satisfaction and which will lead us to customer advocacy. We have deliberately met this diagram a kind of a fuzzy overlapping diagram to highlight the

fact that you have to treat there are this five classes of factors like tangibles mean modern equipment, visually appealing facilities, employees who have need professional appearance, visually appealing materials associated with the service.

Or empathy will mean giving customer's individual attention, employees who deal with customers in a caring manner, having the customer's best interest at heart, employees who understand the needs of their customers and convenient business hours. These will come under empathy. Assurance will mean employees who instill confidence in customers, making customers feel safe in their transactions, employees who have knowledge to answer questions, responsiveness will mean keeping customer's informed when service will be performed, prompt service to customers, willingness to help customers, readiness to respond to customers request.

And finally, reliability will mean providing service as promised, dependability in handling customer's problems, performing services at the promised time, maintaining error free records and so on. All these different processes, attributes, actions can; however, fail and we will discuss about the kind of failures that occur and what we will do a little later. But, first let me share with you some interesting research, a number of studies have been done with respect to customer satisfaction.

In fact, in the service literature perhaps the highest number of publications are available with respect to customer satisfaction. Because, this is a fascinating subject, services intangible, even as we discussed yesterday of those five classes of five ways of finding service quality; that is empathy, assurance, these are also all very humanistic, subjective, qualitative processes and steps. So, it is not so easy to determine that whether you are on the right track or not.

So, customer satisfaction that is why, how service customer satisfied, why how service customer is dissatisfied, these topics have attracted lot of research attention. But, some interesting findings are that all customers are; obviously, when they are procure in a service, when they are exchanging value to occur a service regard to be satisfied. But, that is not mean as I mentioned yesterday also, a satisfied customer necessarily does not mean a repeat customer and necessarily does not mean a customer advocacy.

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So, customer loyalty often is actually just it is due to the lack of a better alternative. So, the switching inconvenience should not be a mistaken for customer loyalty, which will lead to customer advocacy. So, switching inconvenience can keep a customer born date, but does not mean that the customer is feeling happy, because it is only by you have a happy customer you have a delighted customer.

So, delight is very important to achieve customer advocacy and as I had briefly discussed earlier that when it comes to this delight, you know if we actually draw a diagram, where this is actually the dissatisfied zone and this is satisfied and we will say many additional features and lack of features. So; obviously, if customer is towards satisfaction if you go from dissatisfaction, there are certain types of factors like for example, in a restaurant if you do not have a toilet, then the customer will be dissatisfied, but customer satisfaction will not increase if you provide five toilets.

So, which means that there are certain factors, where the absence causes dissatisfaction, but the presence causes satisfaction up to a certain limit after that it saturates. And then, there are certain types of factors, where you know the more the warrior, these are called unidimensional, it is like price, weight and all these kinds of factors. So, you know lighter it is, better it is, lower price the customer has no even if a customer would rather like to approach that it is almost free.
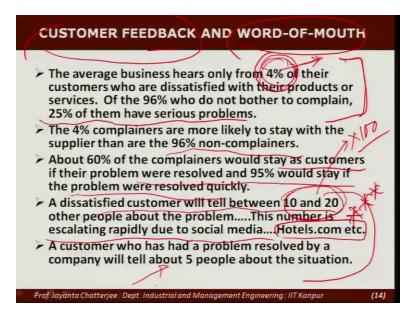
So, lower the price better the customer satisfaction that goes on, but whereas these are called these which saturates, these are called must have; that means, you must have them

these features in the service. But, if you have too much of them, it does not increases us happiness, that what we are mostly interested is that there are certain lack of features, which customer is not even conscious about, but when you point out or when they enjoy the first glimpse of that particular feature, then, their satisfaction increases almost exponentially and these are the delighters.

We will, this model is called the Kano model, professors Kano's contribution and you might like to check this out on the net Kano model, there are number of different presentations on this and interesting papers are available. But, I will come back to the Kano model later towards when we are wrapping up. At this moment I just wanted to allot you to this fact that in customer's satisfaction, the factors that cause customer satisfaction can be classified in this three types, one which we called must have or; that means, those are your entry criteria to the game.

If you do not have a toilet, then it is very difficult to run a restaurant and then, there are certain factors, which are unidimensional, which means as you see, that if you invest too much in this types of factors, it is not very useful and there is also a certain limit that you must set on the investment that you do in this unidirectional types of factors. And you should actually put more emphasis or put more investment in these factor which causes delight, because that is what will take you to what is customer advocacy. So, when you give this customer's some extra value, then you have to, I discussed Kano model to allot you to the fact that, what at this extra value that you will focus on will depend on these three classifications. So, check out Kano model on the net, read some of those papers when Kano model is apply to service businesses and we will discuss this during the wrap up once again.

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Again some very good research that I would like to share with you that average businesses hears only from 4 percent of their customers who are dissatisfied; that means 96 percent of the customers they are dissatisfied, but they do not take the trouble to inform you that they are dissatisfied. And of this 96 who do not bother to complaint, 25 percent of them have serious problems, which means this is something very; that means, almost 24 percent of the whole population they are seriously dissatisfied.

Now, comes the so; obviously, this is something that you have to address in your management system, service management system, that you have to see that more and more people express, articulate their dissatisfaction. Because, if you do not know as it shows only 4 percent they actually articulate, so this 4 percent number you have to enhance.

Because, more you know the better will be your capability to take corrective actions; obviously, now this 4 percent people who complain very interesting, they are more likely to stay with the supplier than or the 96 percent people who are not complaining. That means, those 4 percent who complain and you know about the complain and you can therefore, setup if you are a well run services business you can set up mechanisms to recover, you can set up mechanisms to compensate the customer.

And therefore, you have an opportunity to develop relationship, so customers who complain are for better assets, then customers who silently do not complain and had silently dissatisfied, silently unhappy. 60 percent of the people, who complain will stay

as customers if their problem were resolved and 95 percent of them will stay if their problems are solved quickly. All these numbers are very well research with number of different occasions with number of different types of services.

Particularly in high contact services like a restaurant or a 4 star hotel or a saloon or certain types of medical procedure they are all these, these number has been researched from those types of high contact services. Now, this is another research that I am sharing with you as done may be 10 years earlier or 15 years earlier these are for more serious points today, because of the you be quit as presents of social media of different types whether it is face book, twitter and so on.

Because, a dissatisfied customer will talk at least 10 to 20 other people, now this number I would guess has been used may be 100 times more today. That means, 1000 to 2000 people can actually notice the outgoing of this dissatisfied customer about a hotel service or about a transport service or more interestingly about mobile phone service. I had a bad experience last month I think I shared with some of you this particular problem that I had when I went abroad and with my global roaming I taken a global roaming back.

But, when I came back that back was not applied and I was asked to pay some 44000 rupees. But, and I had to wait for 15 days before the next cycle of billing when that pack was applied and then, my bill came down to something like 3000 rupees. Now, this sort of anomaly is when I put it on I express this share with my friends on face book I got some 600 clicks on that. So, which means that today a dissatisfied customer earlier research show that they will talk to 10 to 20 people about their problem. But today this number is escalating rapidly due to social media.
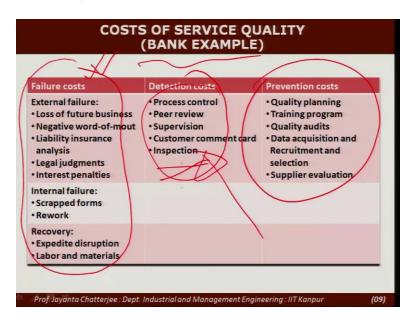
So, if you see sites like hotel dot com or booking dot com or gobibo dot com you will see there are number of people who express voice, the satisfaction or dissatisfaction, because incentives are given hotels dot com and these sites they regularly interact and request you to put your ratings and these are they can be very powerful marketing tool they can be very powerful team marketing tools. So; obviously, the reference or opinion of earlier customers are given a lot of weight age for intending service customers.

So, therefore, taking care of the word of mouth and regularly soliciting customer's feedback and acting upon those feedbacks have become crucial elements of managing services. Because, more feedback you have better is your chance to address the problem, so you should first focus on getting feedback to increase this number from 4 percent to

24 percent 34 percent or 50 percent that will be ideal.

And then, you address those problems and you regularly watch that the kind of interactions that are happening on the social media and see that action is taken and another interesting thing is that when a problem is resolved, then also customer's articulate this satisfied customer's talk to 2000 people through social media. But, satisfied customer's if you actually pursuit them to articulate will also reach out to 500, 1000 people and that is a powerful force and that is what we mean by advocacy.
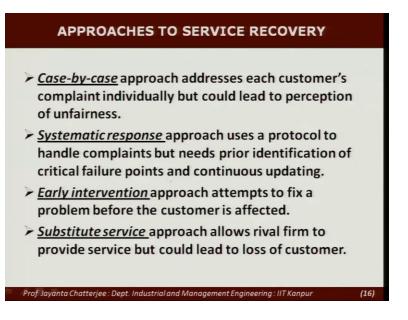
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The cost of failure is this is another interesting research is this taken from a bank that; obviously, if the failure occurs like suppose there is a fraud in the bank or some kind of wrong transaction in all those cases the failure cost is very well high. So, in this kind of services, which demand high security it is very important to start from prevention cost.
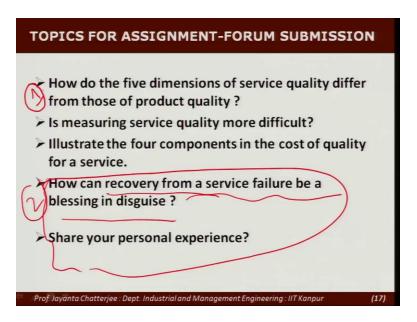
So, the in the investment that you make in preventing is very important and you should also have a mechanism, that suppose something has slept through your prevention mechanism you should be able to detect the problem even before it occurs. And these are the ways this process control, customer comment card regular inspection and audit, thirty party audit these are various ways and I just show you in a different processes and they are relative applicability just now.

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So, service recovery is something that we will discussing lot more detail later on, but at this moment I will just say that service recovery can be done case by case systemic response there can be some early interventions; that means, at the detection stage and we see all these weight ages or the mix of this different that you should take.
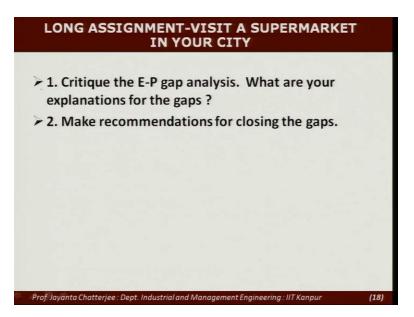
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So, I end the session with this topic for assignment for the forums sufficient and this is in front of you on the screen the first question is how through the five dimensions of service quality differ from those product quality. And I would say a actually may be I had given four I would say that know to you focus on this one, that how to the five dimensions service quality differ from those are product quality.

And the other one I think I would say that how can recovery from a service failure be a blessing in disguise and here I would like you to share your personnel experience. That means, an adverse situation in service failure situation you are in that situation you are angry and then, the service provider something to recover from that state and why that is a blessing in disguise. I would say these are the two questions you should focus on how do the five dimensions of service quality differ from those are product quality. And second is how can we recovery from a service failure here blessing in disguise and share your personnel experience and please post these responses on the forum.

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And this is a longer term assignment, you can submit this I would say this is the voluntary the first one is actually is compulsory the one which is those two questions. But, this long assignment is voluntary if to submit it I will evaluate it and I will with my comments and I will appreciated and; obviously, it will also be very useful for pear to pear learning.

The first one is that you I would like you to you critically analyze these gap philosophy or the gap method this gap between perception and expectation and using that as a model for service quality over to you think about it, do you a agree, do you have some reservations have you seen some situations where this cannot be applied. So, what are your experiences and explanations for the gaps and take particular situations where you have observed this gap is glaringly present and suggest your options how to close those gaps.

Thank you.