Marketing Management - II
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Lecture No. W8-L3
**Failure of Service and Solution**

Hello welcome to the third session of the eighth week of our course on marketing management II and we are discussing about services marketing. I closed the last session with this particular slide where we were discussing about the challenges posed by mismatch between demand and supply in the service business.

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The point that highlighted in the last session that marketing and operations they have to often work most often work very closely together to manage this mismatch because that creates this marketing and operations close integration creates a good impression about that service. It allows us to calibrate the customers expectation. It allows us to beat stimulate demand when unfilled capacity is available and manage overflow demand overflow by innovative service expansion or temporary transient service expansion.

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A BLUEPRINT FOR OVERNIGHT HOTEL STAY
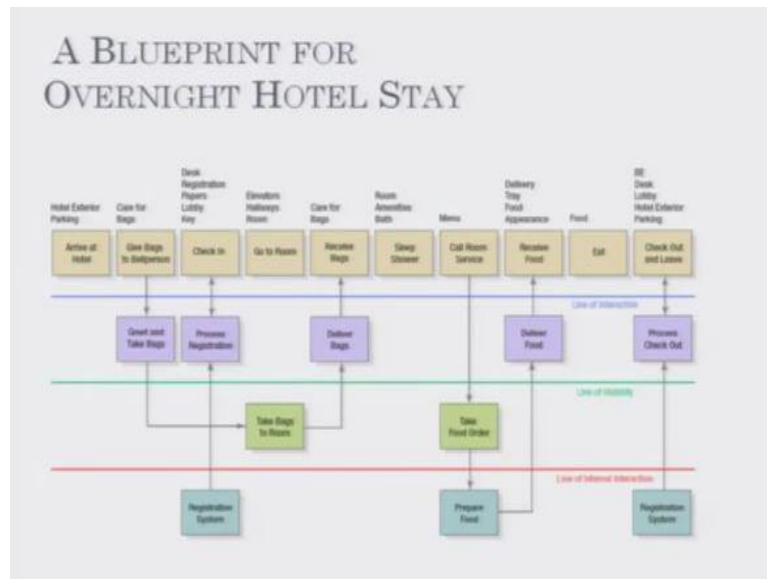
If we look at this next slide which again is of course taken from a much more detailed discussion on this as available in the book on services marketing which I mentioned in the last session which is co authored by me and Professor Yucan Wirths and services marketing.

So, there we have a long discussion to highlight that service is actually a continuous flow in goods most often we can clearly distinguish the domain of marketing and the domain of operations or production in service. As I will just now explain using this example of a hotel stay you will see that what the customer will feel our customer expectations before or at the beginning of the service and customers perception at the end of the service will depend on both marketing and production.

So often we say that production is marketing and in some way marketing creates the good production so sometimes we think of this service like a hotel or a restaurant like a theater. So, in a theater as you know there is a front stage whether a set of actors who are enacting a particular script but they will be incapable of satisfying you if they are not well supported from the back stage by light, by sound control, by different facilities that are available for movement of people for changing of set.

So, the backstage and front stage must work together to make a play successful. So, this theatre metaphor can be quite easily understood. If you look at a hotel stay, so at the entry point where the hotel a parking or well actually the front registration desk, the lobby the registration process for checking in for going to the room.

This is like the front end of the service the room itself up to that point is like this front stage but the functioning of the front stage good functioning of that the front stage will definitely be dependent on say housekeeping. So, in the customer goes to take a shower or customer ask for room service customer is enjoying the service that has been provided by the people who are normally invisible the housekeeping people or the people who are cooking the food at the back end in the kitchen.

So, as we say in room dining a room service or the housekeeping those are all things that are happening at the back end but it is that back end service which makes this front end successful. And this thing that actually going to the room taking the food and then eating and then going to sleep and then a next day going out and checking out again in checking out the back-end accounting system the computer system all that will play a very good part and what you do here with the computer database creation.

When you next time come and you are welcomed by your own name and say welcome back Mr. Chatterjee or Hello Professor you have not come for quite some time. Welcome to our hotel all these is possible because at the checkout time you have taken some data which is fed back at the time of checking in because of the advance reservation which you have made. So, we often actually call this line this green line as you see this is the line of visibility.

Because this is actually on the front side this is what is happening your customer is in direct interaction with people service people. But many of the service people who take for example process the food order or cook the food or the registration system the IT system at the back end or the checkout system the payment system. And the IT system at the back end these are not visible but those are essential to make the service successful.

So, we often actually therefore offer you can look up in the book our model of skol serve action model which means the service a presentation and production operates is a seamless system of the back end and the front end and the back end to make the service successful. This continuum necessitates that to succeed in the service business you have to take a system approach and you have to often treat the roles the people roles in the service as boundary less.

Because if a person is having trouble in the room with respect to the shower and the person may actually call up the reception even though actually this is something to be done by the

plumbing people or the housekeeping people but the customer expects that any person it may be a luggage boy, a bellman just going across but if he is told about this shower malfunctioning he will have to immediately take care of it.

Must not allow the ball to drop this seamlessness of service because the customer does not actually care how the responsibilities are divided how what is the designation of that person which department he belongs to. If the customer does not care the customer wants immediate resolution. So that is why in-service business the it is very difficult to distinguish where marketing ends where production starts where production ends where after sale service starts it is a continuum.

And therefore, you have think of you excellence when you think about excellence we have to think of the entire thing together and that is why we will see shortly that the models that we use for creating customer satisfaction creating service excellence rely upon this seamless flow of service end to end.

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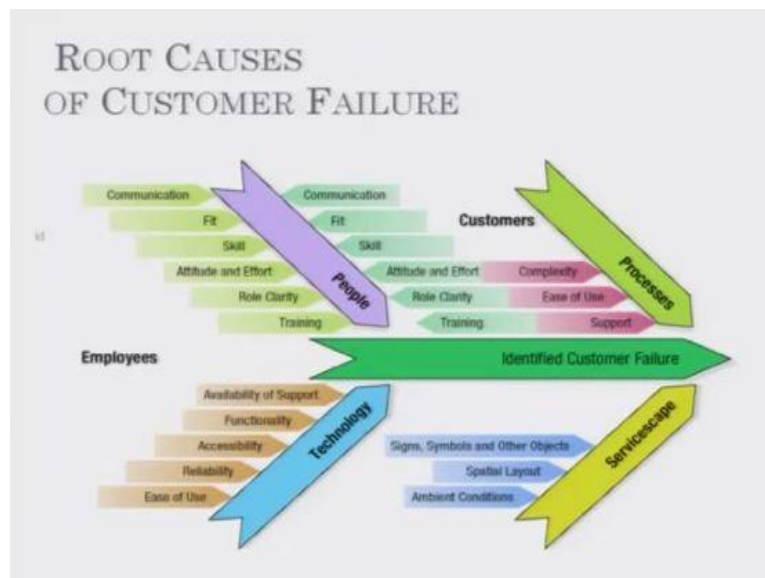
This is a kind of derived from the previous diagram if the customer at the end when the customer is checking out and gives a feedback that he was not satisfied. His checkout was delayed or his room was noisy or the food was not good or when he registered checked in that time here to wait for a long time for this baggage to arrive in the room. All these feedbacks if we want to diagnose what caused the dissatisfaction.

We have to often use like for example if the baggage arrived late you cannot conclude immediately that the bellman was at fault. It may be something to do with the employees it could be something to do with technology maybe they do not have adequate luggage transportation, trolleys adequate number is not available or proper trolley design is not available. So, to identify the service failure reported by the customer like for example if a customer are very unhappy because of the delay in flight.

Now the delay in flight may not be only due to late arrival of a aircraft it could be because for the weather condition or because of the congestion of the runways. The flight could not the previous flight could not land maybe there is some you no problem mechanical part which need which was seeking some change and that is why the flight got delayed. So, you see to satisfy or address the customer complaint.

It is important to think it again in terms of this we call it the root cause analysis and because it looks like a fish it is also often called the Fishbone diagram and you see the systems approach because every failure here needs to be addressed in terms of people technology process and the service scape. Service scape like landscape means the whole service facility and its ambience even that sometimes causes dissatisfaction like ambient condition.

If the air conditioning is not working properly if the toilets are very unclean or overflowing if there are not adequate numbers of toilets. So, these are all part of the what we call infrastructure and spatial or geographical layout and the heating cooling ventilation conditions ambient condition and so on.

So, service cape needs to be investigated process like how the customer interaction is taking place the ease of use the complexity of the service interfaces. Sometimes the flights are delayed these days because you know many airports are changing over to automated check in. So, you have to do self check in so you have to go and you know put in your PNR and then using your that your id number or registration of you or your e ticket number you have to generate your own boarding card you have to generate your own luggage slips after the luggage is weighted.

And automatically the strips are generated and you have to put that in your bag and then you have to deposit the bag at some counter. So, lot of people who earlier used to you and ask for

your seat selection and will issue the your boarding card. Accordingly, and then we will tag your bag all that function these days are often made into self service.

Now if that process is abruptly introduce if you do not provide some guidance or as some help to the customers to cope up with that change. Maybe some senior citizens will still need hand holding or some young travelers, first time travelers will definitely need a lot of help. So, if your process has not taken that into account and you certainly put in all these new machine and remove all the or reduce the number of check in counters rustically.

You will create dissatisfaction if your people are not properly trained they dont have the skill they dont have the communication ability attitude effort role clarity training all that will contribute to dissatisfaction. And technologically you know the reliability of your technology the ease of use the accessibility and the man machine interface the functionality all that will also be very important.

So right from this end which are people oriented and facility oriented to this end which is process and the service ambience the entire chain must be investigated to really understand that what caused the service failure or what caused the dissatisfaction okay. So, this another point I make in addition to the previous point where I talked about the hotel as a seamless flow of service even to investigate service failure.

We have to understand this seamless or the systems nature of service where unlike in goods. We cannot distinguish between production and marketing operations and marketing and responsibilities cannot be segregated so accountability must be integrated.

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SOLUTIONS TO CUSTOMER FAILURES

- Redesign processes and redefine customer roles to simplify service encounters
- Incorporate the right technology to aid employees and customers
- Create high-performance customers by enhancing their role clarity, motivation, and ability
- Encourage customer citizenship where customers help customers

Solution to customer problems therefore will need redesign of processes redefine of roles right technology and of course this point about customer citizenship or customer participation as I was mentioning about self check in thats the tendency now in more and more in services but it you must to succeed like to deploy ATM machines or to deploy automatic printout of your passbook to introduce those changes you must understand the systems nature of service.

And you must provide the transition services there must be people available to tell customers how to print the passbook using the new machine and maybe after two months, three months you can disengage those people by that time enough number of customers are already used to the new service and they will tell other customers how to use the new service. So, you have to think through the whole thing and often you can use this fishbone diagram for proper management of these service failures.

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THREE TYPES OF MARKETING IN SERVICE INDUSTRIES
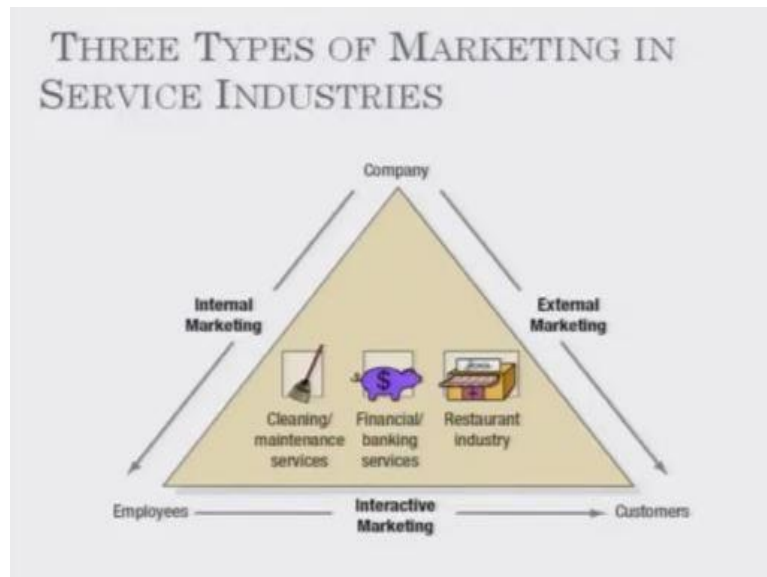
The concept here that we are describing is that normally when we think about marketing we think about this site that company to customer but in service we actually talk about two other types of marketing one is that if you the level of service you want the service creed or the service promise that is the feature of most hotels. You will see when you go in you will see some like or some declaration that what is their service promise that is called service promise.

Now you may provide a service promise of some you know the best sleep or the best bed of the best pillow or you know very prompt check out a very prompt registration or check in all these you might have promised in your service promise in your company to customer communication but if that is not well supported by the customer the company to employee communication if all the employees are not on the same page.

If they dont understand in full what you are trying to promise from the top management then this marketing will fail. So external marketing often fails in service businesses due to inadequate internal marketing between the company and the employees also because as I mentioned if you take this hotel check in blueprint that we discussed at every point the customer is in contact with a service person be it at the reception desk.

These are the entry point with the bellmen be it and in his room when the bellman brings the luggage be it with the person who delivers the food be it the person who takes the order room service order on telephone. Everywhere there is an employee to customer direct interaction that is why we see the third arm is the employee to customer we call it interactive marketing.

So external marketing, internal marketing and interactive marketing must work as a system again I highlight this word systems thinking is very important for service business to succeed so, I am coming to the end of my this session this is a very famous service quality model also called the surf coal model Parasuraman and others actually developed this model.

This model fundamentally relies on the gap theory it basically says that the because service is intangible because service maybe credence related that you can't actually evaluate the service. Till you experience it or in some cases even maybe quite some time after the experience of consumption service quality is the gap between pre consumption, expectation that means your expectation before you acquired the service or before you entered the service process pre consumption, expectation.

And its gap with respect to post consumption perception okay so if I go back to the hotel diagram right. So, before you arrive at the hotel because of the marketing effort and even when you just even if you dont know about that hotel and you have just sort of happened to be there in you might have just booked it on the web based on some information.

At this stage, you have some expectation that may be based on the price you are paying that may be based on some friend who had stayed there earlier that may be based on something that you red on the internet when you book the hotel. So, there is customer has pre-consumption before the consumption the customer has some expectation and after the customer has actually taken the service and the customer is exiting the service is checking out the customer has post consumption some perceptions some mental model.

So, there is a mental model there and there is a mental model here that mental model is based on expectation this mental model is based on perception and experience so the gap between this experiential perception after the consumption of the service and the pre-consumption expectation gap between experience expectations is what determines the service quality.

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SERVICE-QUALITY MODEL
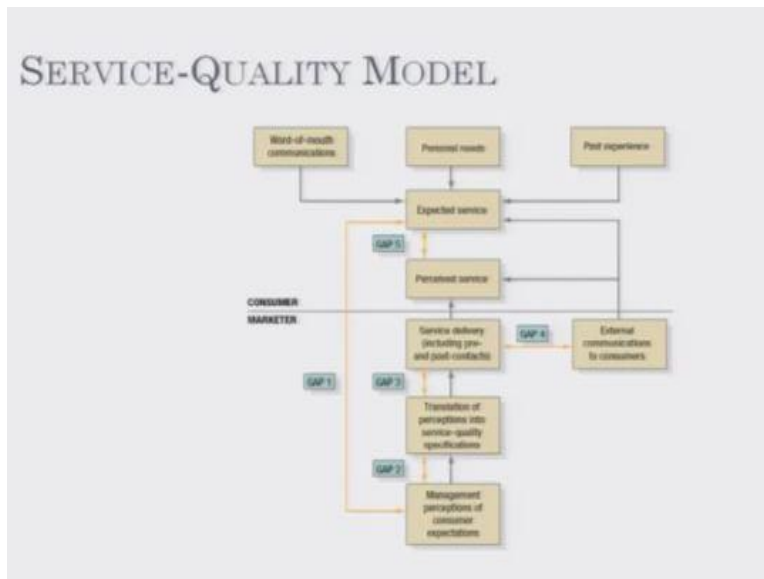
So, if your exit point perception exceeds your before consumption expectation then you will be highly satisfied you will be delighted. If it just meets that means you had some expectation ok. I am paying 3500 rupees so the hotel should have at least it should be clean the bathroom should be functional the food should be you know edible so you did not have a very high end of expectation but at least the hotel provided you a comfortable bed a clean bathroom a quiet room prompt service of food.

It met your expectation you will be satisfied if any of these things did not happen up to your expectation that means your perception after the consumption said oh now the bed was very creaky, the bed was very hard, on the bed was very soft those lot of noise coming from the road the bathroom faucet was not functioning properly or the shower came out and then you know you will be dissatisfied.

So, we have therefore look at the gaps and the gaps are looked at gap between consumer expectation and management perception the gap between management perceptions and service quality specifications the gap between service quality specification and actual service which has been delivered. So, the one end to the other end the gap between experience and expectation is now broken up into 5 gaps which are actually displayed here.

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DETERMINANTS OF SERVICE QUALITY

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles

And based on this we therefore say that service quality is determined on this 5 factors. So, if you actually read from here it is like TEARR with a double R. So, tangibility, tangible empathy, assurance, responsiveness, and reliability. These 5 factors determine the service quality and they are derived from the gap theory I will explain this in more detail in the next session. Thank you!