Strategic Services Marketing
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Lecture - 32

SERVQUAL and Other Service Quality Measurement Tools

Hello everyone. As we know what gets measured gets managed. So, in this session let's try to understand the SERVQUAL and other service quality measurement tools. Service quality measures can be divided into two baskets. First soft measures and then something which is called as hard measures. Soft measures involves or they provide direction, guidance and feedback to employees on how to achieve customer satisfaction and they can be quantified by measuring customer perceptions and beliefs and that is why they are called as soft measures.

Whereas, when it comes to hard measures typically these involve process activities and outcomes that can be counted, timed or measured. For example, uptime, service response times and even failure rate. So, based on that service provider can choose what kind of measures they want to go ahead with for measuring service quality. But before that there has to be an understanding in terms of what are the different gaps that are available in service production and delivery that needs attention so that we can select appropriate measures for them.

So, with this let's have a look at the gaps model. What we are looking here is the process of transferring or addressing customer needs and preferences from a service providers perspective. So, this part is nothing, but the company or service provider and this is what something happens with customers right. So, customers have some expectations right then they form some perceptions of how the services was kind of you know delivered to them. But on a company side or service provider side the management thinks of surveys or do some research to understand customer needs and preferences.

Then they try to devise some service delivery processes or policies and ultimately that gets delivered to a service delivery channels. So, across this model you can note that there are something written as a gaps right. Policy gap, delivery gap, knowledge gap, customer satisfaction gap and then communication gap. So, let's discuss what these gaps exactly means. Let's say first gap is knowledge gap.

Here service organizations simply do not understand what customers expect and what really matters to them. This gap can only be bridge through customer research and more particularly knowledge from frontline employees. Second type of gap called as policy gap. Here management experiences difficulty in translating customer expectations into service quality specifications. This exists because of multiple reasons.

For example, number 1 management may believe that customer expectations are unreasonable or even unrealistic to meet. Secondly management may think that the degree of variability inherent in services defies standardization and hence we cannot translate something which is expected into actual services. Third there is an absence of wholehearted management commitment to service quality. In the face of short term financial deadlines many service companies are reluctant to pursue customer satisfaction in quality efforts. So, that's a policy gap.

So, they know what is expected from their customers, but they fail to translate those things into the policy or delivery of those services. Then comes delivery gap. Even when formal standards or specifications for maintaining service quality are in existence, the delivery of a quality services is by no means certain. This is caused by poor inadequately deployed resources in terms of people, systems and technology. So, that is called as a delivery gap.

Then fourth gap which is known as communication gap. Here advertising and other forms of communication by a service provider or organization can affect consumer expectations, but the danger is that all the promises made are not kept. And the fifth gap deals with customer satisfaction gap. Here to ensure good quality the provider of services must meet or exceed customer expectations. Perceived service quality is a result of the consumer's comparison of expected services and perceived service delivery.

So, with this gaps model in view, three authors Persiraman Zithmill and Barry came up with a servo call model of service quality management. It is a widely used framework for assessing and measuring service quality. It identifies five key dimensions that customers used to evaluate service quality known as the Rater model. So, the servo call model is based on the idea that customer views of five key dimensions. So, this R A T E R stands for five different attributes.

R for responsiveness, A for assurance, T for tangibles, E for empathy and then again R for reliability. So, just to make it more memorable they call it as a Rater model right. So, what are these five dimensions of service quality R? Let's discuss one by one. Reliability so, this is the ability to perform the promised service dependably and accurately. This dimension is particularly crucial for services such as railways, buses, banks, building societies and even insurance companies they have to be reliable.

Second component or dimension of service quality is responsiveness. This is nothing, but the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, complaints and problems. In those cases a customer expect some response from the service provider a prompt response. Then comes third dimension known as assurance.

The employees knowledge and courtesy and the ability of the service to inspire trust and confidence is nothing, but the assurance that the service provider is providing. This dimension may be of particular concern for customers of health, financial and even legal services. Fourth dimension is about empathy. The caring individualized attention the service provides to it's customers. Small service companies are better placed for treating customers as individuals than their larger invariably standardized counterparts.

And the fifth dimension involves tangibles. This means the appearance of physical facilities, equipment, personnel and even communication materials coming from that particular service provider. Let's understand the servo coal dimensions with some example right across three different industries. First here is a car repair industry like you know a consumer services context. So, what comes to reliability in terms of car repair shop is that the problem is fixed very first time and there is a promise of doing that.

Then comes responsiveness in terms of a customer expect a car repair company or service provider to be accessible there should be no waiting times and no it responds to the request promptly. Then comes assurance that means the people who are working at that particular car repair service center are knowledgeable mechanics and so on. Fourth dimension is empathy. Those employees should acknowledge the customer by name remember previous problems and then have some preferences as well. And finally tangibles for example, in terms of repair facility, the waiting area design, uniforms of the employees and even equipments used by those mechanics and so on.

Similar thing applies to airline as well as medical care industry as well. Now, let's discuss this RATR model in detail. So, R stands for reliability the ability to provide accurate and dependable services. Assurance means the knowledge courtesy and ability of employees to convey trust and confidence. Tangibles deals with physical facilities, equipment and appearance of personnel.

Empathy deals with the provision of caring individualized attention to the customers and responsiveness is nothing, but the willingness to help customers and provide prompt service right. So, this servo call model is applied through a survey methodology that involves collecting data from customers about their perceptions and expectations regarding a service. The difference between the two sets of responses indicates the service quality gap, highlighting areas where improvement is needed. For example, going back to the same example of car repair services. Let's say we come up with a survey where we are

serving customers who are likely to visit that car repair shop and first we will ask about their expectations right and then they do the services for their cars and after service you again implement the same survey and ask about the perception of the services received.

The difference between these two right. So, usually it is the difference between what have been perceived after services minus what were being the expectations were right. So, that difference gives us an idea about the service gap. So, let's understand it's application with an example of an airline industry. For example, what we think of reliability in terms of when we look at an airline provider.

So, expectation can be to have the passengers expect flight to depart and arrive on time. Whereas the perception can be the airline consistently meets or exceeds it's published schedule right. So, that is matching with that particular dimension. Second dimension is with respect to assurance. Here passengers expect courteous and knowledgeable staff whereas perception can be that the airline provides well trained and friendly staff who can address customer inquiries and concerns.

Coming to the next dimension of tangibles, customers expect or passengers for that matter expect clean and well maintained aircraft whereas let's say with a positive right or kind of flying experience. The airline ensures that it's planes are in good condition and maintains a clean and comfortable cabin. Next comes with respect to empathy. Passengers expect personalized attention and care whereas a perception a particular airline might have is different. The airline offers assistance to passengers with special needs and demonstrates empathy in handling those customer trusts and even issues.

Then comes responsiveness. Here customers or passengers expect quick responses to inquiries and efficient service whereas perception can be that the airline promptly addresses customer queries and provides timely assistance. So, we can say that for this particular example of airline industry or airline service provider the perceptions are way ahead in terms of what was expected by their customers and we can say there is a positive service quality experience for their customers. So, how this service quality or servo call model is applied for measuring service quality? So, we comparing this customer expectations with their perceptions across all those five dimensions. This particular airline might be using servo call model to identify specific areas for improvement. Let's say if there is a significant gap in empathy the airline might invest in additional customer service training for their staff to enhance their ability to provide personalized attention.

This iterative process allows organizations to continuously enhance service quality based on customer feedback. Now, servo call is a one tool of measuring service quality, but there are others as well. The next big chunk of area talks about customer satisfaction surveys. So, a service provider can get into conducting this kind of satisfaction surveys among it's

customers with having different objectives in mind. For example, service provider might want to assess and benchmark the service quality and performance.

For example, to answer a question like how satisfied are our customers? Second objective can be to have that customer driven learning and improvements. For example, what makes our customer happy or even unhappy? What are the strengths we want to cement and the weaknesses we need to improvise on? Third objective can be of creating a customer oriented service culture. For example, bringing the voice of the customer into the organization. With different kind of objectives like this, service providers goes for customer satisfaction survey. So, a customer satisfaction survey is a strategic tool used to gauge perception and feelings of customers towards your business product, service source or even overall experience.

It act's as a digital communication channel that enables direct feedback from clients providing insight into various aspects of your business. So, why these customer satisfaction surveys are important? Firstly, they offer an understanding about customer perspectives. They can guide business decisions. They help you to enhance customer retention. They also help you to identify advocates and detractors for your brand.

We'll come to that later. And then fueling product development as well. So, there are four common types of customer satisfaction surveys. These are CSAT which is nothing but customer satisfaction scores, then net promoter score or NPS, then we have customer effort score or CES and then post transaction surveys. Let's have a look at these one by one. First here is customer satisfaction survey or score which is known as CSAT survey, right.

Customer satisfaction, CSAT. The CSAT survey is straightforward way to gauge how satisfied your customers are with your product or services. You just give the scale like this on a scale of 1 to 10, how satisfied you are and then a customer choose certain point, right. It's particularly effective for getting quick feedback after specific interactions or purchases such as completed service, product delivery or even customer support interaction. Typically, the rating is done on a numerical scale like 1 to 5 or 1 to 10 where the higher score the greater the customer satisfaction is. Next comes NPS which is a very popular which is known as net promoter score.

So, it is originally developed by Bain & Company in 2003. NPS stands for net promoter score which is a common metric used in customer experience programs. An NPS score measures customer loyalty by looking at their likelihood of recommending a given business. Your NPS score is measured with a single question survey and reported with a number ranging from minus 100 to plus 100 where higher score is desirable. Negative 100 that means, customer is not at all satisfied or even he is angry with the service provider.

NPS going ahead we can say that respondents give a rating between 0 and 10 you know there is can be another scale as well where 0 means not at all likely or 10 means extremely likely to give their recommendations. So, depending on the responses customers fall into three types of categories right. What these are? These are promoters, passives and detractors. Promoters respond with a score of 9 to 10 you know out of 1 to 10 they give always 9, 10, 9, 10 and are typically loyal and enthusiastic ones.

Second set of customers are known as passives. So, their scores like you know 7 or 8. So, they are satisfied with your service, but not happy enough to be considered as a promoters. And then comes detractors. Detractors respond with a score of 0 to 6. These are unhappy customers who are unlikely to buy from you again and may even discourage others from buying from you right.

So, how to calculate this net promoter score? It is simple. It is simple to calculate this NPS score. Just subtract the percentage of detractors from the percentage of promoters right. So, for example, there are 10 percent of your customers who are giving you rating like you know 1, 2, 0 and so on.

So, they are kind of you know detractors. And there are some people who are passive let us say 20 percent, where 70 percent people are actually very positive right. So, they are into the basket of promoters. So, your NPS is nothing, but these promoters minus these detractors. So, we are not counting this passives into the calculation right. So, have a look at this particular video that detailed out how NPS is calculated and how actually it means to different service providers in terms of knowing their customers in a better way.

Have a look at this video. You may have heard of net promoter score, which is often referred to as NPS. It's a popular customer experience metric. Let's examine what it is. Walt Disney once said, do what you do so well that they want to see it again and bring their friends. He understood the incredible value of customers who actively recommend a company.

NPS is a measurement system that helps companies track and increase the likelihood of customers recommending an organization. First of all, let's describe the actual NPS measurement. It begins by asking customers a simple question. How likely are you to recommend this company to a friend or relative? Customers choose a response from an 11 point scale that goes from zero, not at all likely, to 10, extremely likely. Based on their responses, customers are placed into one of three categories.

If they choose between zero and six, then they are called detractors. If they choose seven or eight, then they are called passives. If they choose nine or ten, then they are promoters. NPS is calculated by taking the percentage of promoters and subtracting the percentage of detractors. You then multiply the percentage by 100 to get a whole number between minus 100 and plus 100.

Let's say that 100 people answered the question and 40 are promoters, 50 are passes, and 10 are detractors. To calculate NPS, we would take the 40% of promoters, subtract the 10% for detractors, which leaves 30%. After multiplying it by 100, the NPS is 30. While NPS provides a score, 30 in this case, the power of the system does not come from overly focusing on the number. The goal of using NPS is to find and correct issues that create detractors and to find and repeat activities that create promoters.

So it is important to understand what is causing customers to choose their responses. That's why most NPS programs include a follow-up question that asks the customers why they chose the score that they did. This question should be open-ended, not multiple choice, so customers can express their views in their own words. What do you do with the data? First of all, you want to close the loop with the customers who responded.

This means contacting at least some of the customers who respond. Companies often try to reach out to all of the detractors to find out more about their problems and to see if their issues can be resolved. They also often contact promoters to thank them and hear more about what they like. Next, you want to examine the opportunities to improve NPS by looking at what situation and activities cause promoters and detractors. This requires analyzing the responses from each group separately and often involves incorporating other information about customers. You may also want to examine what drives promoters and detractors across different business areas or customer segments.

There's no value in identifying the items that are driving NPS up or down unless a company does something with what they learn. That's why companies establish processes for reviewing, prioritizing, and taking action on the items that they uncover. In other words, the way to improve NPS is to have an ongoing approach for improving customer experience. When used correctly, NPS helps companies follow Disney's advice and do what they do so well that their customers want to see them again and bring their friends.

The next metric is Customer Effort Score, which is also known as CES. The example of this is put or kept on this particular slide. The Customer Effort Score survey focuses on measuring the age of customer experience with your service or product. It's an effective tool to assess how much effort your customers need to put in to get their issues resolved or use your product or accessing your services. The scale usually used range from very difficult, for example, one to very easy to use or something like that, which is denoted by five or ten as well. A lower score on the CES survey indicates a high effort experience, which can be a red flag for customer dissatisfaction and potential attrition or churn.

Conversely, a high CES score suggests a smooth and effortless experience, contributing to higher customer satisfaction and loyalty. Have a look at this particular video that talks about what exactly is this customer effort score, how to calculate it, and when to use it. Customer effort school customer interactions can range from product purchases, account

creation, newsletter, subscription, to resolving an issue with customer support. The Customer Effort Score is one of the critical parameters that help in increasing your customers' loyalty towards your brand. So what is CES or Customer Effort Score? The Customer Effort Score or CES is a metric that measures the amount of effort exerted by a customer in order to interact with a product or service.

Measuring CES at the right touchpoint of a customer's journey leads to valuable insights that can help steer your product's customer experience in the right direction. Pro tip, ease of better experience not only makes a happy customer, but also helps increase customer retention. A high Customer Effort Score indicates that your product or service has an excellent ease of use and helps customers get their job done with no hassle. A low CES on the other hand means that your customers go through tedious experiences to interact with your product and customer support, and might lead to high churn rates. How to calculate the Customer Effort Score? The Customer Effort Score is calculated using a 7-point Likert scale that ranges from very difficult to very easy, or strongly disagree to strongly agree, depending on how the question is framed.

According to Gartner, CES is calculated by the percentage of customers that at least somewhat agree, those who give a 5 or above, that the company made it easy to resolve their issue. So, you can divide the number of responses that have a score of 5 and above by the total number of responses and multiply it with 10. To get the CES percentage, multiply it with 100. For example, let's say you've received 100 responses in total, out of which 70 of them have scores of 5 and above, your total CES will be 70 divided by 100 times 10, which will give you 7. When to use CES? Even though CES surveys are mostly transactional in nature, you can send out a relational CES survey every quarter to obtain an average customer effort score of your product or service.

Usually CES could be measured in the following scenarios. Post interaction with your product that led to a subscription or purchase. Post interaction with your customer support team, immediately after a customer finishes reading one of your knowledge base articles, shortly after a customer onboarding session. Well, we hope you got a good understanding of what a customer effort score is and when to use it. Next comes post transaction surveys. At many places, service providers want to have a quick feedback regarding a particular transaction.

For example, payment made, online payment made to services. So how was your experience with payment kind of you know, attribute only? So as shown in this particular video, so there's a pet shop that offers you know, veterinary products and grooming and so on. So the question that this pet shop ask is, where you satisfied with the quality of the grooming or veterinary service provider? Yes. And then it asks, what did you appreciate the most of your visit to this particular shop? Right, a very specific targeted question. So post transaction surveys are sent to customers immediately following a purchase or service

interaction or other customer experience. These surveys are invaluable for capturing immediate transaction specific feedback.

  The immediacy of post transaction surveys is their strength. They capture the customer's experience while it's fresh in their mind, providing more accurate and actionable insight. This feedback can cover various aspects like the ease of purchasing process, the quality of customer service and the overall satisfaction with the transaction. Next comes mystery shopping. Mystery shopping is a method used by companies to gauge service quality and compliance with the regulations and to garner specific information about product or services. Employing individuals known as mystery shoppers or secret shoppers for that matter, who act as a typical customers, they perform tasks such as purchasing products, asking questions, lodging complaints or behaving in a particular manner.

  Crucially they provide detailed reports or feedback about their experiences offering service providers a valuable insight into their operations. This particular video gives an idea about what exactly is this mystery shopping. Have a look at this particular video. Hello and welcome to bear international if you're completely new to the world of mystery shopping this is the best place for you to start so what is mystery shopping imagine you're a business owner with shops all over the country or even all over the world. You want to see your business succeed but you cannot keep track of all of these shops by yourself. But how can you make sure that each and every shop is doing the best it can? You may also want to see your business through your customers eyes, get to know them better.

  Therefore you decide to hire auditors to check your shops under cover and write a report about their experiences. They'll behave as any other customer would so you will be able to gain a fresh perspective and improve accordingly. At Bear International we're looking for these auditors who we call mystery evaluators. If you'd like to join you only have to sign up on our registration page and apply for the mystery visits.

  Of course just like a proper auditor you'll be paid for your service. After the finalization of each of your reports you'll receive a shop fee or a reimbursement for your purchase. Based on different context mystery shopping can have different types or kind of formats. First here is retail mystery shopping. As the name suggests it focuses on brick and mortar retail stores, accessing staff performance, store presentation and product quality.

  Another type is online mystery shopping. This evaluates online shopping experiences, website navigation, customer support responsiveness and product delivery efficiency. And the third type of mystery shopping involves telephone mystery shopping. Wherein we concentrate on the quality of service over the phone including response times, employee courtesy and even resolution effectiveness of the customer center employee. So what are the advantages of mystery shopping? Multiple right. For example it offers real world customer feedback unfiltered insights into the customer experiences.

Secondly it helps in identifying service gaps to pinpoint those areas that need immediate attention. Third it helps in operational improvements. For example guiding businesses in refining their service delivery processes. Next with respect to enhancing brand perception.

So they assist in maintaining a positive brand image as well. And finally in terms of improving employee training. So mystery shopping also guides services provider in terms of you know having more effective training programs for their frontline staff. So there are some ways along with server call we seen about customer satisfaction surveys and also like mystery shopping and so on that can be used to measure service quality among your customers. Thank you.