

Service Marketing: A practical approach
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Lecture-22
Educating Customers

Welcome to the session on services marketing with the practical approach.

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Lesson 22 Educating Customers

Customer Co-production of Services

Customer Participation Strategies

We will go to the next lesson number 22 for educating customers. We have already seen how internal customers that is internal employees should be satisfied such a way that they are able to satisfy the customers. Now customers external customers are the second part of the people, second group of people who are who may be co producing the services. So, we look at customer co-production of services and customer participation strategies.

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As concluded in an earlier lesson, we would be discussing the role played by customers during service delivery. You will recall that services are produced by employees and consumed by customers simultaneously. Hence, customers must know the role that they would be expected to play at a particular service facility. They must be educated and trained, if necessary, to play appropriate roles at the service outlet, so that they can get the benefit of the service. Most customers learn their roles while growing up in life. However, they may not know the best role that they can play at a new service facility.

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Take the case of customers waiting to receive medicines at a hospital pharmacy. Ordinarily, customers would submit their request for medicines and wait anxiously at the deliver counter for their medicines. In case there are many people waiting for their medicines, each person has to stand for a long time to receive their medicines. Few chairs might be placed near the counter for the patients to wait, but they might not consider being seated, rather they would stand anxiously around the counter to check that their request receives due priority, other people do not get their medicines out of turn, and the pharmacy employees do not delay delivering their medicines out of plain laziness. This situation used to take place at a hospital pharmacy and is commonly encountered in most hospital pharmacies.

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Why don't the customers choose to sit down rather than stand anxiously? One reason is that they are not advised to do so. When they are advised to be seated through appropriate posters, and when they perceive that pharmacy employees strive to fulfil their medicine requests as early as possible, the customers would relax and wait patiently while being seated, instead of crowding around the delivery counter. That would enhance customer satisfaction as they would be sitting patiently instead of standing anxiously. In this case, appropriate communication and employee training would help deliver a better experience to the customers. In this way, education and training can be helpful for customers to receive their services in a better way and customers would be more satisfied in this manner. Hence, customer education is an important aspect of superior service delivery. This aspect has been discussed in the following paragraphs.

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As discussed earlier, customers get more involved in service production as compared to products, as service production and consumption takes place simultaneously. Research studies indicate that customers are usually more satisfied with the outcome of the service when they are allowed to take responsibility for co-producing the service outcome, and take credit for themselves, when the outcome is better than expected while blaming themselves when the outcome is worse than expected.

Although some customers do not like to participate in co-producing a service and expect full-service from the service provider and pay for the same, others might actually enjoy producing a good amount of service themselves, particularly when it adds value to them. For instance, many customers having access to the Internet find it both enjoyable and beneficial to do their banking and ticketing jobs from their computer and rarely visit the service providers' offices for those services. You must have noted that there can be several segments of customers along the co-production continuum, as identified by Meuter and Bitner in 1998. The co-production continuum is depicted in Figure 16.1 showing 6 customer segments based on their readiness to co-produce the service.



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Some segments would demand full-services, others part services and finally some would enjoy complete self-services. What should the company's orientation be in the above case? We can easily figure that out, provided we have learnt the right marketing orientation by now. A customer oriented company would give each customer segment exactly what the segment desires and price them for the services offered in each case. That would keep the customers most satisfied as they would be receiving what they want. Simple, isn't it?

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Customer Co-production of Services

| Customer production (Self-service) | | | Company production (Full-service) | | |
|---|---|--|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| Customer pumps oil and pays at the pump automatically with card | Customer pumps oil and goes inside the station to pay | Customer pumps oil and attendant takes the payment | Attendant pumps oil and customer pays automatically with card | Attendant pumps oil and customer goes inside the station to pay | Attendant pumps oil and takes payment from the customer |

Customer Co-Production Continuum

We have introduced and discussed the issue of customer co-production of services in this lesson. We will discuss various customer participation strategies in the next lesson.



Then we look at the figure showing customer co-production continuum. So the customer co-production of services, so you see the orange line as the continuum from the first type to the sixth type of co-production. So here in the first one there is customer production or self-service. So the customer pumps oil and pays at the pump automatically with card. And the last one is the company production that is full-service.

So the Attendant pumps oil and takes payment from the customer. So this is the full-service provided by the company. While this is self service done by the customer. So here the customer is producing service, while in this case the company is producing the service. In between there are 4 more points. So the second point is customer pumps oil and goes inside the station to pay.

The next one is customer pumps oil and attendant takes the payment. Then the fourth one is attendant pumps oil and customer pays automatically with card, then the attendant pumps oil and customer goes inside to the station to pay and finally there is the full service with the company produces for the customer. So this is the customer co-production continuum. We introduced and discussed the issue of customer co-production of services in this lesson. We will discuss various customer participation strategies in the next lesson.

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Customer Participation Strategies

1. Define Customer Jobs
2. Educate, train and reward customers
3. Manage customer mix for compatibility

So, what are the customer participation strategies. Define customer jobs, educate, train and reward customers Manage customer mix for compatibility.

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Once we come to know the participation preferences of our target customer segment, we can employ various customer participation strategies as discussed in the following paragraphs.

1. Define Customer Jobs: Customer participation should not be left to the fancies of the customer, otherwise quality, productivity and customer perception and satisfaction with the service are likely to be affected adversely. Accordingly, customer roles must be carefully designed into the process of service delivery. Customer roles can include helping oneself as in the case of Ginger Hotels, or helping others as in the case of Alcoholics Anonymous, where members help and support each other. Customers can also be recruited to promote the company in return for incentives. For instance, companies can allow free passes to customers on their anniversary to the disco and requested to bring some of their friends along for free. The company now gains additional customers from this exercise. Similar exercise of customer referrals can be rewarded, with two fold gains: the company gains new customers and customers remain attached to the company while remembering the pleasant experience associated with earning the rewards.



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Once the roles are ascertained, the benefits to the customer and the company are ascertained. Saving precious time and avoiding the perils of waiting in a queue are the benefits that customers would generally receive from co-producing a service. At this stage, the company can also ascertain what portion of the benefits in terms of the saved wages, etc., can it pass on to the customers.

2. Educate, train and reward customers: Now the company has to educate and train the customers to perform their roles effectively and efficiently. As mentioned earlier, this step is extremely important for ensuring optimum productivity, quality and satisfaction of the customers. The customer script is prepared at this stage and the mode of training the customer is chalked out. Appropriate codes of conduct related to smoking, arrival time, etc. are also established for the customers and the communication is planned such that customers are able to accept and abide by them. For instance, when the State Bank of India launched ATM services, its personnel went out with elderly customers to show them how they could operate the ATM while apprising them the benefits and rewards of using the facility. Help-line numbers are also given, so that customers can seek help if they failed their self-service for some reason. This process can reduce consumer anxiety and give them a sense of comfort, security, confidence and control over the processes. This would make their participation novel, interesting and satisfying over and above the benefits they are to receive as a result of co-producing the service.

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3. **Manage customer mix for compatibility:** When different segments of customers are to receive our services they have to be managed for compatibility. The easiest method is to physically separate the segments and design the servicescape keeping their tastes in view. Another method is to call different segments at different time periods convenient for the segments. Even the service personnel can be chosen to match the personality characteristics of the customer segment with that of the service provider. Compatibility management can become particularly difficult when several customers have to share the same facility in close proximity with each other as in a bus or airplane. In such cases it is useful to formulate the codes of conduct for the customers. Training them to be sensitive to others' needs can help customers in receiving a smooth service experience.

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Lesson 23 Managing Service Delivery Channels

Managing the Retail Location

Managing the Quality of Electronic Channel

In the next lesson we would look at managing service delivery channels. Thank you for watching this lesson, I hope it helps.