

University of Global Village (UGV), Barishal
Department of Business administration

Course Title: Services Marketing

Course Code : 0414-644	Credits : 03
Semester End Exam Hours (SEE) : 03	CIE Marks : 90 SEE Marks : 60

❖ **Course Learning Outcomes (CLOs):** Upon completing this course, students should be able to

CLO1	Understand Introduction to Services Marketing, Service Marketing Environment, The Service Marketing Mix and Purchase Process, Get insights of listening customers through research
CLO2	Evaluating Customer Expectations and Perceptions of Services through Marketing Research, Customer Relationship Management in Services, Understand Service Expectations, Service Innovation and Design, Ability to Build Customer Relationship
CLO3	Narrate Summarize and Evaluate Service Quality behavior, : Students will assess how Service Segmentation and Targeting are made, and how Market Positioning and Blueprinting in Services taken place.
CLO4	Comprehend and Apply Service Product and Operation,: Students will apply Role of Employees and Customers in Service Delivery , analyze Pricing of Services(such as pricing theory and pricing strategy, types of pricing, effects of pricing on customers), how to set Distribution of Services, Promotions and Servicescapes in Services, Service Strategies.

❖ **Course plan specifying Topics, Teaching time and CLOs**

Sl. no	Topic	Hours	CLOs
1	Basics of Services Marketing, Service Marketing Environment, Service Marketing Mix and Purchase Process	06	CLO1 CLO2
2	Customer Expectations and Perceptions, Marketing Research, Customer Relationship Management, Services Quality	06	CLO1 CLO2 CLO3
3	Service Quality behavior, Service Segmentation, Targeting, Market Positioning taken place.	05	CLO1 CLO2
4	Blueprinting in Services , Service Product and Operation	05	CLO2
5	Employees and Customers in Service Delivery	07	CLO1 CLO2 CLO3
06	Pricing of Services, Distribution of Services, Pricing Strategies	06	CLO2 CLO3
07	Promotions, Service Strategies, Financial Performance	07	CLO2 CLO3 CLO4

❖ **Course plan specifying content, CLOs, co-curricular activities (if any), teaching learning and assessment strategy matching with CLOs**

Week	Course Content	Teaching-Learning Strategy	Assessment Strategy	CLOs
1	Introduction to Services Marketing, Understanding Service Characteristics, Product versus Services, Classification of Services, Services Marketing Environment, Service Industry, Service Based Economies, Characteristics of Service, Intangibility and Heterogeneity.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
2	Service and technology, New Service Offerings, Ways to Deliver Services, Enabling both Customers and employees, Simultaneous Production and Consumption, Search, Experience & Credence Quality, Challenges & questions for service marketing, Perishability.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO1 CLO2
3	Services Marketing Mix, Extended Mix for Services, Purchase Process for services, Staying focused on customers, The Customer Gap, The Provider Gaps.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1

4	Customer Perceptions of Service, Satisfaction versus service quality, Determinants of customer satisfaction, Outcomes of customer satisfaction, Service Quality Dimensions, E-service quality, Service encounters, types, and technology based service encounters.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
5	Customer Expectations and Perceptions of Services through Marketing Research, CRM in services, Issuing involving customer expectation, Sources of desired service expectations, Types of expectations , zones of Tolerances.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3
6	Understanding Customer Requirements, Research objectives for Services, Elements of an effective Service Marketing Research Program, Complaint Solicitation, Relationships and SERVQUAL Surveys	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
7	Service Quality issues and Models on Service Quality, Service Expectations Meeting, Process Checkpoint Evaluation, Mystery Shopping, Lost Customer Reserach	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO1 CLO2
8	Relationship Marketing, Busilding Customer Relationship, Relationship Value of Customers, Relationship Development Strategies, Relationship Challenges.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test 	CLO2
9	Customer Profitable Sgments, Profitability Tiers, Making Business Decisions through profitability Tiers, Core Service Provision, Switching Barriers, Relationship Bonds, Service Recovery	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2
10	The Service Segmentation, Targeting, Positioning a Service in the marketplace, Understanding Positioning Maps, Developing Service Blueprint	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test 	CLO1 CLO2
11	Service Product & Operation, Understanding Employees and Customers, Role in Service Delivery, Standardization of Service Behavior and Actions, Types of Service Standards, Development of Customer	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO2

	Defined Service Standards, Competitive Marketing Strategy, Developing Service Recovery Strategies, Managing Demand, Supply and Productivity, Managing waiting Lines			
12	Applications of Price Elasticity, managing Demand & Capacity, Capacity Constraints, Strategies for Matching Capacity, Financial Return, Shifting Demand to Match Capacity	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2
13	Integrated Service Marketing Communications, Key Service Communication Challenges, Five Categories of Strategies, Management of Customer Expectations, Developing Integrated Communication Program	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO1
14	Pricing of Services, Delivering Service through Intermediaries, distribution growth options, Internationalization in distribution	<ul style="list-style-type: none"> ▪ Written exam ▪ MCQ test ▪ Presentation 	<ul style="list-style-type: none"> ▪ Written exam ▪ MCQ test ▪ Oral test 	CLO1 CLO2 CLO3
15	Pricing of Services, Approaches to Pricing Services, Cost Based Pricing, Demand Based Pricing, Competition Based Pricing, Customer Knowledge of Service Pricing.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3
16	Employees Role in Service Delivery, Service Culture, Critical Role of Service Employees, Customer Oriented Service Delivery, Customers Role in Service Delivery, Customers as Productive Resources.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Problem Solving 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Written Test 	CLO2 CLO3
17	The Financial & Economic Impact of Service, Service & Profitability, Customers Perception of Service Quality, Company Performance Measurements, The Balanced Performance Scorecard, Changes to Financial Measurements.	<ul style="list-style-type: none"> ▪ Lecture ▪ Discussion ▪ Exercise ▪ Assignment 	<ul style="list-style-type: none"> ▪ Question & Answer (Oral) ▪ Class Test ▪ Written Test 	CLO2 CLO3

Assessment and Evaluation

1) **Assessment Strategy:** Group Discussion, Class tests, Case Study, Term Paper, Presentation.

2) **Marks distribution:**

a) **Continuous Assessment:**

- Class attendance is mandatory. Absent of 70% classes; disqualify the student for final examination only authority recommendation will be accepted with highly reasonable causes.
- Late submission of assignments is not allowed. Late submission of assignments will be only taken with highly reasonable causes and 20% mark will be deducted.
- To pass this course student will have to appear mid-term and final examination.

b) **Summative:**

❖ **CIE- Continuous Internal Evaluation (90 Marks)**

Bloom's Category	Test	Assignments	Quiz	External Participation in Curricular/ Co-curricular Activities
Marks (out of 90)	(15)	(15)	(15)	(15)
Remember	05			Bloom's Affective Domain: (Attitude or will) Attendance: 15 Copy or attempt to copy: - 10 Late Assignment: -10
Understand	05	06	07	
Apply	05			
Analyze	10		08	
Evaluate	05	09		
Create	10			
	05			

❖ **SEE- Semester End Examination (60 Marks)**

Bloom's Category	Test
Remember	10
Understand	10
Apply	10
Analyze	10
Evaluate	10
Create	10

3) Make-up Procedures: Dates for exams will be strictly followed. No makeup exam (Normal case), for exceptional case university rules and regulation should be followed.

Recommended Books:

1) Recommended Readings:

Economics by McConnel, Brue and Flynn.

2) Supplementary Readings:

Understanding Economics, 3rd Edition, by Mark Lovewell, Khoa Nguyen and Brennan

Service Marketing

Presented By:

Syed Muhammad Nizam Uddin

BBA, MBA, ACBA, DIB, DAIBB, PGDIR, ACBA, CS (Executive Level), DBA
(Thesis Part)

Assistant Professor

Part 1

FOUNDATIONS FOR SERVICES MARKETING

Introduction to Services

- What are services?
- Why services marketing?
- Service and Technology
- Characteristics of Services Compared to Goods
- Services Marketing Mix
- Staying Focused on the Customer

Objectives for Chapter 1: Introduction to Services

- Explain what services are and identify important trends in services.
- Explain the need for special services marketing concepts and practices and why the need has developed and is accelerating.
- Explore the profound impact of technology on service.
- Outline the basic differences between goods and services and the resulting challenges and opportunities for service businesses.
- Introduce the expanded marketing mix for services and the philosophy of customer focus as powerful frameworks and themes that are fundamental to the rest of the text.

Definition of Service

- Intangible products such as accounting, banking, cleaning, consultancy, education, insurance, expertise, medical treatment, or transportation.
- Sometimes services are difficult to identify because they are closely associated with a good; such as the combination of a diagnosis with the administration of a medicine. No transfer of possession or ownership takes place when services are sold, and they (1) cannot be stored or transported, (2) are instantly perishable, and (3) come into existence at the time they are bought and consumed.

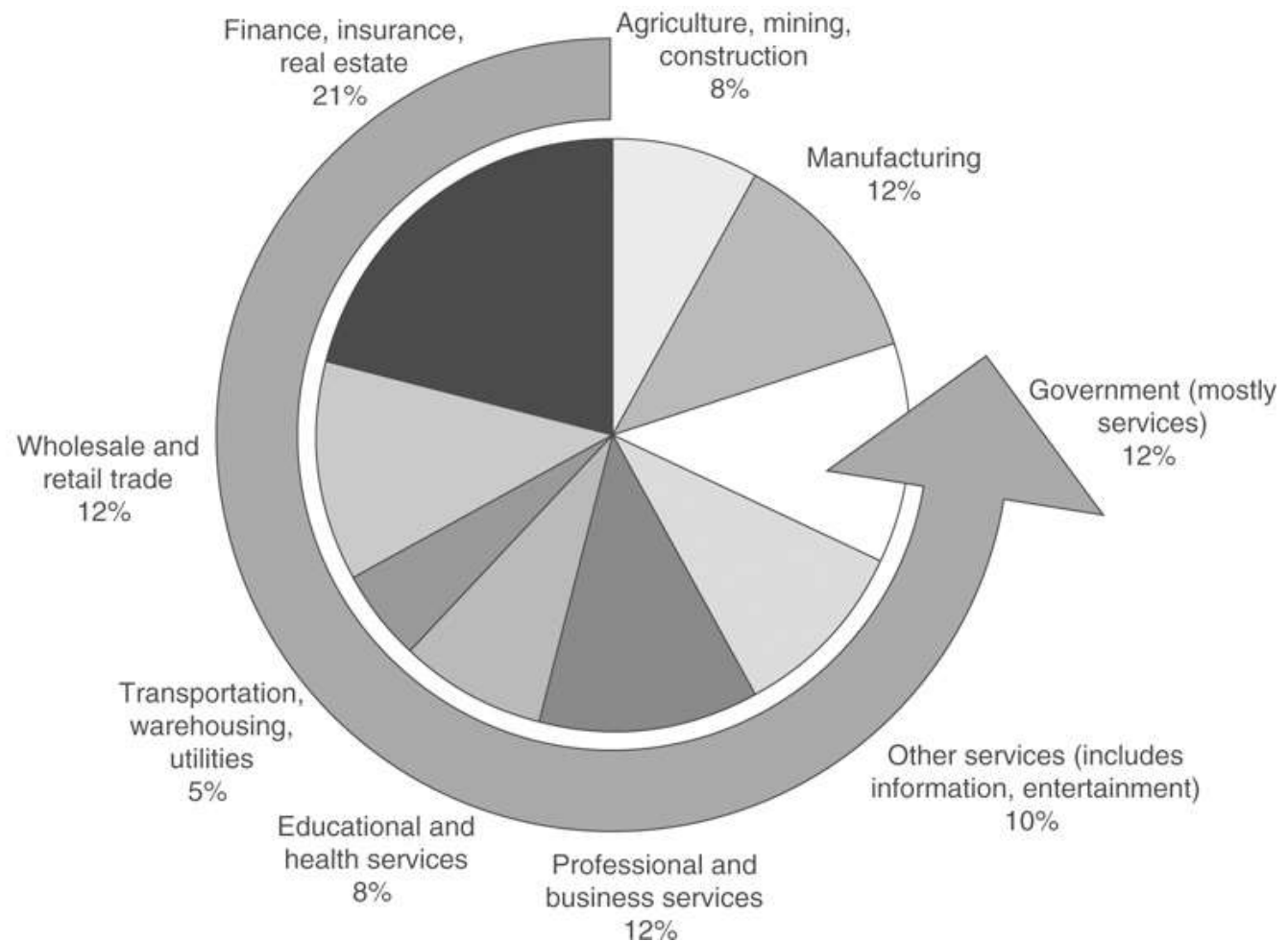
Examples of Service Industries

- Health Care
 - hospital, medical practice, dentistry, eye care
- Professional Services
 - accounting, legal, architectural
- Financial Services
 - banking, investment advising, insurance
- Hospitality
 - restaurant, hotel/motel, bed & breakfast
 - ski resort, rafting
- Travel
 - airline, travel agency, theme park
- Others
 - hair styling, pest control, plumbing, lawn maintenance, counseling services, health club, interior design

Contributions of Service Industries to U.S. Gross Domestic Product

FIGURE 1.1
Contributions of
Service Industries to
U.S. Gross Domestic
Product, 2006

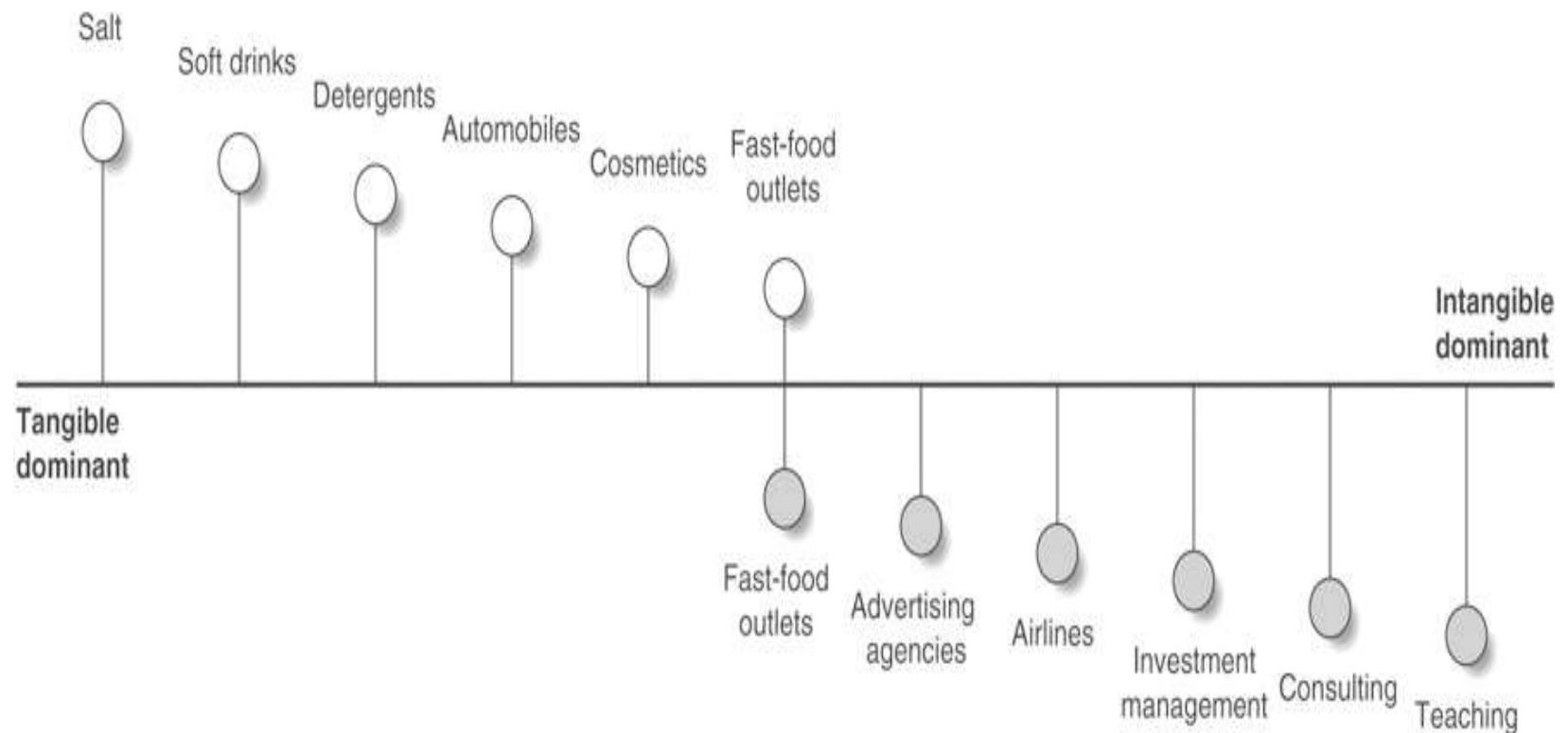
Source: *Survey of Current Business*, May 2007, p. 19, Table 2.



Tangibility Spectrum

FIGURE 1.2 Tangibility Spectrum

Source: G. Lynn Shostack, "Breaking Free from Product Marketing," *Journal of Marketing* 41 (April 1977), pp. 73–80. Reprinted with permission of the American Marketing Association.



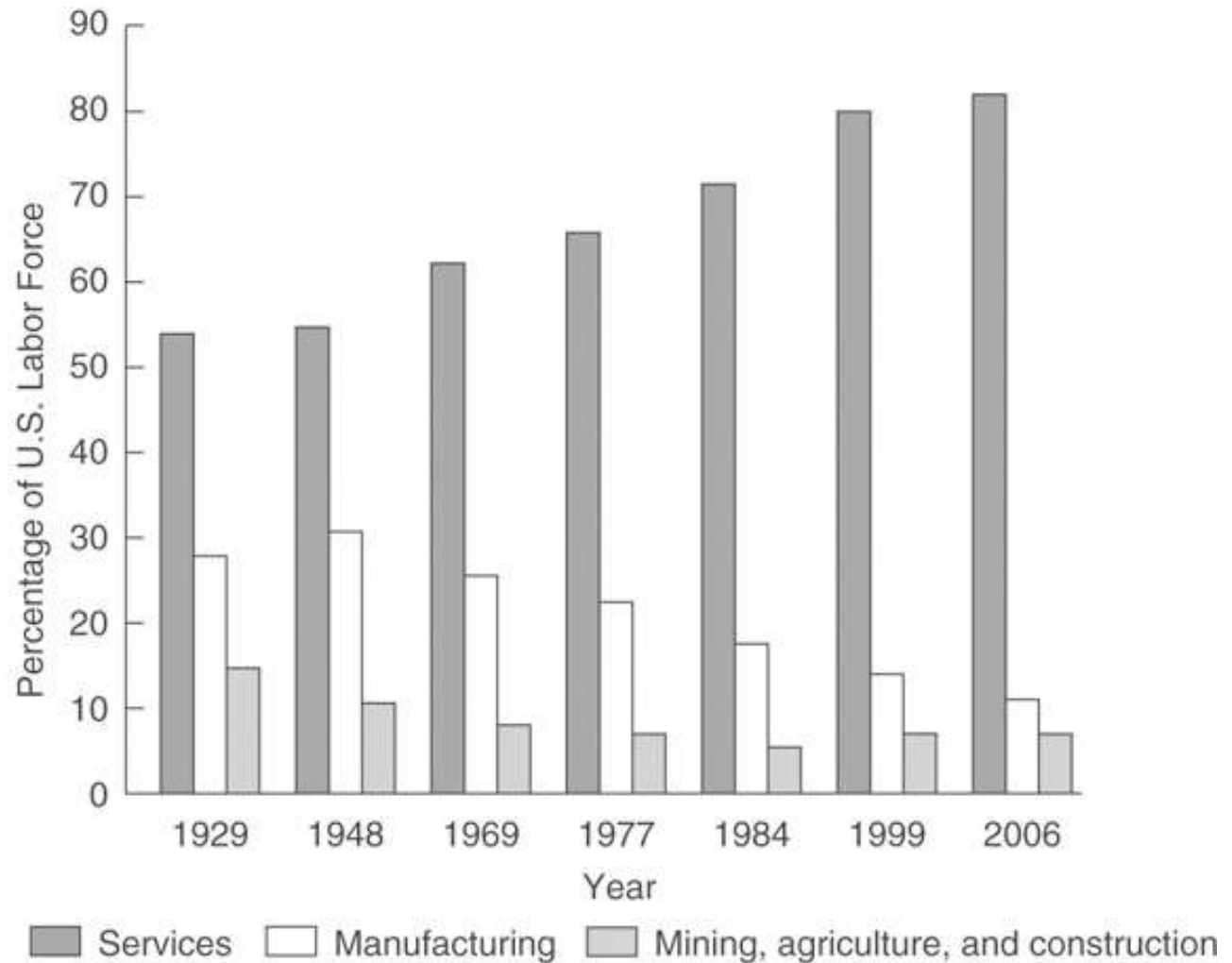
Overview: Why Services Matter

- Services dominate U.S. and worldwide economies
- Services are growing dramatically
- Service leads to customer retention and loyalty
- Service leads to profits
- Services help manufacturing companies differentiate themselves

Percent of U.S. Labor Force by Industry

FIGURE 1.3
Percentage of U.S.
Labor Force by
Industry

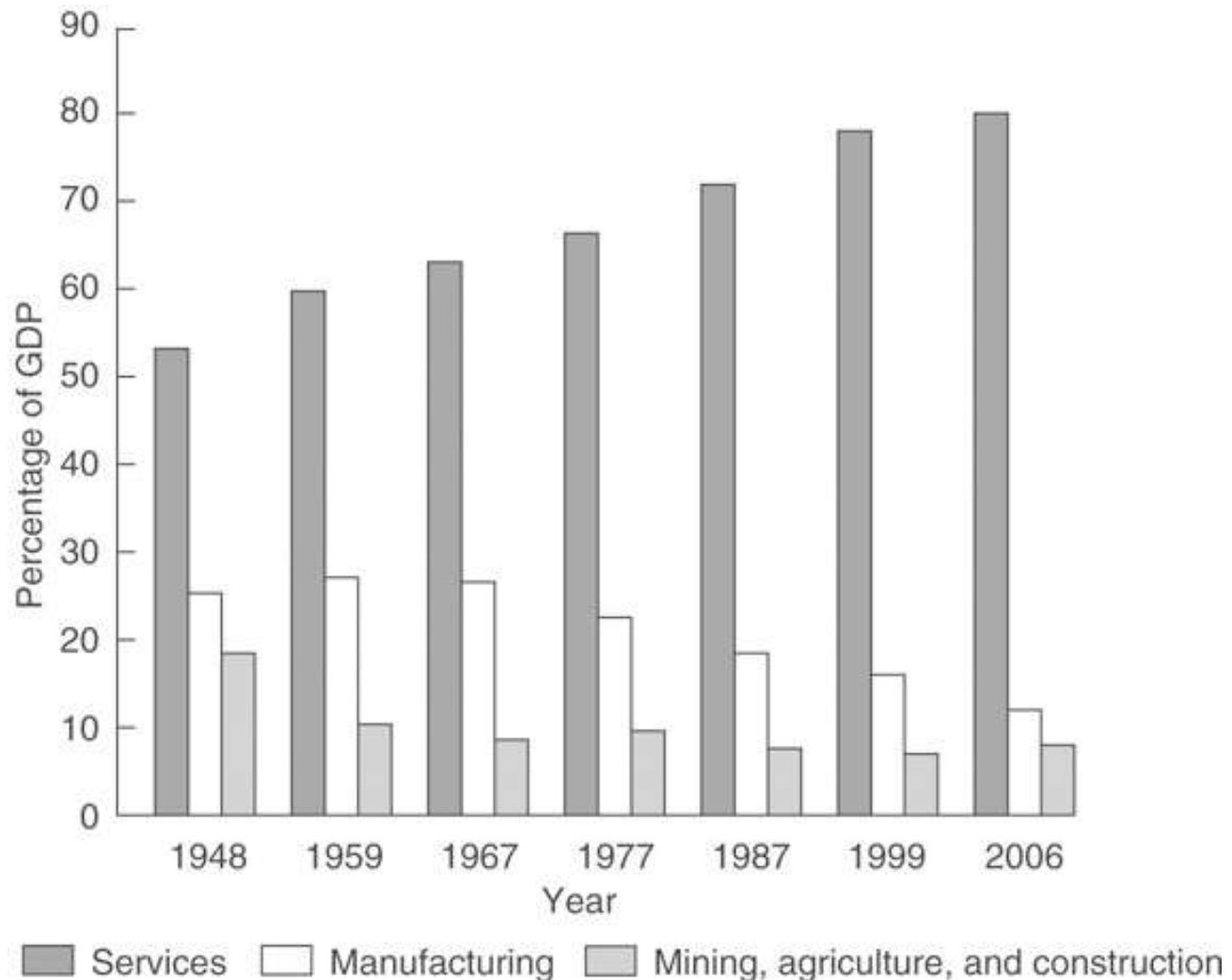
Sources: U.S. Department of Labor, Bureau of Labor Statistics, *Industry at a Glance*, May 4, 2007, *Survey of Current Business*, February 2001, Table B.8, July 1988, Table 6.6B, and July 1992, Table 6.4C; E. Ginzberg and G. J. Vojta, "The Service Sector of the U.S. Economy," *Scientific American* 244, no. 3 (1981), pp. 31–39.



Percent of U.S. Gross Domestic Product by Industry

FIGURE 1.4
Percentage of U.S.
Gross Domestic
Product by Industry

Sources: *Survey of Current Business*, May 2007, p. 19, Table 2; *Survey of Current Business*, February 2001, Table B.3, and August 1996, Table 11; E. Ginzberg and G. J. Vojta, "The Service Sector of the U.S. Economy," *Scientific American* 244, no. 3 (1981), pp. 31–39.



Eight Central Paradoxes of Technological Products

Source: D. G. Mick and S. Fournier, "Paradoxes of Technology: Consumer Cognizance, Emotions, and Coping Strategies," *Journal of Consumer Research* 25 (September 1998), pp. 123–147. Copyright © 1998 University of Chicago Press. Reprinted by permission.

Paradox	Description
Control/chaos	Technology can facilitate regulation or order, and technology can lead to upheaval or disorder.
Freedom/enslavement	Technology can facilitate independence or fewer restrictions, and technology can lead to dependence or more restrictions.
New/obsolete	New technologies provide the user with the most recently developed benefits of scientific knowledge, and new technologies are already or soon to be outmoded as they reach the marketplace.
Competence/incompetence	Technology can facilitate feelings of intelligence or efficacy, and technology can lead to feelings of ignorance or ineptitude.
Efficiency/inefficiency	Technology can facilitate less effort or time spent in certain activities, and technology can lead to more effort or time in certain activities.
Fulfills/creates needs	Technology can facilitate the fulfillment of needs or desires, and technology can lead to the development or awareness of needs or desires previously unrealized.
Assimilation/isolation	Technology can facilitate human togetherness, and technology can lead to human separation.
Engaging/disengaging	Technology can facilitate involvement, flow, or activity, and technology can lead to disconnection, disruption, or passivity.

Comparing Goods and Services

TABLE 1.2 Comparing Goods and Services

Source: A. Parasuraman, V. A. Zeithaml, and L. L. Berry, "A Conceptual Model of Service Quality and Its Implications for Future Research." *Journal of Marketing* 49 (Fall 1985) pp. 41–50. Reprinted by permission of the American Marketing Association.

Goods	Services	Resulting Implications
Tangible	Intangible	Services cannot be inventoried. Services cannot be easily patented. Services cannot be readily displayed or communicated. Pricing is difficult.
Standardized	Heterogeneous	Service delivery and customer satisfaction depend on employee and customer actions. Service quality depends on many uncontrollable factors. There is no sure knowledge that the service delivered matches what was planned and promoted.
Production separate from consumption	Simultaneous production and consumption	Customers participate in and affect the transaction. Customers affect each other. Employees affect the service outcome. Decentralization may be essential. Mass production is difficult.
Nonperishable	Perishable	It is difficult to synchronize supply and demand with services. Services cannot be returned or resold.

Why do firms focus on Services?

- Services can provide higher profit margins and growth potential than products
- Customer satisfaction and loyalty are driven by service excellence
- Services can be used as a differentiation strategy in competitive markets

What is Service Marketing

- A service, according to Vargo and Lusch (2004), is ‘the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself. Services are economic activities, rather than tangible products, offered by one party to another. Rendering a service to recipients, objects, or other assets depends on a time-sensitive performance to bring about the desired result. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved

Why study Services Marketing?

- Service-based economies
- Service as a business imperative in manufacturing and IT
- Deregulated industries and professional service needs
- Services marketing is different
- Service equals profits

What is Service? The Old View

- Service is a technical after-sale function that is provided by the service department.



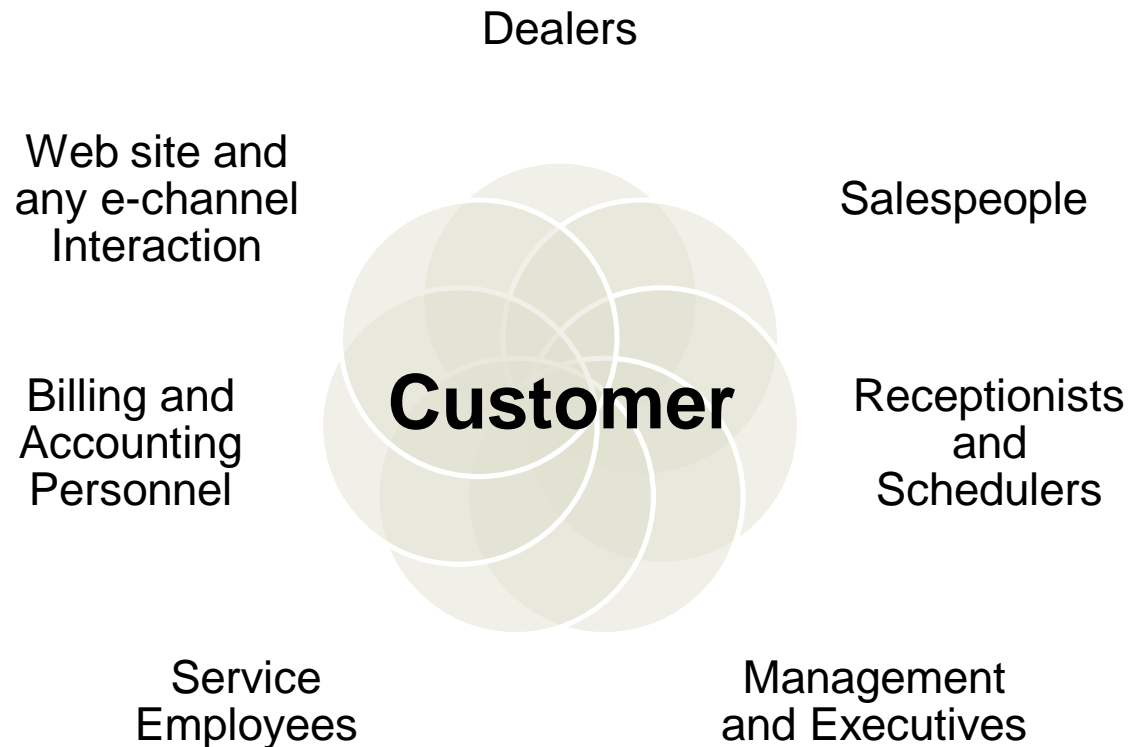
Old view of service =
Customer Service Center



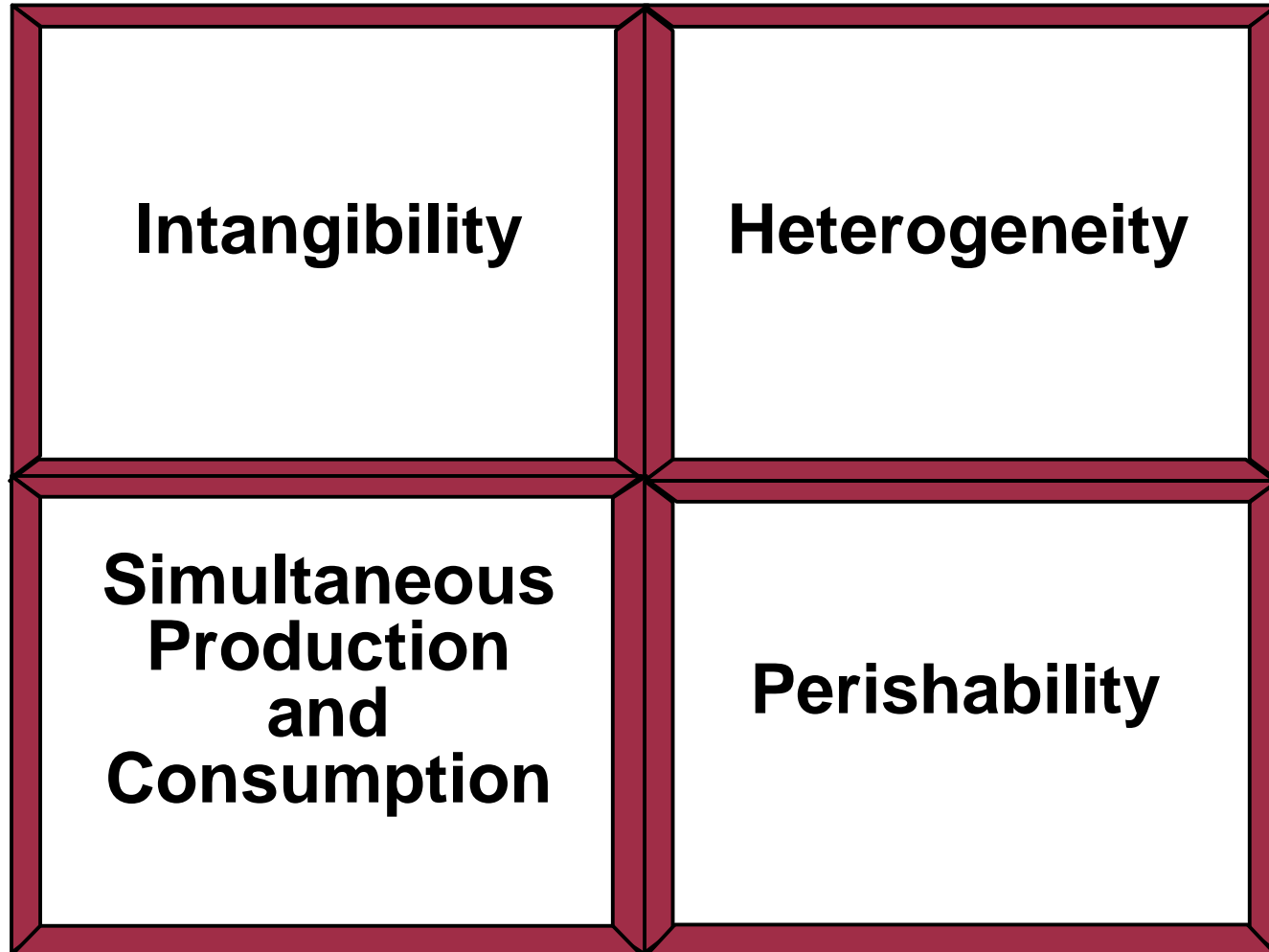
Old:
Service =
wrench time

What is Service? The New View

- Service includes every interaction between any customer and anyone representing the company, including:



Characteristics of Services Compared to Goods



Implications of Intangibility

- Services cannot be inventoried
- Services cannot be easily patented
- Services cannot be readily displayed or communicated
- Pricing is difficult

Implications of Heterogeneity

- Service delivery and customer satisfaction depend on employee and customer actions
- Service quality depends on many uncontrollable factors
- There is no sure knowledge that the service delivered matches what was planned and promoted

Implications of Simultaneous Production and Consumption

- Customers participate in and affect the transaction
- Customers affect each other
- Employees affect the service outcome
- Decentralization may be essential
- Mass production is difficult

Implications of Perishability

- It is difficult to synchronize supply and demand with services
- Services cannot be returned or resold

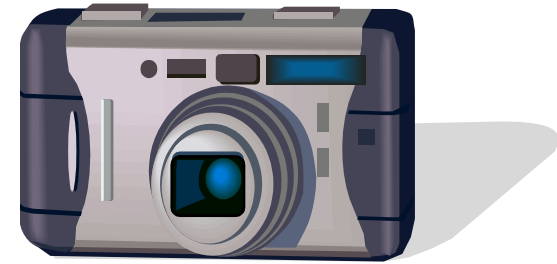
Challenges for Services

- Defining and improving quality
- Ensuring the delivery of consistent quality
- Designing and testing new services
- Communicating and maintaining a consistent image
- Accommodating fluctuating demand
- Motivating and sustaining employee commitment
- Coordinating marketing, operations, and human resource efforts
- Setting prices
- Finding a balance between standardization versus customization

Examples of Goods Companies that are Expanding into Services



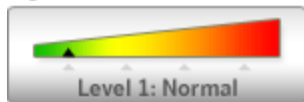
Boeing



Kodak



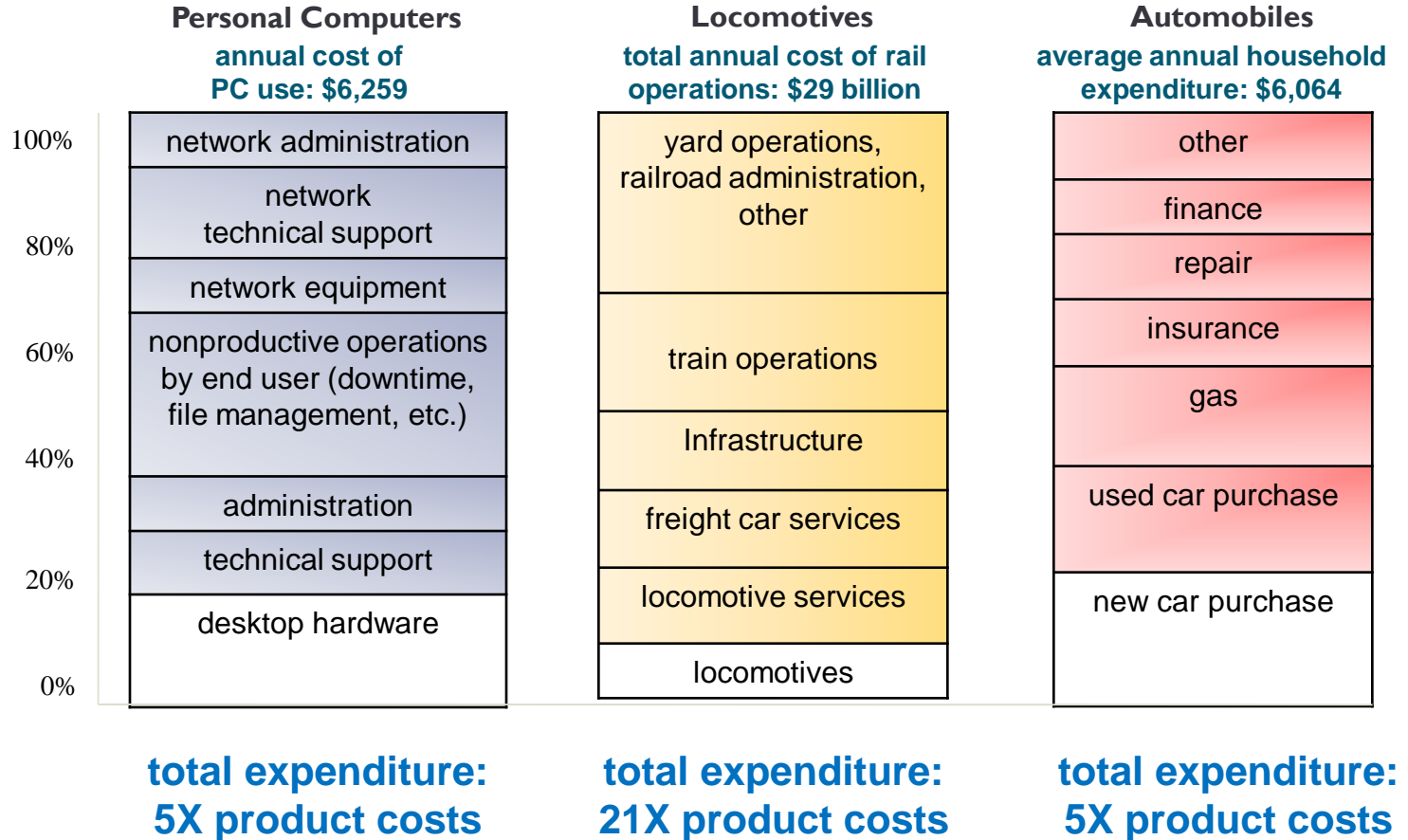
Symantec ThreatCon



Where the Money in Manufacturing Is: Services

The sale of a product accounts for only a small portion of overall revenues.

Providing services to customers is where the real money is.



Source: GartnerGroup, Association of American Railroads, Federal Highway Administration Office of Highway Information Management. (Railroad expenditures are for Class 1 railroads.)

Traditional Marketing Mix

- All elements within the control of the firm that communicate the firm's capabilities and image to customers or that influence customer satisfaction with the firm's product and services:
 - Product
 - Price
 - Place
 - Promotion

Expanded Mix for Services – The 7 Ps

- Product
- Price
- Place
- Promotion

- **People**
 - All human actors who play a part in service delivery and thus influence the buyer's perceptions: namely, the firm's personnel, the customer, and other customers in the service environment.
- **Physical Evidence**
 - The environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service.
- **Process**
 - The actual procedures, mechanisms, and flow of activities by which the service is delivered—the service delivery and operating systems.

Ways to Use the 7 Ps

Overall Strategic Assessment

- How effective is a firm's services marketing mix?
- Is the mix well-aligned with overall vision and strategy?
- What are the strengths and weaknesses in terms of the 7 Ps?

Specific Service Implementation

- Who is the customer?
- What is the service?
- How effectively does the services marketing mix for a service communicate its benefits and quality?
- What changes/improvements are needed?

The Gaps Model of Service Quality

- The Customer Gap
- The Provider Gaps:
 - Gap 1 – The Listening Gap
 - not knowing what customers expect
 - Gap 2 – The Design and Standards Gap
 - not having the right service designs and standards
 - Gap 3 – The Performance Gap
 - not delivering to service standards
 - Gap 4 – The Communication Gap
 - not matching performance to promises
- Putting It All Together: Closing the Gaps

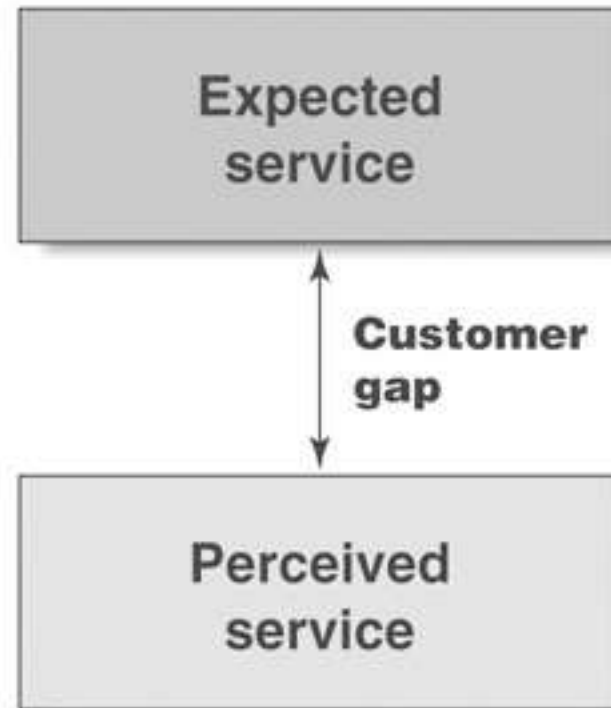
Objectives for Chapter 2: The Gaps Model of Service Quality

- Introduce a framework, called the gaps model of service quality, which is used to organize this textbook.
- Demonstrate that the gaps model is a useful framework for understanding service quality in an organization.
- Demonstrate that the most critical service quality gap to close is the customer gap, the difference between customer expectations and perceptions.
- Show that four gaps that occur in companies, which we call provider gaps, are responsible for the customer gap.
- Identify the factors responsible for each of the four provider gaps.

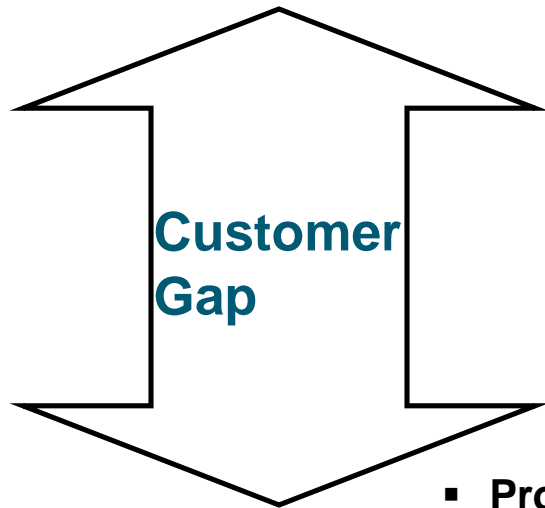
The Customer Gap

FIGURE 2.1
The Customer Gap

The Customer Gap



Key Factors Leading to the Customer Gap



Customer Expectations

- **Provider Gap 1:** Not knowing what customers expect
- **Provider Gap 2:** Not selecting the right service designs and standards
- **Provider Gap 3:** Not delivering to service standards
- **Provider Gap 4:** Not matching performance to promises

Customer Perceptions

Gaps Model of Service Quality

- Customer Gap:
 - difference between customer expectations and perceptions
- Provider Gap 1 (**Knowledge Gap**):
 - not knowing what customers expect
- Provider Gap 2 (**Service Design & Standards Gap**):
 - not having the right service designs and standards
- Provider Gap 3 (**Service Performance Gap**):
 - not delivering to service standards
- Provider Gap 4 (**Communication Gap**):
 - not matching performance to promises

Provider Gap 1

CUSTOMER

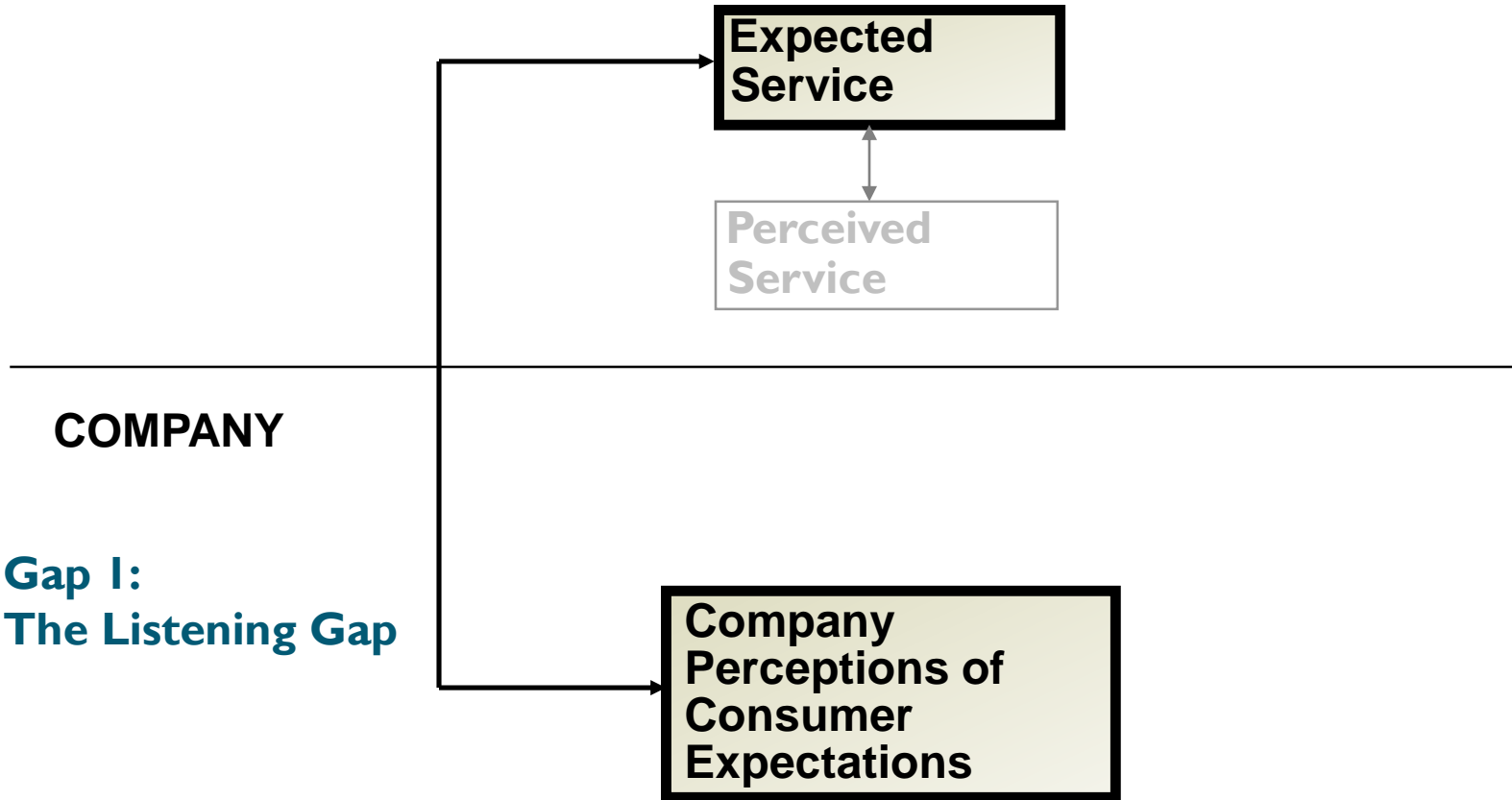
**Expected
Service**

Perceived
Service

COMPANY

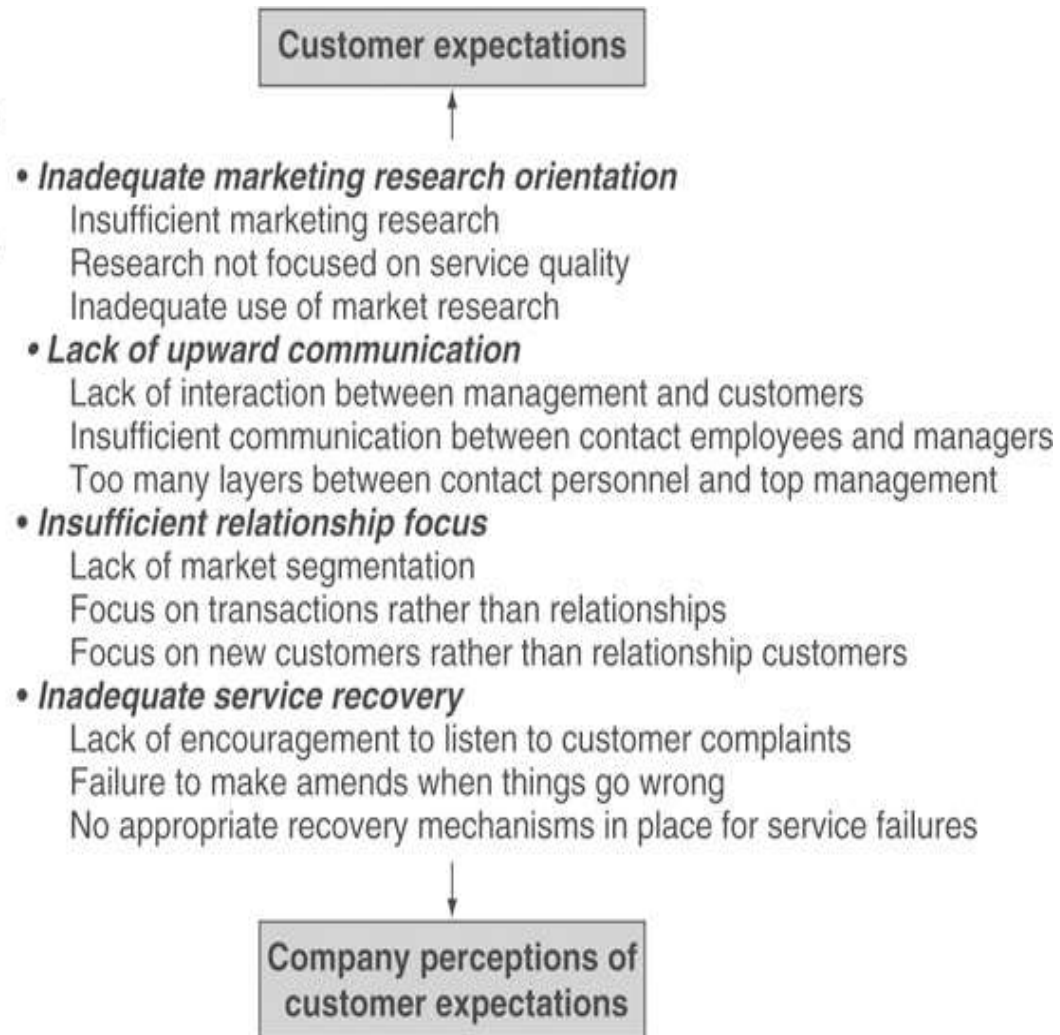
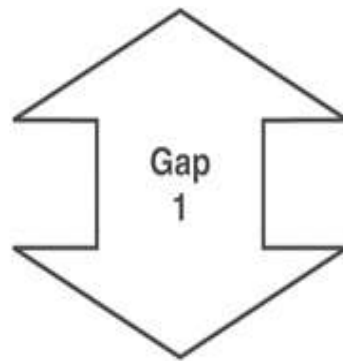
**Gap I:
The Listening Gap**

**Company
Perceptions of
Consumer
Expectations**



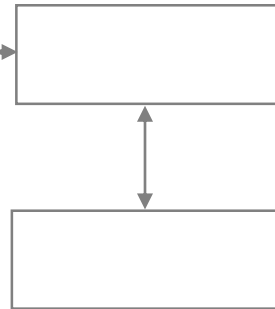
Key Factors Leading to Provider Gap 1

FIGURE 2.2
Key Factors Leading
to Provider Gap 1:
The Listening Gap



Provider Gap 2

CUSTOMER

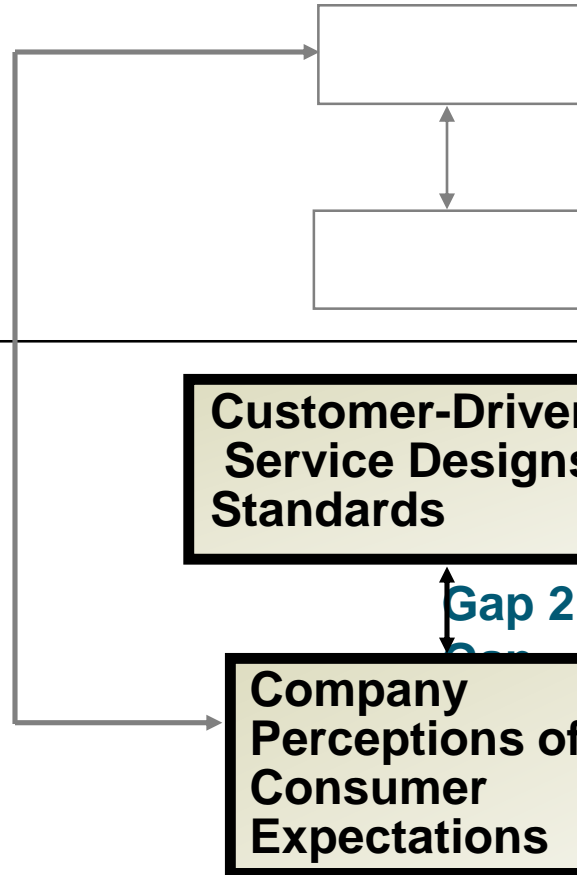


COMPANY

**Customer-Driven
Service Designs and
Standards**

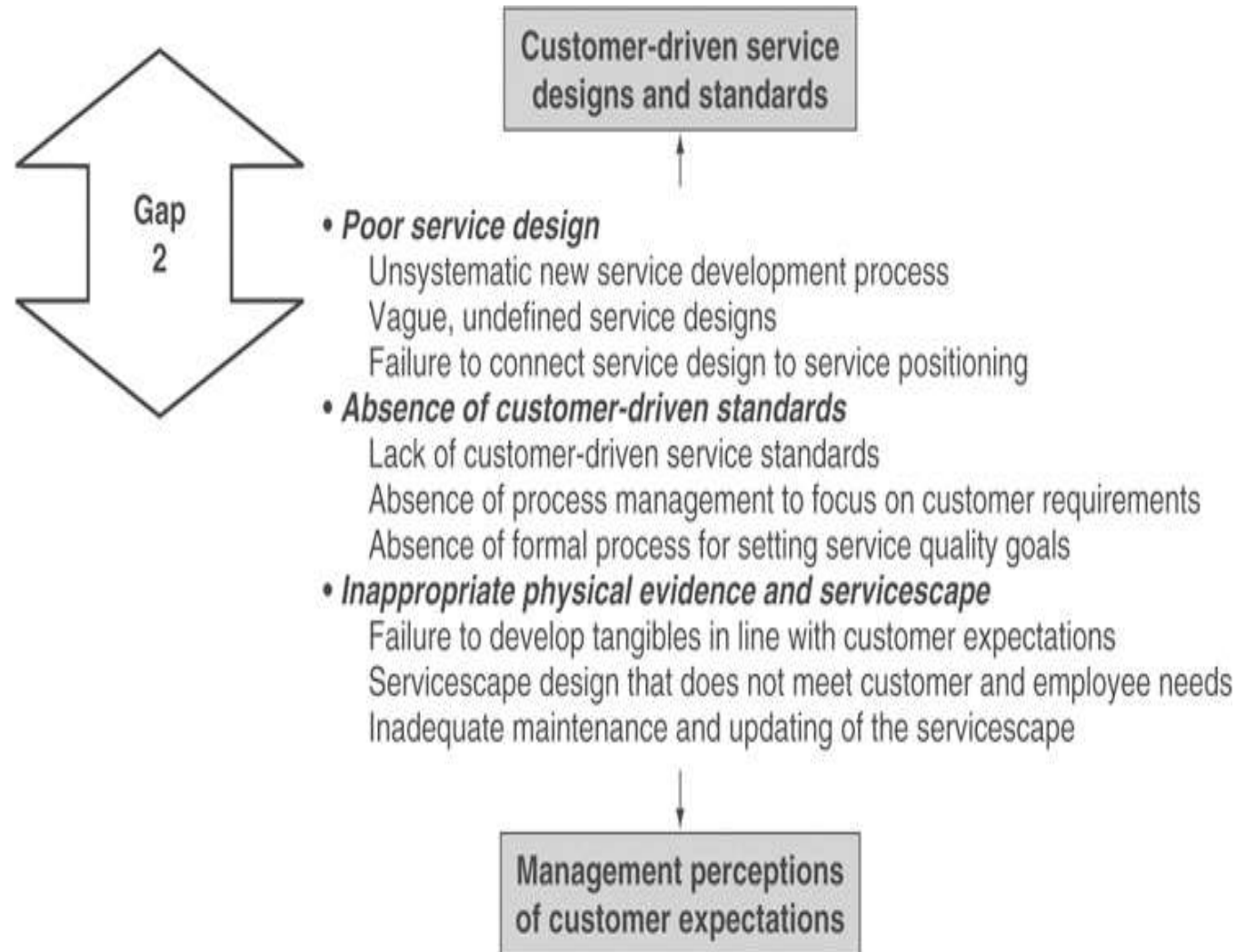
Gap 2: The Design and Standards

**Company
Perceptions of
Consumer
Expectations**

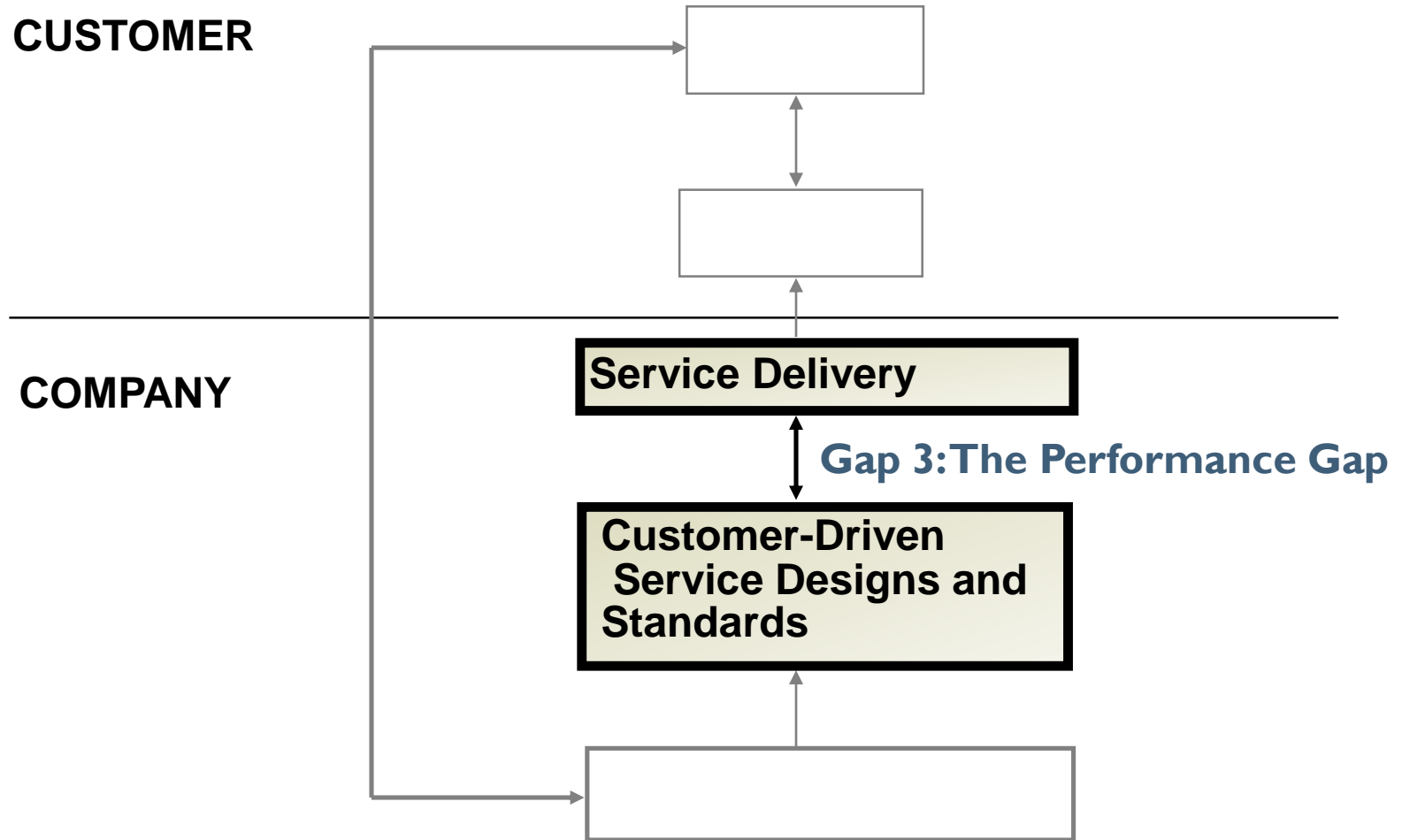


Key Factors Leading to Provider Gap 2

FIGURE 2.3
Key Factors Leading to Provider Gap 2:
The Service Design and Standards Gap

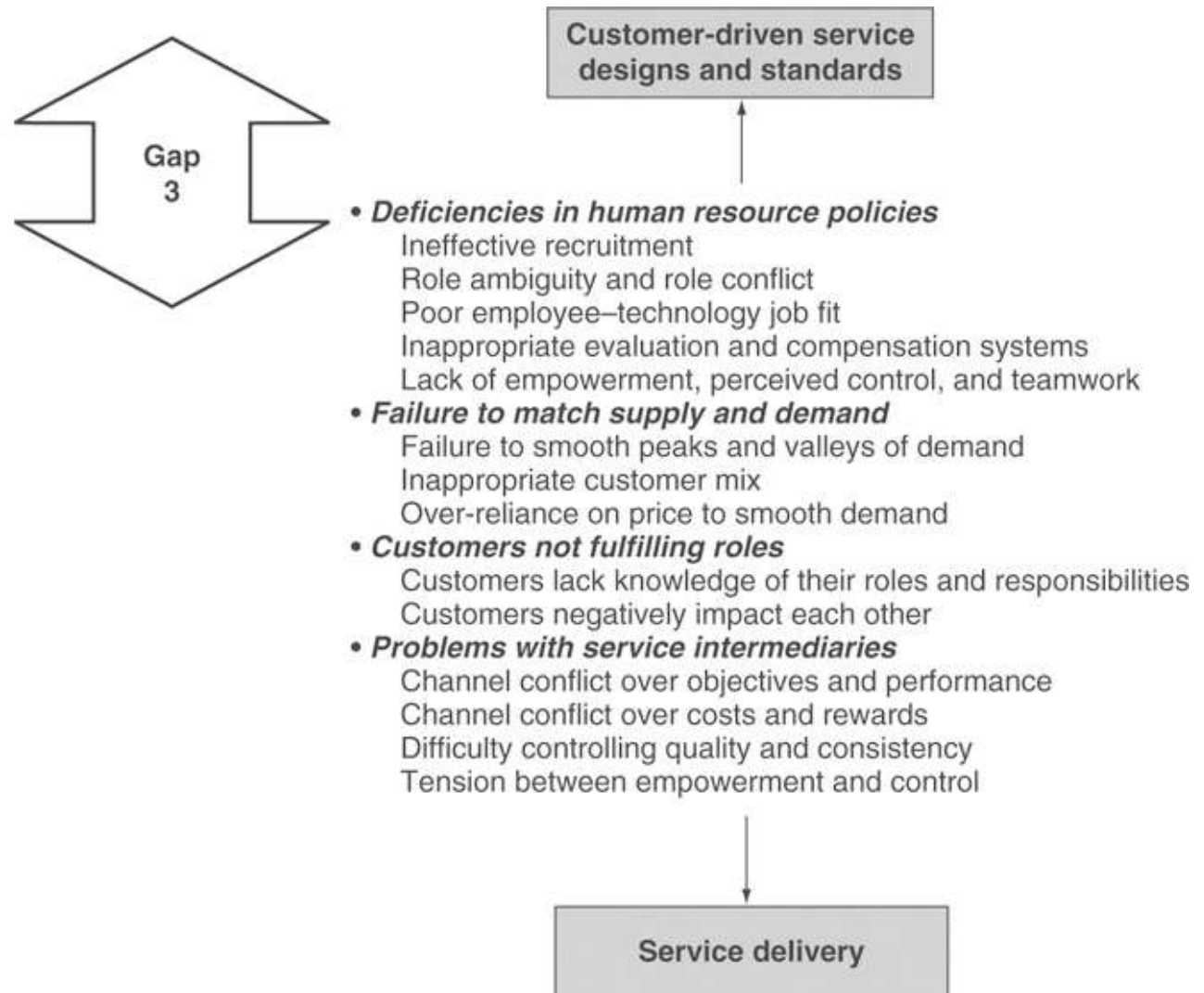


Provider Gap 3

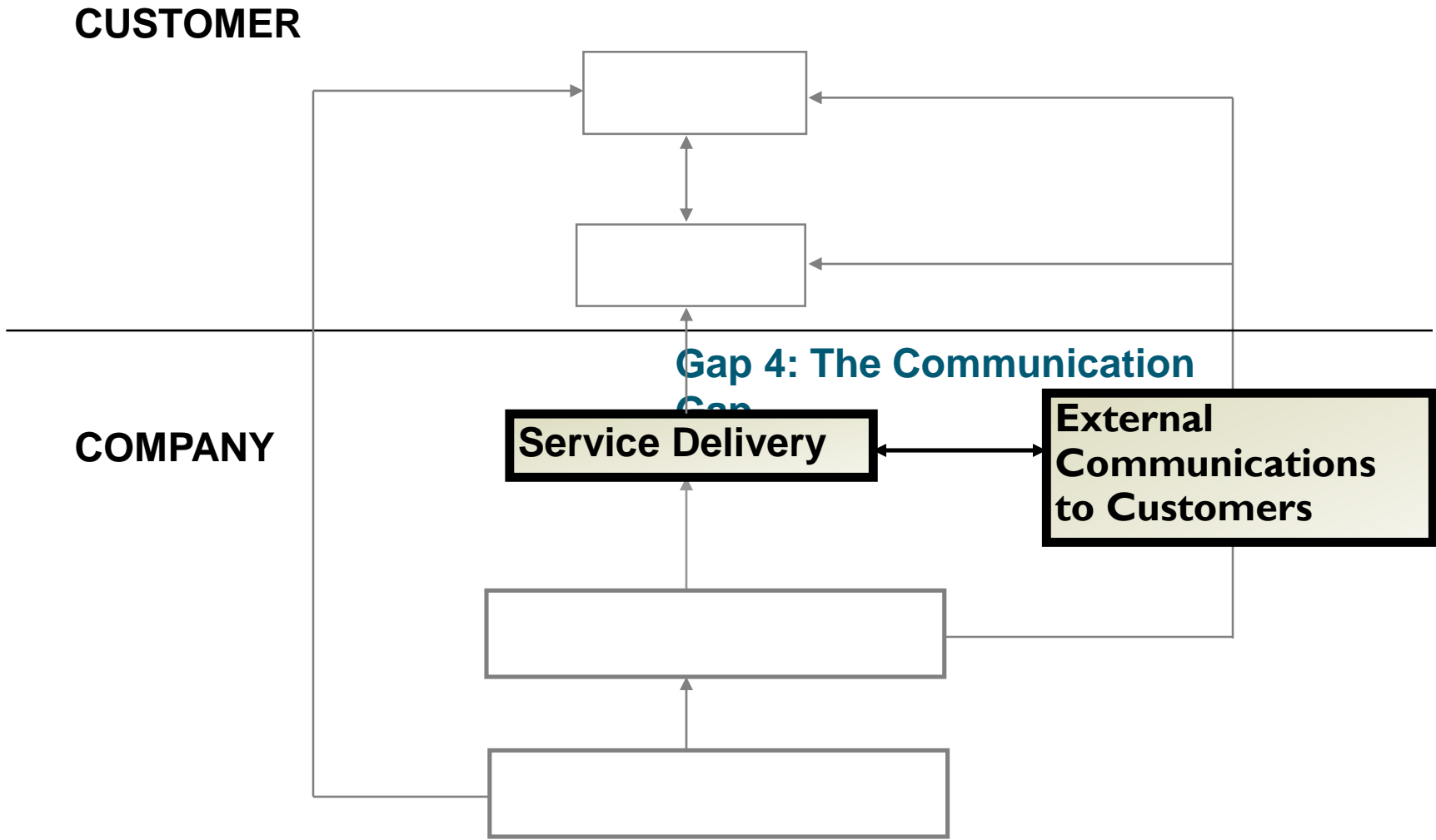


Key Factors Leading to Provider Gap 3

FIGURE 2.4
Key Factors Leading
to Provider Gap
3: The Service
Performance Gap



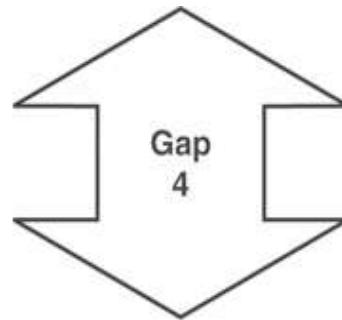
Provider Gap 4



Key Factors Leading to Provider Gap 4

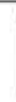
FIGURE 2.5

Key Factors
Leading to Provider
Gap 4: The
Communications
Gap



- **Lack of integrated services marketing communications**
Tendency to view each external communication as independent
Not including interactive marketing in communications plan
Absence of strong internal marketing program
- **Ineffective management of customer expectations**
Not managing customer expectation through all forms of communication
Not adequately educating customers
- **Overpromising**
Overpromising in advertising
Overpromising in personal selling
Overpromising through physical evidence cues
- **Inadequate horizontal communications**
Insufficient communication between sales and operations
Insufficient communication between advertising and operations
Differences in policies and procedures across branches or units
- **Inappropriate Pricing**
High prices that raise customer expectations
Prices that are not tied to customer perceptions of value

Service delivery

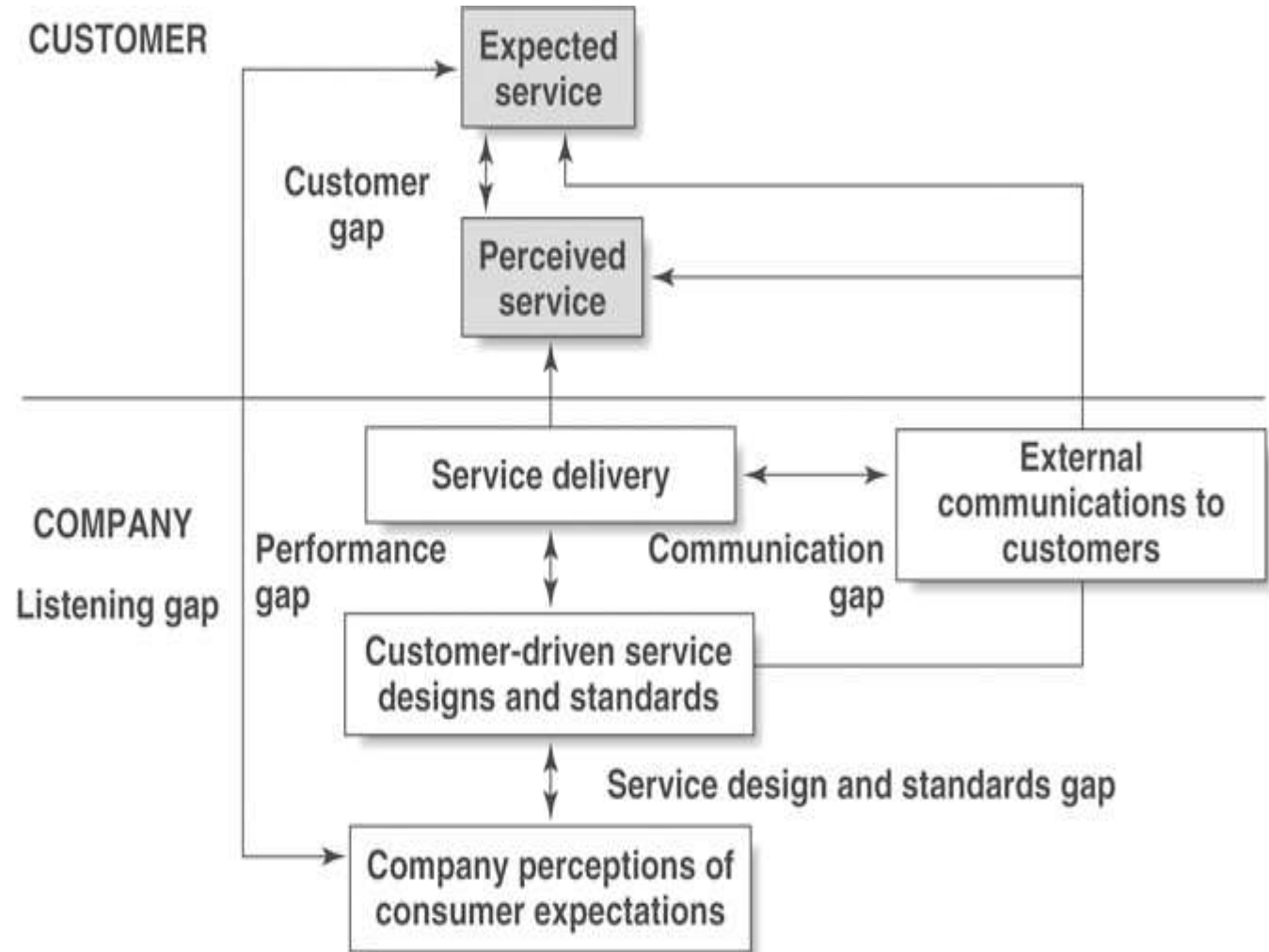


External communications
to customers



Gaps Model of Service Quality

FIGURE 2.6
Gaps Model of
Service Quality



Ways to Use Gap Analysis

- Overall Strategic Assessment:
 - How are we doing overall in meeting or exceeding customer expectations?
 - How are we doing overall in closing the four company gaps?
 - Which gaps represent our strengths and where are our weaknesses?

Ways to Use Gap Analysis

- **Specific Service Implementation**
 - Who is the customer? What is the service?
 - Are we consistently meeting/exceeding customer expectations with this service?
 - If not, where are the gaps and what changes are needed? (Examine gaps 1-4 for this particular service.)

Part 2

FOCUS ON THE CUSTOMER

Customer Behavior in Services

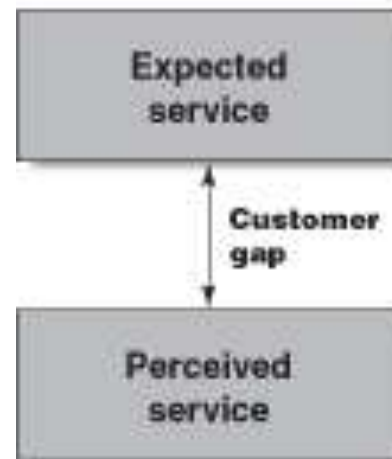
- Search, Experience, and Credence Properties
- Consumer Choice
- Consumer Experience
- Postexperience Evaluation
- Global Differences: The Role of Culture

Objectives for Chapter 3: Consumer Behavior in Services

- Enhance understanding of how consumers choose, experience, and evaluate services.
- Describe how consumers judge goods versus services in terms of search, experience, and credence criteria.
- Develop the elements of consumer behavior that a services marketer must understand: choice behavior, consumer experiences, and postexperience evaluation.

The Customer Gap

The Customer Gap

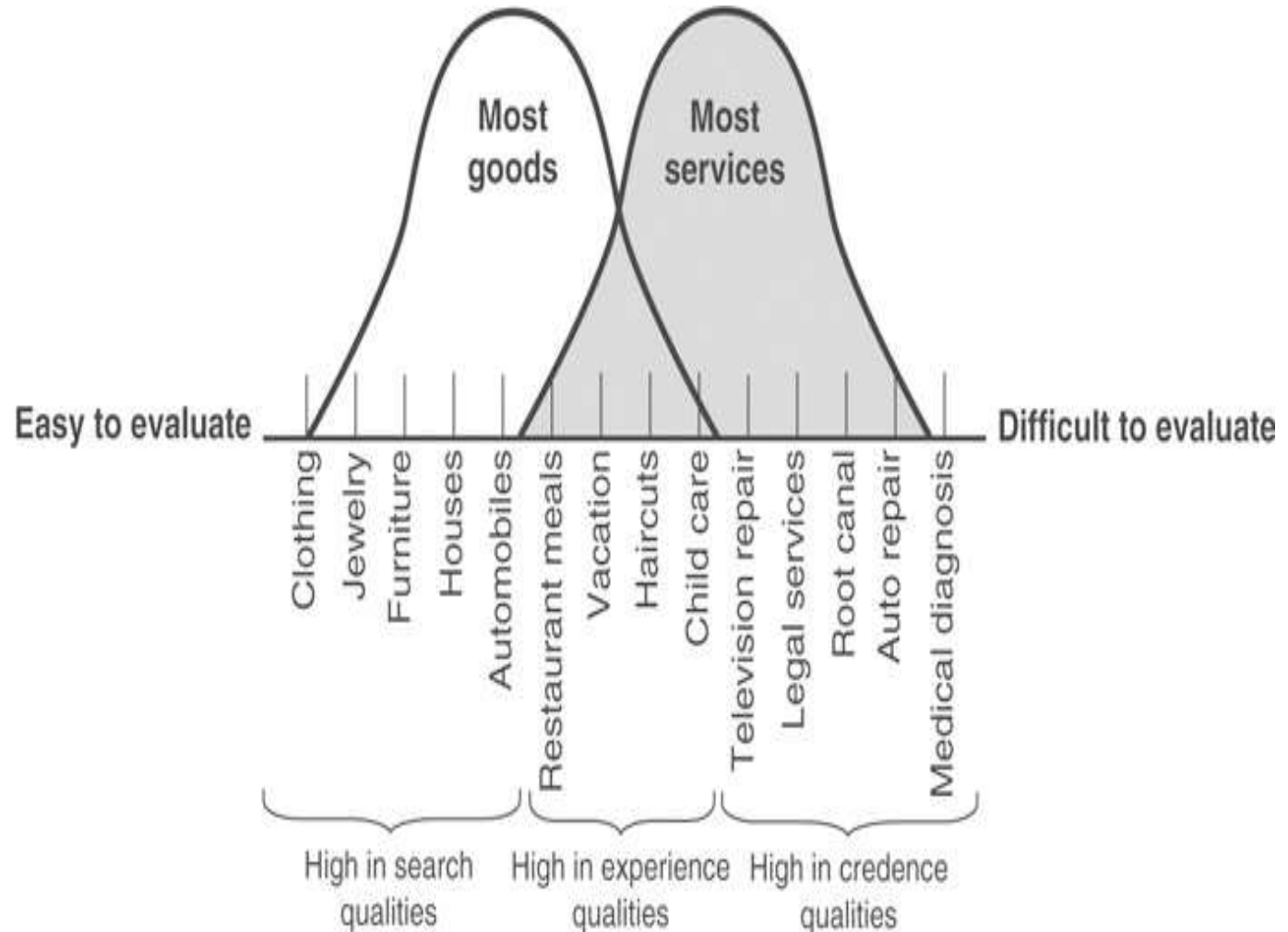


Consumer Evaluation Processes for Services

- Search Qualities
 - attributes a consumer can determine prior to purchase of a product
- Experience Qualities
 - attributes a consumer can determine after purchase (or during consumption) of a product
- Credence Qualities
 - characteristics that may be impossible to evaluate even after purchase and consumption

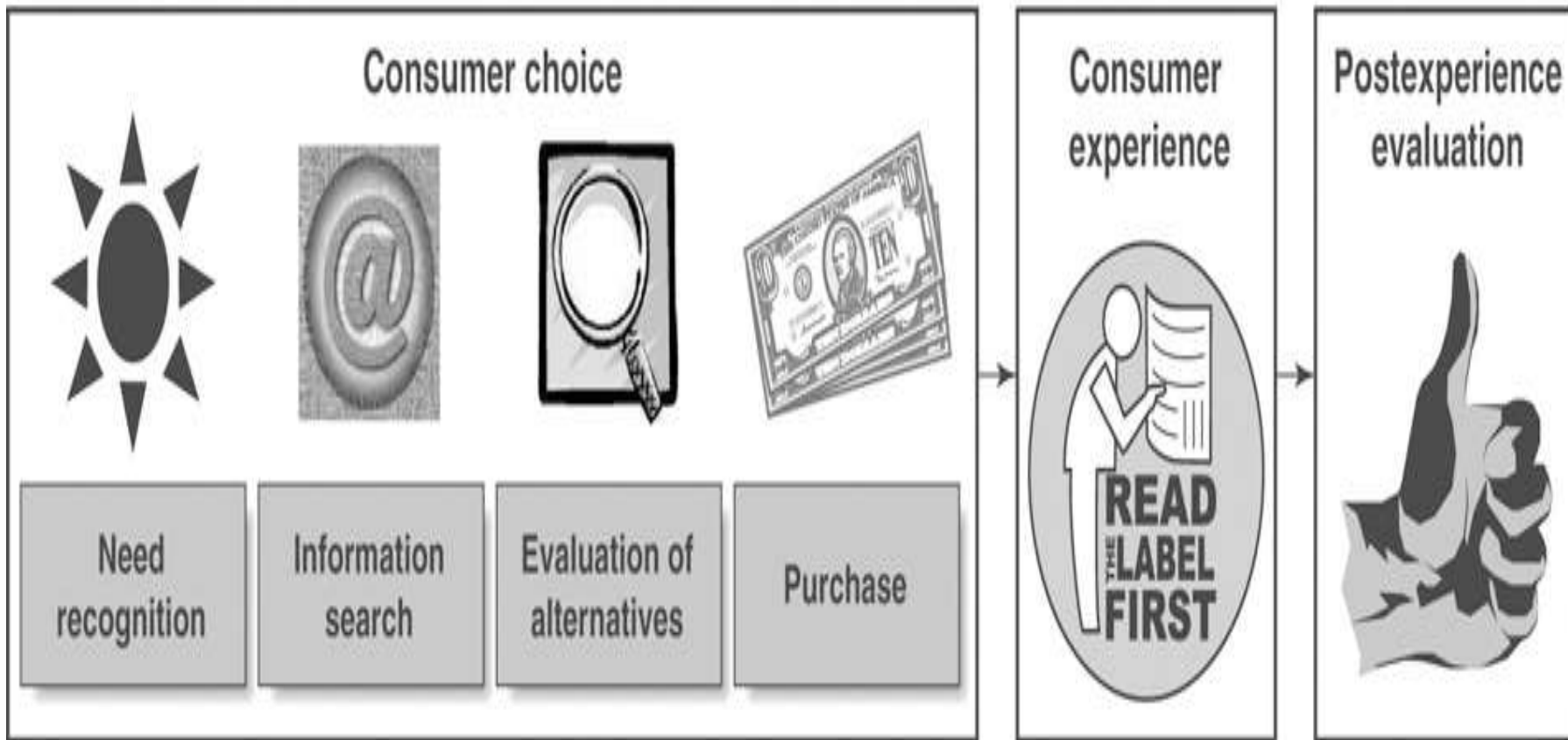
Continuum of Evaluation for Different Types of Products

FIGURE 3.1
Continuum of
Evaluation for
Different Types
of Products



Stages in Consumer Decision Making and Evaluation of Services

FIGURE 3.2 Stages in Consumer Decision Making and Evaluation of Services



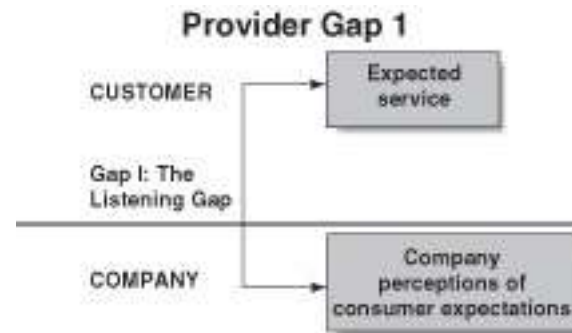
Issues to Consider in Examining the Consumer's Service Experience

- Services as processes
- Service provision as drama
- Service roles and scripts
- The compatibility of service customers
- Customer coproduction
- Emotion and mood

Part 3

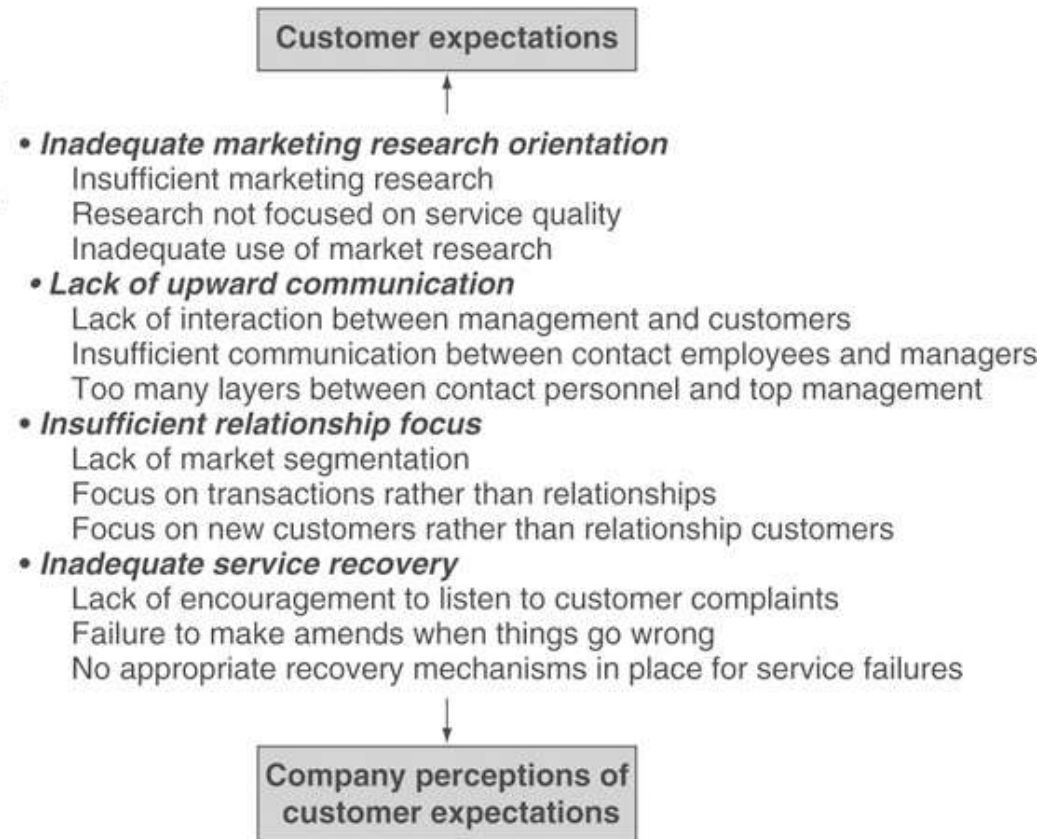
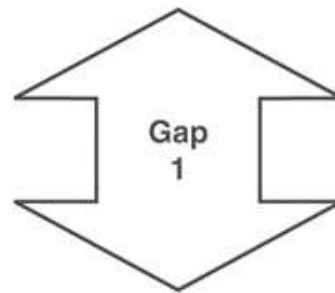
UNDERSTANDING CUSTOMER REQUIREMENTS

Provider Gap 1



Key Factors Leading to Provider Gap 1

FIGURE 2.2
Key Factors Leading
to Provider Gap 1:
The Listening Gap



Listening to Customers through Research

- Using Marketing Research to Understand Customer Expectations
- Elements in an Effective Services Marketing Research Program
- Analyzing and Interpreting Marketing Research Findings
- Model Services Marketing Research Programs
- Using Marketing Research Information
- Upward Communication

Objectives for Chapter 6: Listening to Customers through Research

- Present the types of and guidelines for marketing research in services.
- Show how marketing research information can and should be used for services.
- Describe the strategies by which companies can facilitate interaction and communication between management and customers.
- Present ways that companies can and do facilitate interaction between contact people and management.

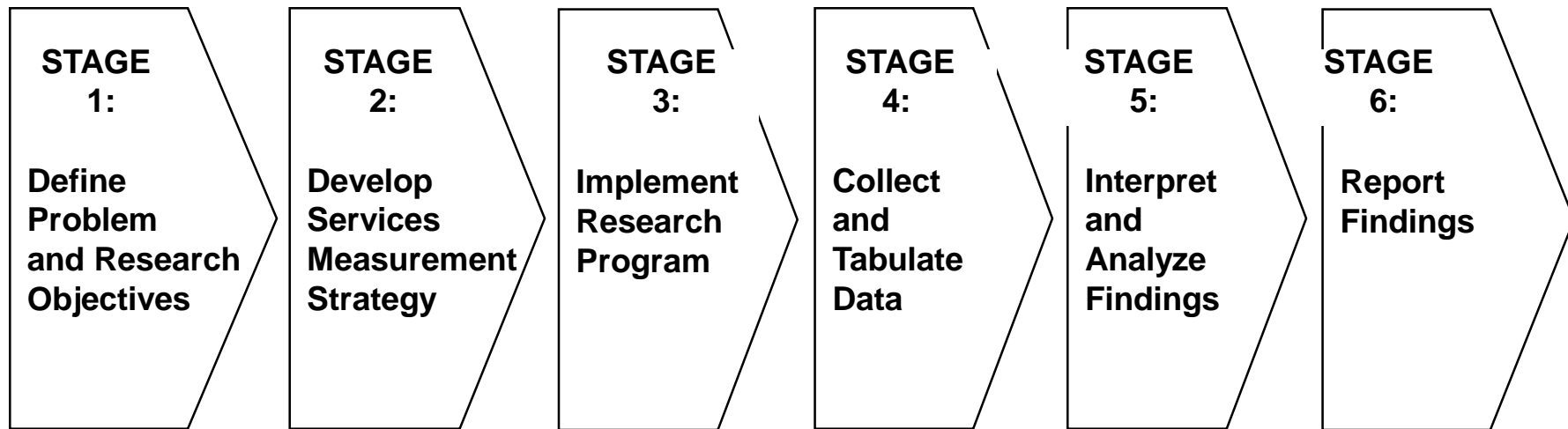
Common Research Objectives for Services

- To discover customer requirements or expectations for service.
- To monitor and track service performance.
- To assess overall company performance compared with that of competition.
- To assess gaps between customer expectations and perceptions.
- To identify dissatisfied customers, so that service recovery can be attempted.
- To gauge effectiveness of changes in service delivery.
- To appraise the service performance of individuals and teams for evaluation, recognition, and rewards.
- To determine customer expectations for a new service.
- To monitor changing customer expectations in an industry.
- To forecast future expectations of customers.

Criteria for an Effective Service Research Program

- Includes both qualitative and quantitative research
- Includes both expectations and perceptions of customers
- Balances the cost of the research and the value of the information
- Includes statistical validity when necessary
- Measures priorities or importance of attributes
- Occurs with appropriate frequency
- Includes measures of loyalty, behavioral intentions, or actual behavior

Stages in the (Marketing) Research Process



Portfolio of Services Research: Research Is NOT Just Surveys!

- Customer Complaint Solicitation
- “Relationship” Surveys
- Post-Transaction Surveys
- Customer Focus Groups
- “Mystery Shopping” of Service Providers
- Employee Surveys
- Lost Customer Research
- Critical Service Encounters Research

Common means for answering questions

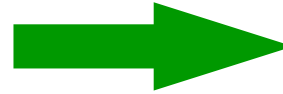
- Ask customers directly
 - mail, phone, face-to-face, online
 - one-on-one, in groups, formal/informal
- Observing customers
 - anthropological tools, qualitative depth
- Get information from employees and front line service providers
- Database marketing research
 - use customer information files
 - “capture” behavior through data analysis

Portfolio of Services Research

Research Objective

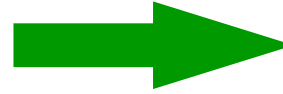
Type of Research

Identify dissatisfied customers to attempt recovery; identify most common categories of service failure for remedial action



Customer Complaint Solicitation

Assess company's service performance compared to competitors; identify service-improvement priorities; track service improvement over time



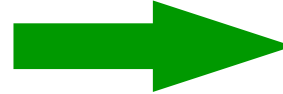
"Relationship" Surveys

Obtain customer feedback while service experience is fresh; act on feedback quickly if negative patterns develop



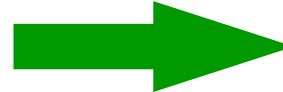
Post-Transaction Surveys

Use as input for quantitative surveys; provide a forum for customers to suggest service-improvement ideas



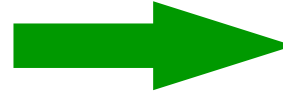
Customer Focus Groups

Measure individual employee service behaviors for use in coaching, training, performance evaluation, recognition and rewards; identify systemic strengths and weaknesses in service



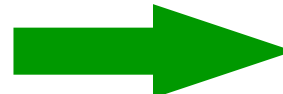
"Mystery Shopping" of Service Providers

Measure internal service quality; identify employee-perceived obstacles to improve service; track employee morale and attitudes



Employee Surveys

Determine the reasons why customers defect



Lost Customer Research

Forecast future expectations of customers; develop and test new service ideas

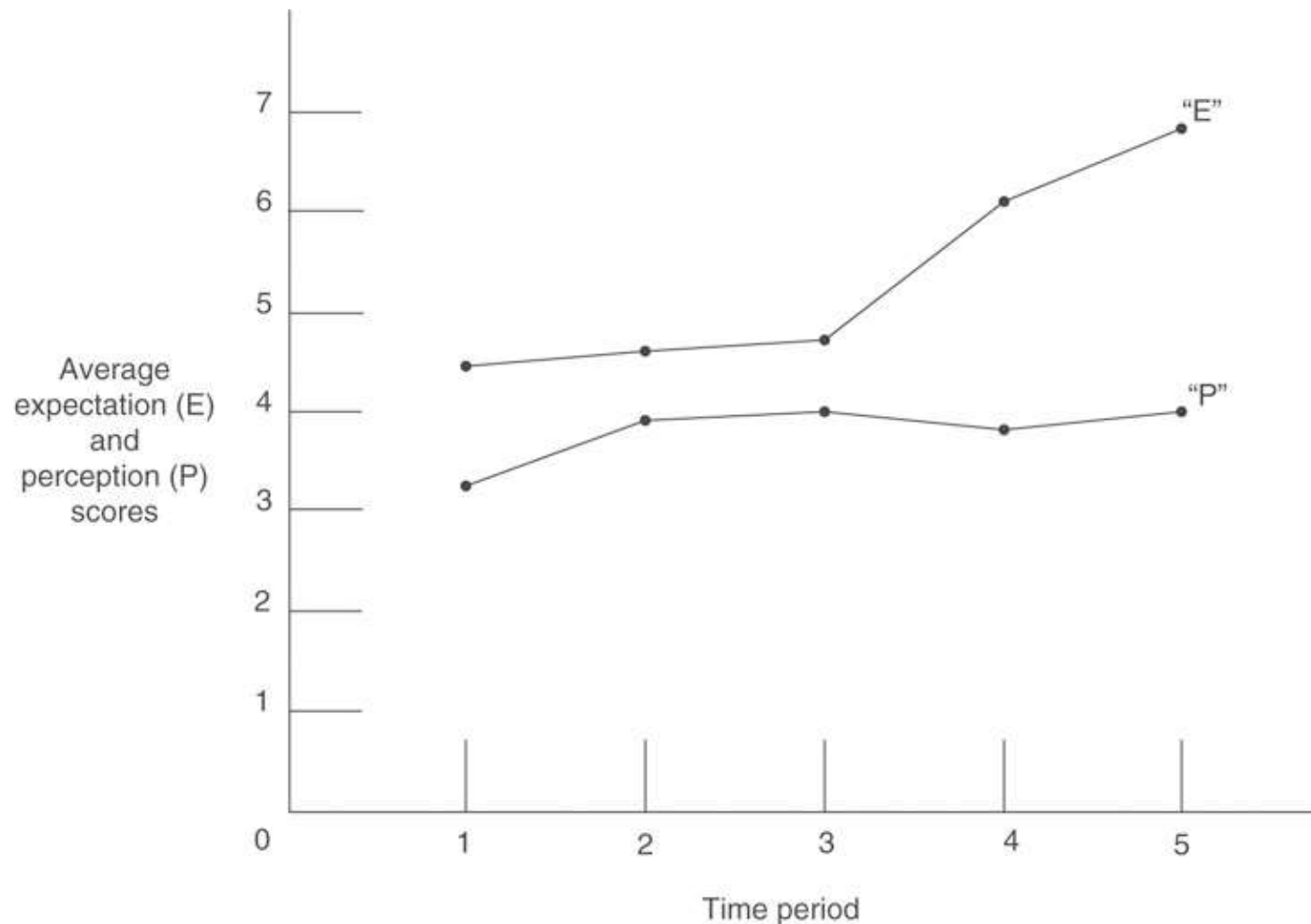


Future Expectations Research

Tracking of Customer Expectations and Perceptions of Service Reliability

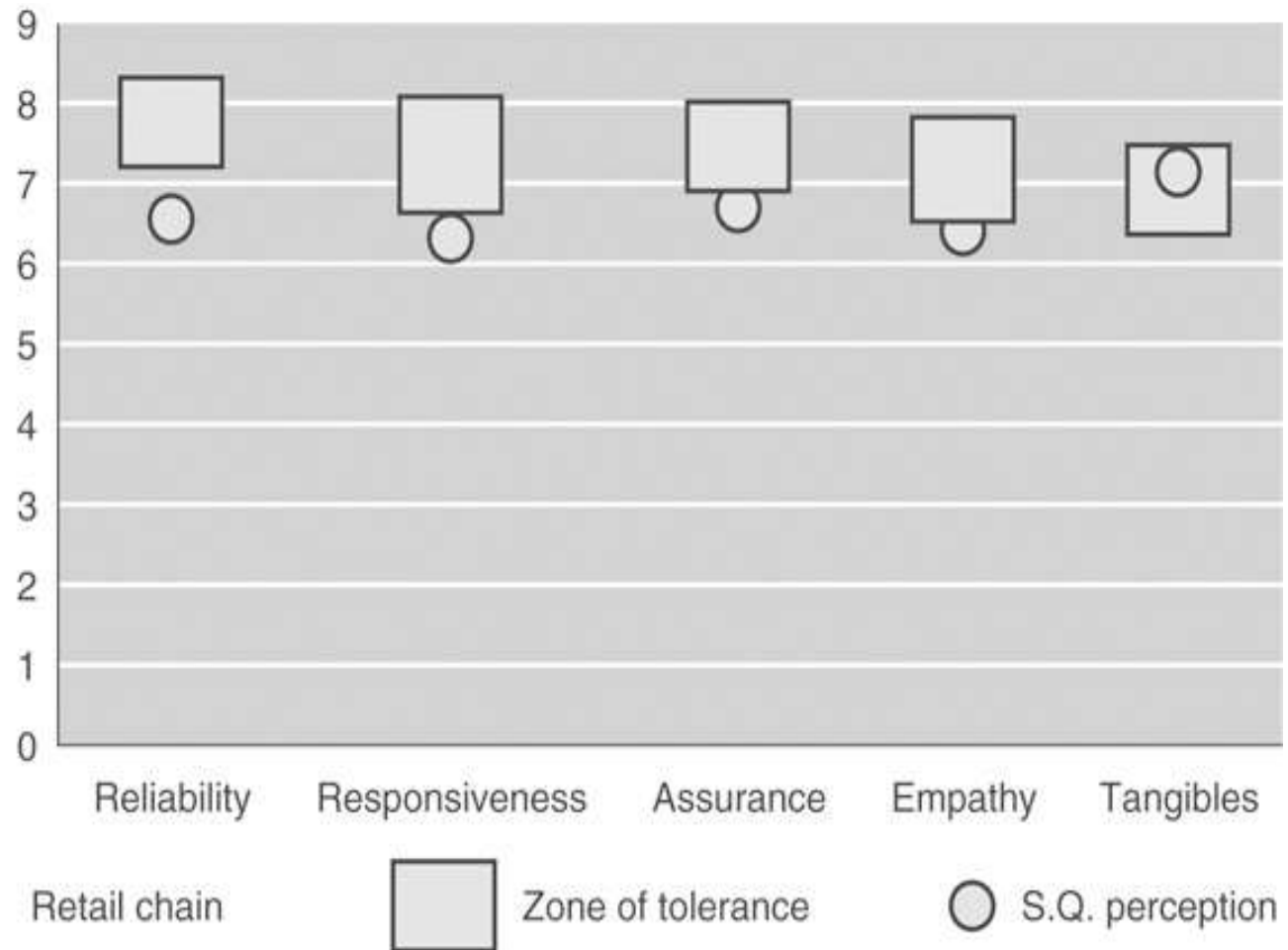
FIGURE 6.2
Tracking of
Customer
Expectations and
Perceptions of
Service Reliability

Source: E. Sivadas, "Europeans Have a Different Take on CS [Customer Satisfaction] Programs," *Marketing News*, October 26, 1998, p. 39. Reprinted by permission of the American Marketing Association.

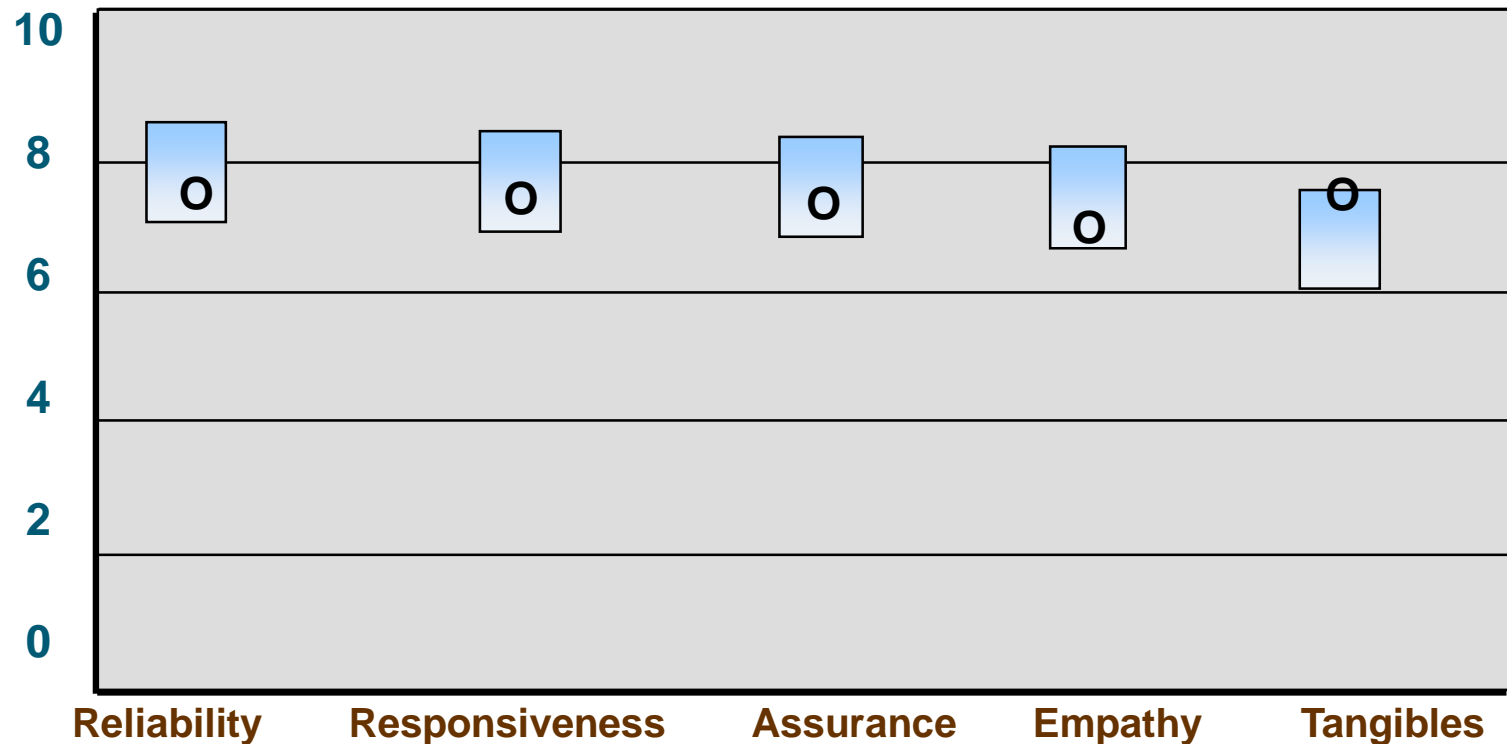


Service Quality Perceptions Relative to Zones of Tolerance

FIGURE 6.3
Service Quality
Perceptions
Relative to Zones of
Tolerance by
Dimensions



Service Quality Perceptions Relative to Zones of Tolerance

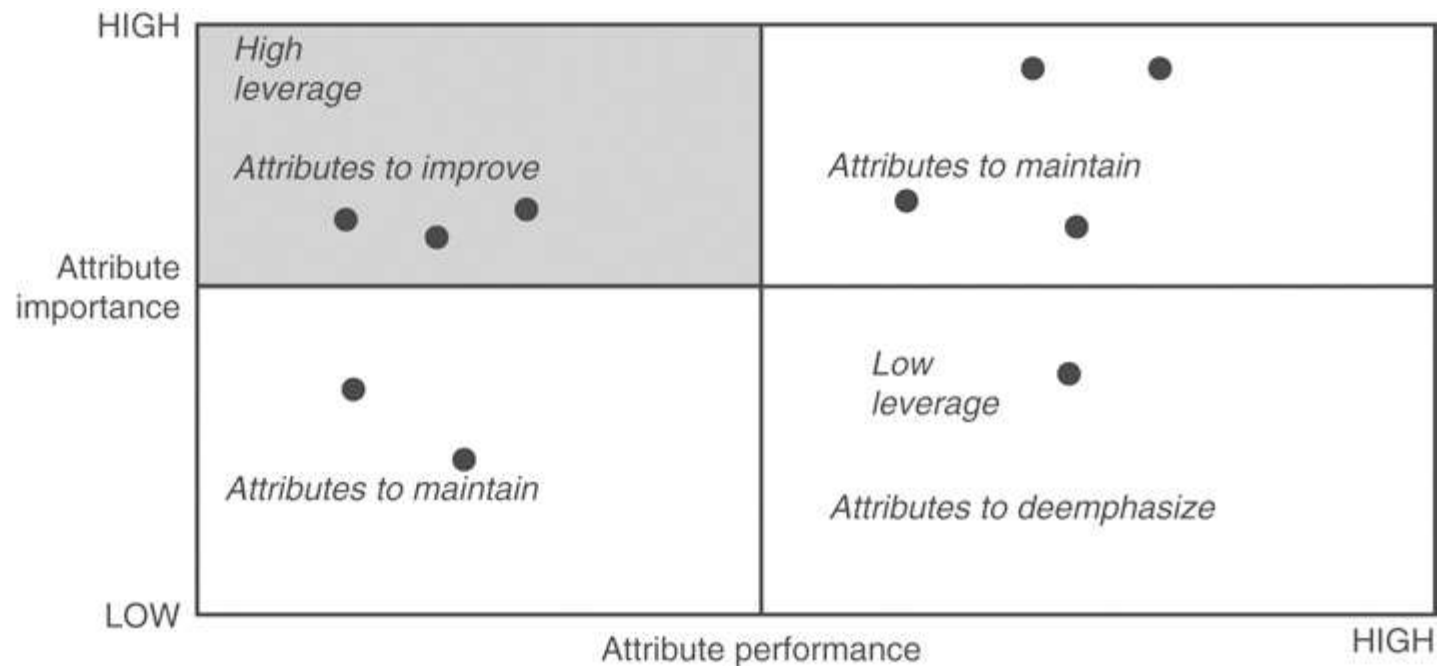


Computer Manufacturer

 = Zone of Tolerance  = S.Q. Perception

Importance/Performance Matrix

FIGURE 6.4
Importance/
Performance Matrix



Critical Service Encounters Research

- **Goal:**
 - understanding actual events and behaviors that cause customer dis/satisfaction in service encounters
- **Method:**
 - Critical Incident Technique
- **Data:**
 - stories from customers and employees
- **Output:**
 - identification of themes underlying satisfaction and dissatisfaction with service encounters

Sample Questions for Critical Incidents Technique Study

- Think of a time when, as a customer, you had a particularly satisfying (dissatisfying) interaction with an employee of _____.
- When did the incident happen?
- What specific circumstances led up to this situation?
- Exactly what was said and done?
- What resulted that made you feel the interaction was satisfying (dissatisfying)?

McDonald's Creates Health-Conscious Panel to Do Research and Pass it On



- Mom's Quality Consultants at McDonalds
- Women, especially moms, tend to get information and form opinions by talking with others
- Selected 6 moms to bring “fully inside the company”—to visit restaurants, processing plants, orchards, and test kitchens
- Will keep an online journal for 3 months

Best Buy's Customer Centric "Lab" Stores



- Soccer mom:
 - These stores feature brightly colored signage, play areas for children, educational toys, and in-wall appliance displays, and provide personal shopping assistants.
- Swinging single:
 - These stores place greater emphasis on higher-end and more cutting edge consumer electronics, and feature separate rooms with full home entertainment vignettes and enhanced A/V assistance.
- Cherry picker:
 - Aimed at technophiles on a budget, these stores offer the most promotions and incentives, and the best financing packages.
- Gadgeteer:
 - Geared toward teens and twenty-somethings, these stores emphasize cell phones, music and movies, home theater, gaming, and mobile audio.
- Small business:
 - Signed "Best Buy for Business," these stores have an expanded computer section and Geek Squad presence, plus central help islands staffed by associates wearing blue collared (vs. knitted golf) shirts.