Strategic Services Marketing

Prof. Kalpak Kulkarni

Department of Management Studies,

Indian Institute of Technology, Roorkee

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Cultivating a Culture of Service Excellence

Hello everyone. In this session, let's understand the role of cultivating a culture of service excellence in service organization. What is service excellence culture then? It is a workplace environment and set of values where every employee is dedicated to delivering exceptional service to customers, going above and beyond to meet their needs and exceed expectations consistently. So, that is called that particular workplace environment is known as having service excellence culture. So, what are the importance of this particular service excellence culture? Why it is so important? So, having a particular excellence in terms of culture at place enhances customer satisfaction and loyalty. Secondly, service excellence culture builds a positive brand reputation for the service provider.

Third, it increases employees' morale and engagement so that they can contribute more in terms of their motivation, their actions and so on. And finally, service excellence culture drives business growth and profitability as well. Then what are the benefits of having this particular service excellence culture? Multitude. Just to name few, it results into increased customer retention and repeat businesses.

Secondly, positive word of mouth reference and recommendations. Third, higher employee productivity and performance. And finally, competitive differentiation in the market. However, it's not available everywhere, this type of service excellence culture. And lot of firms are actually struggling to have this kind of culture at their workplace.

So, there are 18 primary reasons why many organizations encounter challenges in establishing a culture of service excellence. Let's discuss these 18 reasons. So, why most organizations struggle to create a culture of service excellence? The first reason here is that the organization lacks service excellence as a core strategic differentiator and or

struggles with implementing this concept across its operations. That is the first reason. The second reason is while customer expectations drive the definition of service excellence, the organization defines its own service standards internally resulting in a disconnect between customer expectations and organizational delivery.

Third reason is leaders fail to recognize the need for different roles and leadership styles in a customer centric organization compared to traditional ones leading to unclear expectations. Fourth reason is the organization overlooks the fact that in service industries, the final production stage occurs at the point of sale. Erroneously believing that product differentiation and segmentation alone is sufficient for customer intimacy. Another reason is that customer facing staff feel inadequately supported by the organization. So, that might be another reason.

Next, non-customer facing staff and many managers do not perceive themselves as a part of customer service function leading to an internal focus and lack of accountability for customer satisfaction. Another reason could be systems and procedures within the organization prioritize internal drivers over service excellence. Another reason, decision-making processes are too distant from frontline staff who are expected to deliver exceptional service without sufficient empowerment or support. Another reason could be the organization mistakenly attributes the creation of its brand and promise solely to marketing efforts overlooking the critical role of every other employee in shaping that particular customer experience. Another reason could be critical moments of truth in the customer journey remain unmanaged.

Next, the organization prioritize sales revenue targets over meeting customer needs and expectations leading to conflicts between organizational goals and customer interest. And finally, individuals employed in a service roles may lack a strong customer orientation. There are again few of these for example, despite exposing slogans emphasizing the importance of frontline staff, employees perceive a gap between rhetoric and reality, fostering skepticism and mistrust. Another reason can be the organization's internal focus contrast with the customer's expectations of being the central focus. And finally, various aspects of the organization culture including purpose, vision, mission, values, structure, processes and policies lack alignment towards serving the customer resulting in inconsistent service experiences.

Or more reasons can be again the organization blames external factors for challenges in finding the right people rather than focusing on creating an environment conducive to attracting and retaining talent. Another reason can be more emphasis on customer service

skill training overshadows the development of a customer centric mindset among employees. And finally, the organization lacks a culture and motivational environment that engages and inspires its employees limiting its ability to deliver an exceptional external experiences to its customers. So moving on with the challenges, so how can one implement that or build service excellence culture? So there are five key principles. Let's discuss these principles one by one.

  First one here is that the first principle states that in a service industry the final stage of production takes place at the point of sale. The quality and characteristics of the product or service acquired during the purchasing process rely heavily on the quality of interaction between the customer and the service employees. A successful company is distinguished by its customers perception that throughout their entire interaction with the staff they perceive tangible value beyond the mere product they have purchased. For service professionals to be efficient, it is essential that they possess sufficient knowledge about the customer's expectations and about the company's offerings as well as where to seek support or guidance. Most importantly, they require the confidence that they have the unequivocal backing of management in fulfilling their responsibilities.

  Second principle says in a service industry marketing cannot be the sole preserve of a marketing department. Marketing is everyone's responsibility. Relying solely on product, price or promotions is insufficient to maintain a competitive edge. True effectiveness in the marketplace hinges on internal efficiency, the organization's capability to consistently deliver top notch service across all to its customers. Third principle states when the moments of truth go unmanaged, the quality of service regresses to mediocrity.

  So, it is a decline in the service quality. An effective service company must demonstrate its unique value proposition particularly in industries where customers perceive little differentiation among services. Three key characteristics distinguish exceptional service from average or mediocre ones. These are number one, thoughtfully developed service strategy. Outstanding organizations have formulated a cohesive idea regarding their purpose and approach.

  This service strategy guides the organization's focus towards meeting the genuine needs of the customer. Secondly, customer centric frontline staff. Managers of exceptional organizations have fostered an environment where frontline employees are empowered and supported to prioritize customer needs. This fosters a level of responsiveness and attentiveness that elevates the service in the customer's perception and encourages repeat business and referrals. Third, customer focused systems.

The supporting delivery systems are tailored for the convenience and benefit of the customer rather than solely for the organization's convenience. This encompasses physical facilities, policies, procedures, methods, and communication processes, all of which communicate to the customer that this organization is dedicated to fulfilling your needs. Fourth principle talks about that empty slogans such as the customer is king and our frontline people are really the ones who make us break are meaningless. Let's ponder upon this particular thought. How you think you are perceived by the customer and how the customer actually perceives you can often be a great distance apart.

Understanding the perceptions of the customer is crucial to the success of service oriented business. It is not enough just to give great service. The customer must perceive that he or she is getting that great service. The frontline people are really the ones who make or break us. Slogans of this nature are prevalent in service industries, leading one to presume that the companies employing them adhere to their principles at least to a significant extent.

However, the reality is that in the subconscious perspective of many managers, frontline personnel are deemed the least vital members of the organization. Typically frontline positions until lower compensation receive minimal training and development, offer limited opportunities for career progressions and experience the highest turnover rates. The fifth and final principle says, unless the shared values, norms, beliefs and ideologies of the organization, in other words the organization's culture, are clearly and consciously focused on serving the customer, there is virtually no chance that the organization will be able to deliver a consistent quality of service and develop a sustained reputation for service excellence. It is fair to say that everyone within a service organization assumes a service oriented role, even individuals who never directly interact with customers, for example, finance team. This encompasses administrative staff, supervisors, middle managers and even top executives.

While it is relatively straightforward to instill a customer centric mindset in frontline staff, conveying that message to individuals in non-customer facing positions, possesses a different challenge. It's not uncommon for these non-frontline personnel to become engrossed in internal matters such as managing information, procedures, forms and reports. Consequently, they may become so absorbed in the internal tasks that they lose sight of the customer's perspective, believing that their primary responsibility is to ensure the timely completion of their assigned tasks rather than directly addressing customer needs. So, let's move on to the next part of the session where we are going to discuss process of cultivating a culture of service excellence. So, this is a six-stage process through which any organization or service provider can achieve excellence in terms of service.

So, the six steps are, number one, define your service vision and values, number two, empower your employees, number three, listen to your customers, then foster collaboration and learning, then experiment and iterate and finally, the sixth stage, celebrate and communicate so as to achieve that service excellence. Let discuss this each step in detail. The first step to foster a culture of service excellence and innovation is to define your service vision and values. These are the guiding principles that shape your customer service strategy, goals and standards. They should reflect your brand identity, customer expectations and market positioning.

Communicate your service vision and values clearly and consistently to your staff, customers and stakeholders. Make sure they are aligned with your organizational mission and values and that they are measurable and actionable. The second stage deals with empowering your employees. The second step is to foster a culture of service excellence and innovation is to empower your employees. This means giving them the authority, autonomy and resources to make decisions, solve problems and deliver exceptional services to the customer.

Empowered employees are more engaged, motivated and creative. They can also respond more quickly and effectively to customer needs, feedback and even complaints. To empower your employees, you need to provide them with adequate training, coaching and support. You also need to encourage them to share their ideas, suggestions and best practices and to reward them for their achievements. The third step to foster a culture of service excellence and innovation is to listen to your customers.

Your customers are your best source of information, insight and inspiration. They can tell you what they like, dislike, need and want from your product, services and processes. They can also give you feedback on your performance, quality and value. Listening to your customers can help you identify gaps, opportunities and trends in your market. It can also help you to improve your customer satisfaction, loyalty and advocacy.

To listen to your customers, you need to use various methods and channels such as surveys, reviews, social media, focus groups and even customer advisory boards. You also need to analyze and act on the data you collect and to communicate the results and outcomes to your customers. Fourth stage is fostering collaboration and learning. The fourth step to foster a culture of service excellence and innovation is to foster collaboration

and learning. Collaboration and learning are essential for creating and implementing new ideas, solutions and improvements.

They can also help you leverage the diverse skills, knowledge and perspectives of your employees, customers and even partners. To foster collaboration and learning, you need to create a supportive and inclusive environment where people can share, discuss and challenge each other. You also need to provide them with the tools, platforms and incentives to collaborate and learn across teams, departments and functions. The fifth step to foster a culture of service excellence and innovation is to experiment and iterate. Experimentation and iterations are the processes of testing, learning and refining your products, services and processes.

They can help you discover new ways of delivering value, enhancing quality and increasing efficiency. They can also help you adapt to changing customer needs, preferences and behaviors. To experiment and iterate, you need to adopt a mindset of curiosity, openness and agility. You also need to establish a framework and criteria for designing, conducting and evaluating experiments and to embrace failure as a learning opportunity. The sixth and final step to foster a culture of service excellence and innovation is to celebrate and communicate.

Celebrating and communicating are the ways of recognizing, rewarding and reinforcing your achievements, progress and impact. They can help you build trust, confidence and pride among your employees, customers and stakeholders. They can also help you showcase your value proposition, differentiation and competitive advantage. To celebrate and communicate, you need to use various formats and channels such as stories, testimonials, case studies, awards and events. You also need to tailor your messages and tone to your audience, purpose and also context.

As people or service personnel form one of the basic piece of service marketing mix, their role cannot be ignored in terms of creating that service excellence culture. So, what are the human resource strategies for delivering service quality through people? As aptly shown in this particular figure, it comprises of four stages. First, hire the right people which involves competing for the best people in the market, hire for service competencies and service inclination and try to become the preferred employer among the pool of candidates. The second stage involves developing people to deliver service quality. This involves training them for technical interactive skills, empowering them, promoting teamwork and collaborations and so on.

Then comes the third stage that means providing needed support systems. This involves developing service oriented internal processes, provide supporting technology and equipment and measuring internal service quality. And finally, it is a good job to maintain those employees with you for long term, that is retaining the best people you have. This involves including employees in the company's vision, treating employees as customers and major and reward strong service performers as well. So, there are some best practices or HRM strategies that are required to make any service or the organization into a service provider having an excellence in culture.

Let's have example of this particular lesson in customer service from Disney, another service brand which focuses very much in terms of hiring best people, giving best training, empowering them and retaining their employees. Have a look at this particular video. Today we're going to talk about what you can learn from Disney to have better customer service.

Oh yeah. Hey guys, welcome back to the channel. I'm Abby Johnson with Matterhorn Business Development joined as always by Greg Winter Egg, CEO of Matterhorn Business Development and also my father. Yeah. Today we are talking about a subject that I am very excited about and love very much, which is Disney. But first before we get started, make sure you hit the subscribe button, hit the notification bell. We put three videos out a week about business, hiring, sales, profit first, everything you need to know to run your small business. So today we're going to be talking about what you and your employees can learn from Disney when it comes to customer service and also I would say being the best you can be on the job and not letting the outside world get to you.

So you were lucky enough. I'm so jealous. We need to do this because I guess I wasn't born yet when this happened. You weren't born yet. So this is about 30 years ago. I was 34. My wife and I had the opportunity to take a backstage tour at Disney and it was limited availability.

We had one particular sales contest and so anyway it was so cool because it was backstage. Which for Disney is actually underground. Underground. They have different levels. I don't remember at least two, maybe three levels underground and that's where all the supporting services take place.

It was called backstage for a very, very specific reason. Well Disney's viewpoint about the park is you're on stage. It's a show and as a Disney employee you don't go to human resources to get hired. You go to the casting department.

So that's the whole field that Disney wanted to create. And you're a cast member. And you are a cast member. No matter if you're just picking up trash, serving Starbucks, even if you aren't being an actual Disney princess, you are an entertainer who's on stage at the theater or playing an instrument or whatever. Backstage is really cool. We went into the nursery and every plant has three replacement plants in the nursery.

So if they don't like the way one looks overnight, there's a medium switch done. We got to see all the different areas like Frontierland, etc. where the costumes are. They have their own laundromats and dry cleaning and it's really, really interesting.

But here's the point. As you put on your costume, the doors open as you're a cast member and the door when it's closed says on stage. And as that door opens, there's gray paint that leads up to that door. You're on the concrete and when you hit the gray paint, you're in character. So if you're Cinderella, as soon as you hit the gray paint, you're no longer yourself.

You are Cinderella because you're on stage. And when those doors open, they don't want some small child out there seeing Cinderella – I don't know – high-fiving Prince Charming or something because she wouldn't do that. But then here's – to me, here's the point because we talk today about customer service. You treat every customer like they are your best paying customer and there are all these slogans and there are all these sayings.

But to me, Disney was genius. You're on stage. You're in character. I don't care what happened on the drive-in. I don't care if somebody cut you off. I don't care if you just had a fight with your mother-in-law. It doesn't matter because right now, you're on stage and the customer is the player.

And so, you have some stories about what you've observed. Yeah, just being a customer at Disney. We have annual passes. My husband and I, we love going and it just feels different when you're there. Like obviously, it's Disney World so it's magical in general but just the attitude and environment is a happy one. And I remember one time we were in a Starbucks line that was out the door.

It was insane. And you know normally, no offense to Starbucks, but normally if you were in a Starbucks and you got to the cash register, the employee behind that cash register would be stressed out, probably flustered, would probably be short. They're usually like, okay, thank you. What do you want? You feel like you're inconveniencing them by having them do their job. Most times when I've been in a line that long at some sort of food place, you don't get the best response.

The staff has rattled and you know it. Yeah, the Disney person literally took their time. I was like, oh, what is this drink like? I had a question and she was like, oh, it's like this and it's really great. Do you want that? Yeah, I do. Okay, great. The friendliest, like was not even phased that there was a never ending line and that she was going to be taking orders probably her entire shift nonstop.

It did not phase her. And you know, whenever we leave Disney, we always we are in the Tampa area so we can just drive home, you know, and we always stop at a gas station to gas up, maybe get a soda for the drive home. And I always have this realization when I go to the cash register to pay for my soda. Welcome back to the real world.

We're not I can't say anymore. This is not Disney anymore. It's you know, yeah, here you go. Have a good day. You know, it's yeah, it's such a stark difference in customer service the moment you step off the Disney property.

So here's the point. As an owner, as a manager, I would tell this story. I would talk to them about how there's no drama. There's really no drama at work. We don't want to hear about your fight with your spouse or your mother in law or the guy that cut you off or the Starbucks person. You know, you asked for no foam and you got foam and the all of the drama, the water cooler talk.

It's not productive. And it just brings people down it then they that reminds them your conversation about the Starbucks person, then that reminds them about theirs and everybody walks away feeling bad. Yeah, and I think that is going to come come across over the phone with customer service. You better believe it. Yeah. And also it applies to things that are happening on the job when you're dealing with an upset customer, you know, maybe they aren't actually upset with you directly and you just need to keep your cool and be caring and help them through the issue.

So I think it helps tamper down the outside stuff, but also the internal stuff because sometimes things go wrong on a job and you have to keep it together and not trash talk to the customer about all these things that are going wrong. You need to keep it together and keep on keeping on. Exactly. So this is how you're going to create your company culture.

This is how you're going to squash out the drama. You're on stage. People are watching and every employee is a reflection of the company and as an owner, this is how you can make sure that every employee is always putting their best foot forward with regards to the brand and the image that you're trying to create for your business. Exactly. So let us know in the comments how you're going to use this with your employees and yourself no matter what industry you're in. We want to hear about it and make sure you hit subscribe.

Thanks for watching and we'll see you next time. Towards the end, now let's discuss that various service providers can be classified into different baskets when it comes to having service excellence culture. So there are four levels of service performances, right from service losers, service non-entities, service professionals and service leaders. Service losers, these are individuals or organizations that consistently fail to meet customer expectations and deliver poor service experiences. Service losers may exhibit behaviors such as neglecting customer needs, providing inadequate training to employees or ignoring feedback and complaints. As a result, they experience low customer satisfaction, negative word of mouth and loss of business.

Service non-entities. Service non-entities refer to individuals or organizations that neither excel nor fail in service delivery. They provide service that is mediocre or average, neither exceptional nor exceptionally poor. Service non-entities may lack a clear service strategy, fail to differentiate themselves from competitors or overlook opportunities for improvement. While they may retain some customers, they struggle to stand out in the marketplace and may face challenges in building customer loyalty.

Third set of service providers can be termed as service professionals. Service professionals are individuals or organizations that consistently deliver high-quality service experiences and prioritize customer satisfaction. They demonstrate a deep understanding of customer needs, possess strong communication and problem solving skills and strive for continuous improvement. Service professionals often invest in employee training, foster a customer-centric culture and actively seek feedback to enhance service delivery. As a result, they enjoy strong customer loyalty, positive reputation and sustainable business growth.

And coming to service leaders. Service leaders are individuals or organizations that set the standard for excellence in service delivery within that particular industry or market. Service leaders consistently exceed customer expectations, innovate service design and delivery and inspire others to emulate their practices. Service leaders may introduce industry-leading technologies, pioneer new service models or redefine customer experiences in transformative ways. Service leaders enjoy a competitive advantage, command premium pricing and serve as benchmarks for others striving to excel in service quality. So, to conclude, a culture of service excellence is essential for service organizations to thrive in today's competitive marketplace.

By prioritizing exceptional service delivery, service organizations can foster customer loyalty, drive business growth and create lasting competitive advantages. So in this session, we try to understand the role of cultivating a culture of service excellence in a particular service organization and the benefit it provides. Thank you.