

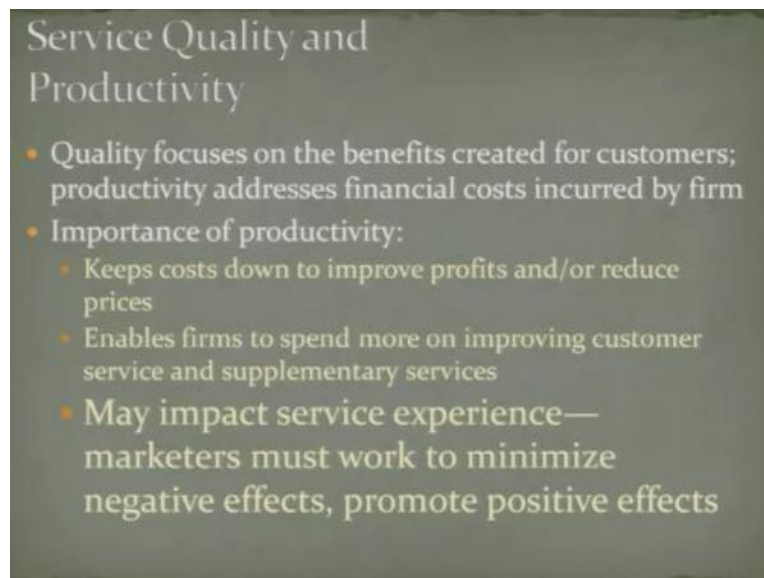
**Marketing Management - II**  
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**Lecture No. W8-L4**  
**Service Quality**

Welcome to the fourth session of week number 8 of our course marketing management II. Yesterday towards the end of the session, I was talking about the service quality. I introduced to you the 5 dimensions of service quality tangibility, empathy, assurance, response, and reliability. I am going to discuss those issues a little bit more in detail as I promised yesterday however right in the beginning I would like to introduce to you another concept.

Which is quite associated with service quality which is service productivity and in marketing of services we have to always understand the balance between the service quality and service productivity.

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So, quality focuses on the benefits created for the customer service quality has close relation with consumer satisfaction with the service. But the productivity addresses the service providing organizations concerns regarding financial costs and profitability. So obviously for productivity service productivity we want to keep the costs down to improve the profits and have more maneuverability more room to the manage the pricing.

Because I introduced to you the concept of variable pricing yesterday so when we have low demand and then one of the things of marketing services. We do is to play with the prices provide additional discounts to stimulate demand. but to be able to provide that sort of deep discount or attractive promotional offers. We have to keep our costs down. Because then only we have the flexibility to deal with variable pricing.

So, productivity is therefore essential to increase profitability so that we can have more flexibility with respect to pricing and also if we are able to save money if we are able to save but we in Japanese called muda or waste that could be waste of time that could be waste of effort both of which will ultimately translate into waste of money. so, if we can save wastage if we can reduce a wastage if we can reduce in fractures or non-essential costs or unnecessary costs by improving the process flow.

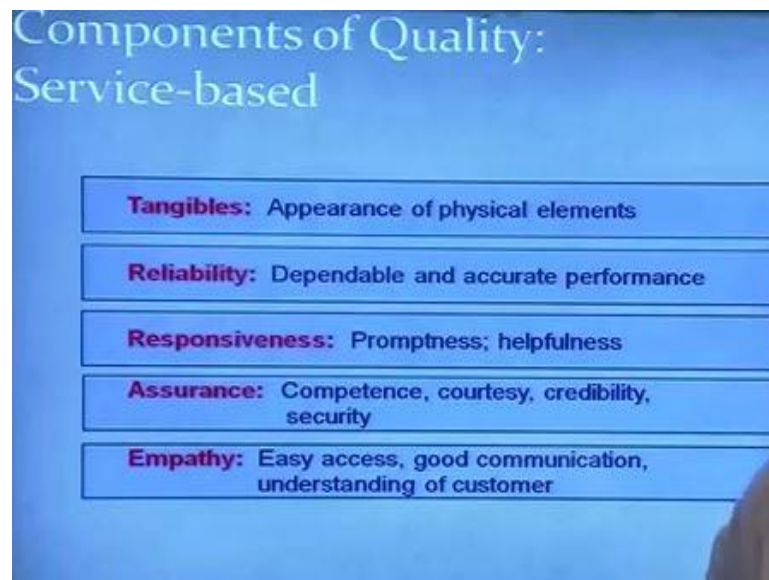
Then we can use that savings to improve the customer service or may be create supplementary services which always create the customer delight some additional cream on normal bread and butter. but remember as I mentioned service productivity efforts for service productivity sometimes may affect customers consumers experience and thereby affect service quality.

Let me give you an example in a restaurant we normally measure productivity by our turnover or billing per seat our that means every seat just like earlier remember I discussed about every shelf in a retail here every seat in a restaurant is our working asset and the number of people who will be using that seat meaning number of buildings. That we can do so more people are occupying that seat for per hour more opportunities for revenue generation which means that we need to speed up our service and ideal examples are fast food restaurants or the idly dosa udupi south Indian restaurants.

You see the people they are come in they are served hot idles hot dosas quite quickly people eat and they don't linger on and that they depart another person comes and occupies that seat id throughout south india. The udupi restaurants often will have people standing behind you because they are waiting to take your seat so the seat is not vacant even for a couple of minutes a person goes it the table is cleaned quickly and the new person as starts utilizing that table chair set for the next set of service operation.

Now this process this high velocity throughput may be quite acceptable in a udupi restaurant in a breakfast joint in a fast food restaurant. but if you have a fine dining restaurant where people come to spend time quality time with each other there if you actually hustle people that will be detrimental to your service quality that will affect the customer experience. so, what I am trying to say is what you will do to improve your service productivity is not one set of recommendation understanding your service.

Where you are playing what is your positioning will tell you that how and what which are the areas where you can improve the process flow save costs I will discuss this little bit more when I come to know that particular point so I go back to where I was yesterday and I promised that I expand on these so tangibles are basically a appearance of physical elements  
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So, in a restaurant the tables the chairs the air conditioning the cleanliness the good clean toilet and the behavior of or rather not behavior but the dress the clean uniform the people who are serving those are tangibles, the music, the smell of fresh coffee bean brewed those are all tangibles. Reliability is dependable and accurate performance. So, if you are going for a medical treatment or then this dependability and accurate performance. that's what we called reliability.

If you have gone to a restaurant and you get prompt helpful service that's responsiveness if you are actually gone for a legal counseling then competence courtesy credibility security these are all assurances this will equally apply to medical treatment. This will equally apply

to may be different kinds of knowledge service like education. So that is assurance where you are assured that what you are getting is top of the line is value for money.

So, you see there are subtle differences among these and as I was like finding in tangible I was using a restaurant hospital you know the clean environment good reception quick attendance, toilets, other facilities are also tangibles. So, tangibles apply to certain types of services and they become very important whereas in some other kinds of services for example education the competence courtesy credibility security the assurance will be more important.

There may be tangibility so our empathy easy access good communication understanding of customers these are empathy in a restaurant in a hotel in a in a medical service and these are very important however you expect empathy from the nurse you may have a doctor who is highly competent and but the doctor is so over worked the doctor may be a short tempered. The doctor may not have time to chitchat with you may feel a lack of empathy but as long as you are assured of the competency credibility or and you know that what you will get from the doctor.

When the dental treatment is given it is dependable and accurate so assurance and reliability will take a higher precedence in that particular case so in case of high credence services you remember the continuum of services from easy to understand or easy to evaluate to difficult. That spectrum that to be continue on that we studied earlier they are actually more you move towards the credence side what becomes more important our assurance and reliability of course.

What happens is that if you remember in credence services it is difficult to access the quality of the service even after the consumption it takes time to understand. whether the operation was successful or whether you had good education in a particular institute certain types of high credence services.

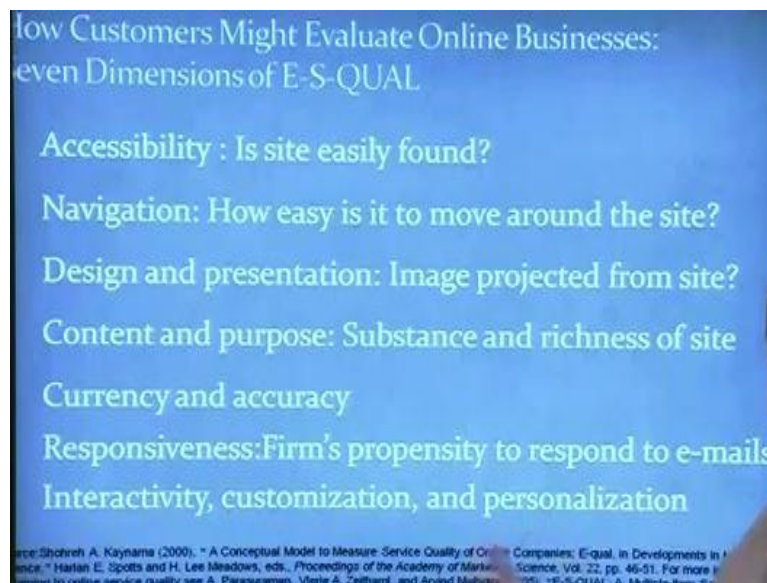
Say for example management consultancy because of this credence because of this difficult to understand evaluate nature of that service what the management consultants are legal top lawyers they do they provide lot of tangibles as a surrogate of quality signal in so their

chambers will be plush they will be a projecting the you may be lot of certificates of the partners displayed.

so, in an accounting chartered accountancy and organization firm or in a management consultancy organization there will be lot of display of tangibles to dip it the or give signals for competency or credibility so sometimes these factors work for another factor as a surrogate where it is so anyway therefore in most services we look for all of these the degree of our want or our requirement or the hierarchy of our preferences among these 5 factors vary service to service.

So how customers evaluate the online businesses so this actually for physical businesses so physical businesses these are the 5 factors. But as I told you this model was derived from servqual service quality acronym of service quality introduced by some researchers like professor Parasuraman.

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But in case of e service quality this is also some of the research that were done by professor Parasuraman students and other associates and here is you can see that this is like you know service provided through a website. They are actually the dimensions of service quality our accessibility. How it is easy to move from page to page or around the website design and presentation.

The logical flow of design with respect to content and purpose if you have a educational institutions websites. then people are usually looking for admission information people are

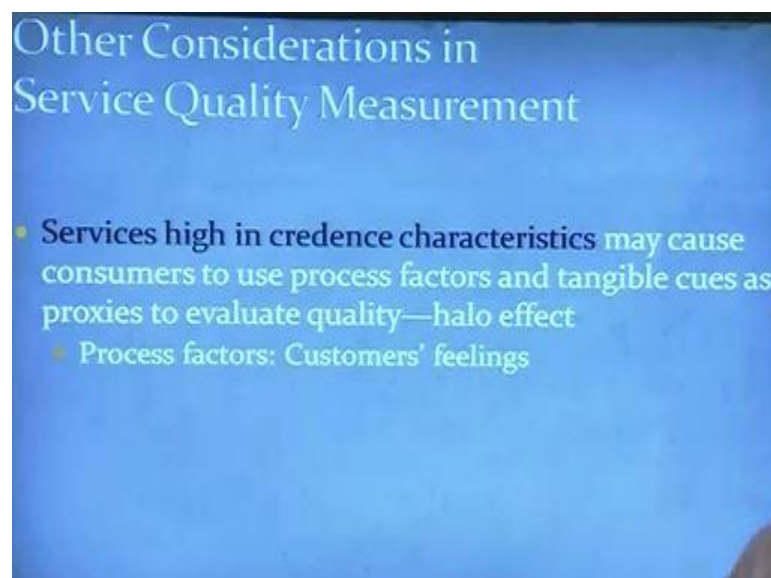
looking for examination details may be their role number. When the exams will be conducted after exams they may be wanting to know when the interviews will take place them. When the admission and counseling will take place all those if they are properly organized that the information is easy to find the website.

I easy to locate it downloads quickly then these are the qualities that give us customer satisfaction so as supposed to that TEARR in physical service. Here we have this a DCC that is accessibility navigation design and presentation content and purpose and currency and accuracy and the responsiveness issue. Kind of remains same between physical service quality and electronic service quality and the responsiveness is often goes beyond what happens on the website

So, some responses you get automated responses from the website. But some responses actually will come later suppose you have lodged a complaint or you want some advice on the usage of equipment. So, you have put your request on the helpline on the website the you would expect that there will be a call there will be an interactivity and that will be customized for your purpose and there will be you what you want that is what you will there will be one level of response with through the frequently asked questions and answers provided.

But your particular problem if that cannot be solved by looking at the recorded cannot focused then you will need a personalized service and that becomes again part of the servqual or call the electronic service quality dimensions

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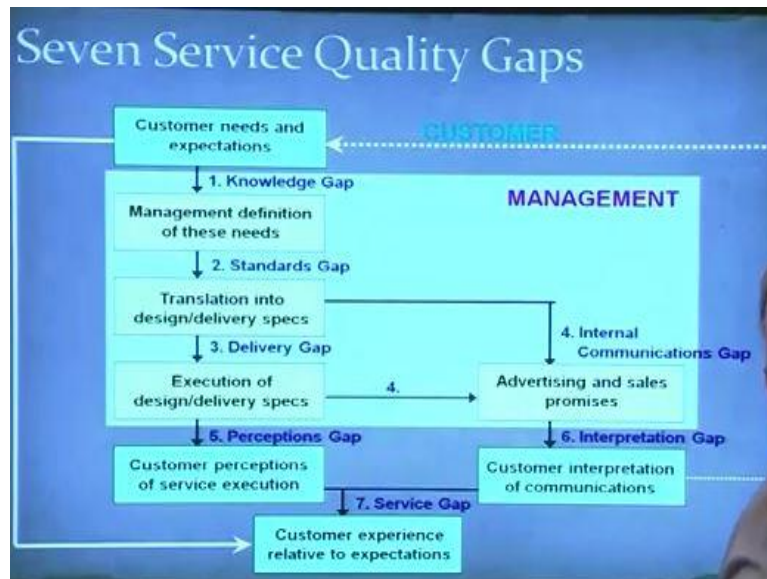
Now we look at the some other consideration of service quality and this is particularly true for this service which are in high credence characteristics so there as I was just talking about that you will use tangible cues as proxies to evaluate the quality that is why the management consultancy chartered accountancy organizations there will be or legal councils there will be officers will have lot of leather bound books lot of certificates.

On the wall testimonials from other clients or may be other successful projects stories in management consultants sometimes top management consultancies in fact most of them. They have an electronic journal usually available free for download for available after just nominal registration from the website where actually these are very valuable articles very well written may be otherwise you would have paid a quite a bit of money to read it in a normal commercial academic journal.

But these websites of management consultancy organizations like Mackenzie or BCG they provide quality stuff through their journal and they do that because they are using tangible cues bout their capability through these articles. To assure you that the service that you are going to get from these top organization will be real value for money and also there is a lot of emphasis on customers feelings because more is the high is the credence factor.

The customer actually is facing a higher level of uncertainty because as we discussed you cannot access the quality even immediately after the consumption of the service so high in credence characteristics you use proxies tangible proxies and you focus on customers feelings to assure the customer.

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That what they are getting is top quality I have discussed this yesterday. But this is a little bit better diagram so called gaps as you can see the difference the customer needs and expectations and management the company management definition of those needs if there is a gap that is the knowledge gap. The gap between the management definition of those needs and translation into actual delivery that will be standards gap.

Then the gap between the design delivery specs and a gap with the customers advertising and sales promises verses what customer interprets is the interpretation gap. So, this is actually where you might be talking about the certain types of service level and the customer's interpretations of that service level. You might be using lot of hyper bowls your language may be such the customer expects more than what you are in your mind promising. So, this is where it therefore in-service promotion because of its intangible nature.

You have to be very careful when you your advertising and sales promises how they are they must be very clear precise not use lot of hyperboles or lot of you know fluffy words because that can cause this interpretation mistake this is often it happens. So, this number 5 perception gap and number six interpretations gap are kind of difficult gaps one has to critically analyze the sales campaign understand quickly assess customer reaction and correct the this interpretation gap.

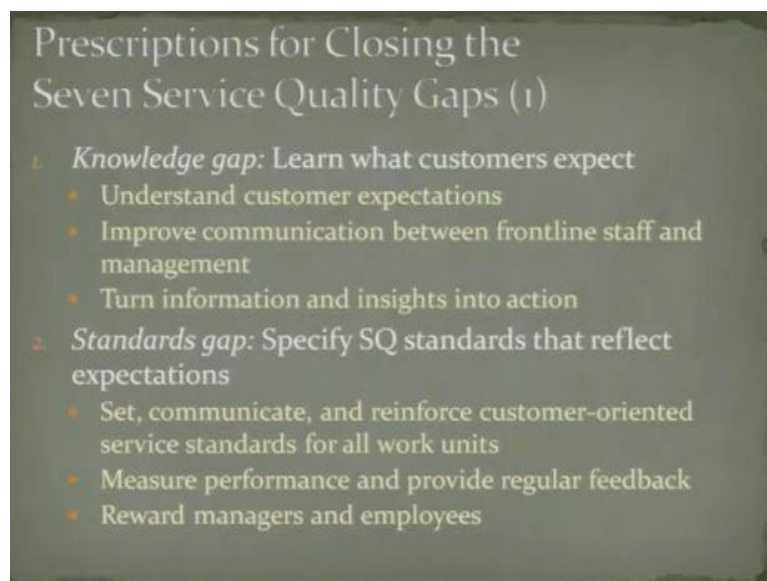
If exists and ultimately you know customers needs and expectations. You remember yesterday I spend quite some time to explain that ultimately the understanding of service quality is dependent on customers expectations versus customers experience. So that is the



overall gap that one has to see is the service gap. So, these are the seven gaps knowledge gap, standards gap, delivery gap, internal communication gap.

Remember I was talking about that in services computer marketing as opposed to normal company to customer external marketing. We need a very strong emphasis on internal marketing that is between the company top management and the employees there needs to be vary regular planed sustained communication so that is internal communication gap does not happen because then what will happen is what advertising and sales promises versus what actually is delivered as service will create this gap so from here.

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We will move to their some perceptions these gaps can be managed so two for managing the knowledge gap understand customers expectations improve communication between frontline employees and management turn information and insights into actionable prescriptions so this is the knowledge gap learnt what the customers expect and see that is well understood by all the organization employees particularly that frontline employees.

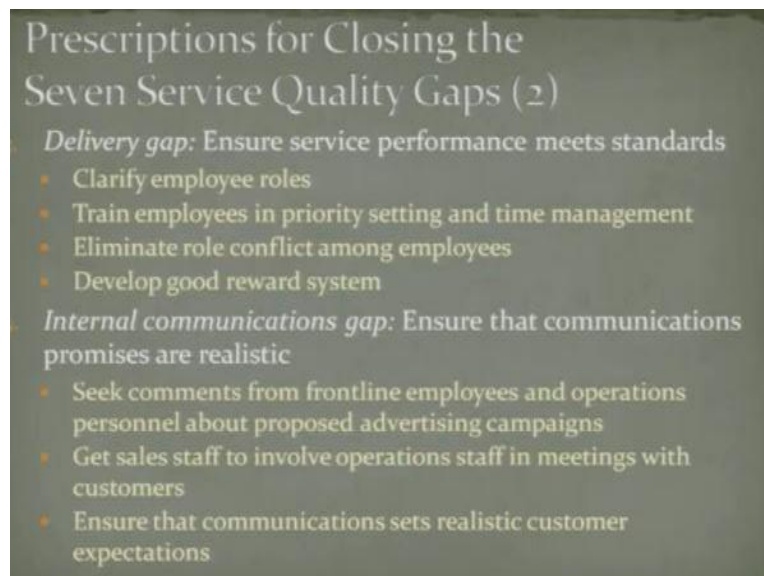
So, these processes we call sense what customers what share widely within the organization and act a respond ok then standards gap. So, service quality standards that reflect the expectations that is what you need so the kind of price level you are setting where your hotel is located where your restaurant is located the positioning that you have created in the customers mind through your sale promotion itself etc.,

So, you have to understand that your communication should be set in some in such a way that it confirms to what that's the level of service the standards that you are actually going to deliver. So, set communicate and reinforce customer oriented service standards for all work units for all employees within the organization this is where the standards gap to manage. That you must have good communication between the front line and the back stage.

As we were talking about yesterday in service and measure performance and provide regular feedback reward the good performance and good employees. That actually concretelises and the understanding of because you know services in tangible to that extent the standards are also not very well understood but when you reward somebody for you know having done like a customer had missed his flight and somebody went out of his way to find.

And alternative solution for that customer without affecting the revenue potential of the organization when this is done well and that employee is rewarded then that is a clear signal of what you mean by good standard of performance.

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Then delivery gaps this is to ensure that the service performance meet the standards here again the role clarity of frontline employees is very important in fact in a call center or even in hotels and even in hospitals their employees are coached using some sects standard scripts that is if this is the situation this will be your verbal response this will be your action response so that actually clarifies the employee's role by using some scripts.

So, this is quite practiced in most many services where there is wide public contact and then you have train employees in priority setting and time management as you have seen in a busy hotel the front desk. Somebody is waiting to check out, somebody is waiting to check in, somebody is asking some questions, some direction to a place somebody wants information or tickets or something so there are multiple things happening this multitasking will have to be managed by proper allocation of responsibilities and also cross training of people.

Because sometimes there may be lot of people waiting for check out you cannot have a person specialized in checking in then you have to cross these potential so that one person can take up the other load if there is some jam at that point. So, train employees in priority setting time management and also, I would say cross train people in some other types of services like in hospitals etc.,

You have also to be very careful to see that the role clarity assured that there will be no conflict among employees and then here again. We give emphasis on reward systems for internal communications gap. You have to ensure that the communication promises are reliable see comments from frontline employees and operations personnel about what is being advertised.

Because sometimes they will tell you sorry this is too much it cannot be managed maybe you know like if you say will be 5 minutes check in or three minutes check out and the frontline people say no when there is a rush it is not possible are you saying our restaurant you're your order will be definitely processed your food will be served in twenty minutes may be your back-stage people your kitchen people will say no that is not possible id somebody orders and some item.

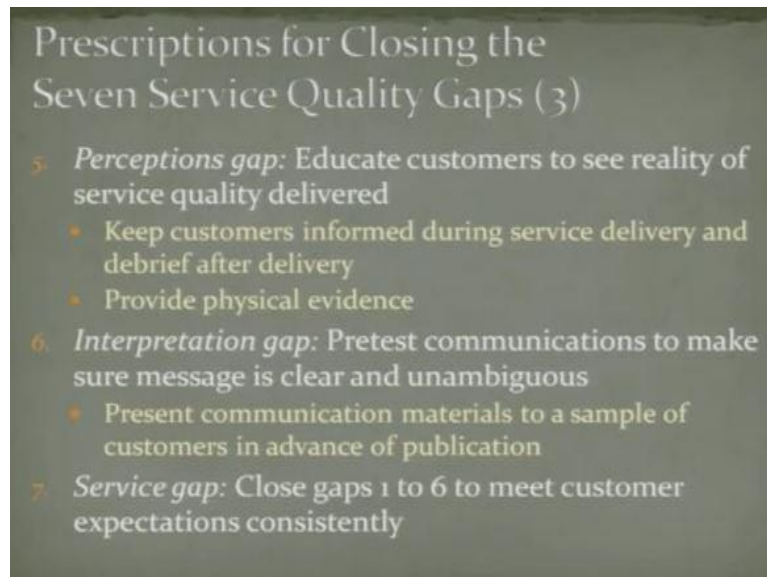
which is not regularly and not a very regular chalu item then maybe you know it will take longer it will take 45 minutes to cook and delivered. So, consult your frontline employees consult your operations people backstage employees and so that what you are promising through your advertising sales campaign is realistic and so this reality check with your own employees is very important get sales staff to involve operations staff in meeting the customer

Sometimes the customer staffs may have their own comfort level and the sales staff is normally a trained to go the extra mile to meet the customer requirement and the operations people never meet the customer in the service organization lot of benefits have come when the operations people participate in within the interaction with the customer. So, like for example in hotels people who learn hotel management they are normally they have to go to all the departments and interact with all different circumstances.

So, people who will become chefs they are also trained to deal with customers directly. Because this understanding is very important ultimately in service you know everything is people to people so even if you are at the backstage you have to know that I am serving a person so that personification in your of your understanding employees understanding becomes better when you know the operations people backstage in front stage people are often working together.

They deliberately backstage people are brought to the front stage and of course ultimately as there is said to be realistically check with your own people about what you are promising.

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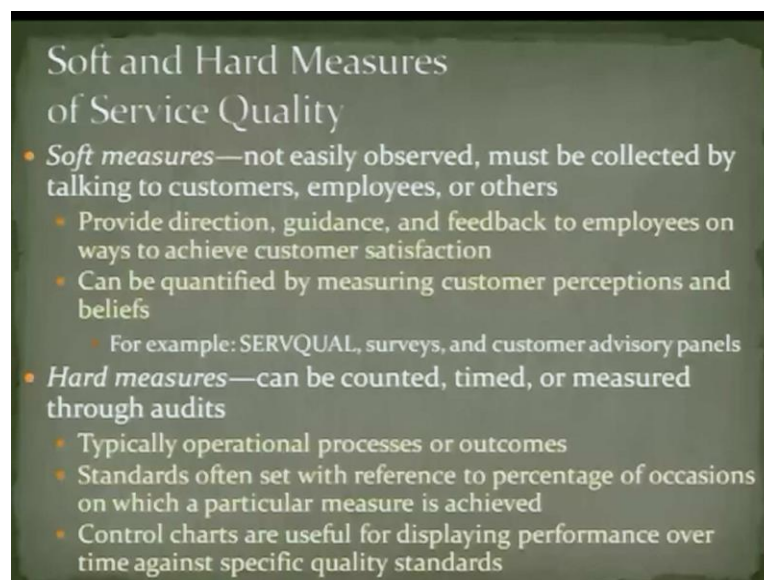


Perception gap you know here and we were talking about that the after service a perception of the customer. How it is compared with the pre-consumption expectation so here there is a lot of role of marketing to calibrate the customer expectations is should not be too high where to differentiate and to attract customers. If you over promised and under delivered that will create that this particular gap perception gap so you must on the other hand if you actually under promise then may be customer will not even come to your restaurant.

So, you have to create a good balance promise what you can deliver possibly exceed every time you know exceed the expectation and they are actually marketing plays a crucial role and there of course the feelings of customers as they walk into their restaurant some physical evidence help in creating the right kind of expectation and interpretation gap you know we were talking about the what the customer feels and you are actually talking about in your sales promotion or two different things.

So, they are here actually obviously the good solution is test you know test market your communication and check with pre-test your communication to make sure that your message is clear and unambiguous and so you can go to some trusted customers and check it out and of course if you are able to meet this service gaps of one to six then you will meet the gap ultimate gap of service now let me also quickly talk about may be take couple of minutes.

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**Soft and Hard Measures of Service Quality**

- *Soft measures*—not easily observed, must be collected by talking to customers, employees, or others
  - Provide direction, guidance, and feedback to employees on ways to achieve customer satisfaction
  - Can be quantified by measuring customer perceptions and beliefs
    - For example: SERVQUAL, surveys, and customer advisory panels
- *Hard measures*—can be counted, timed, or measured through audits
  - Typically operational processes or outcomes
  - Standards often set with reference to percentage of occasions on which a particular measure is achieved
  - Control charts are useful for displaying performance over time against specific quality standards

To talk about some soft and hard measures of service quality so soft measures are not easily observed must be collected by talking to customers by talking to employee's others taking photographs doing some focus group exercise with the mix of customers and employees these are very important because the feelings we are dealing as you know empathy feelings all these are a little imperceptible and for that there are doing some question a survey to collect data is not enough.

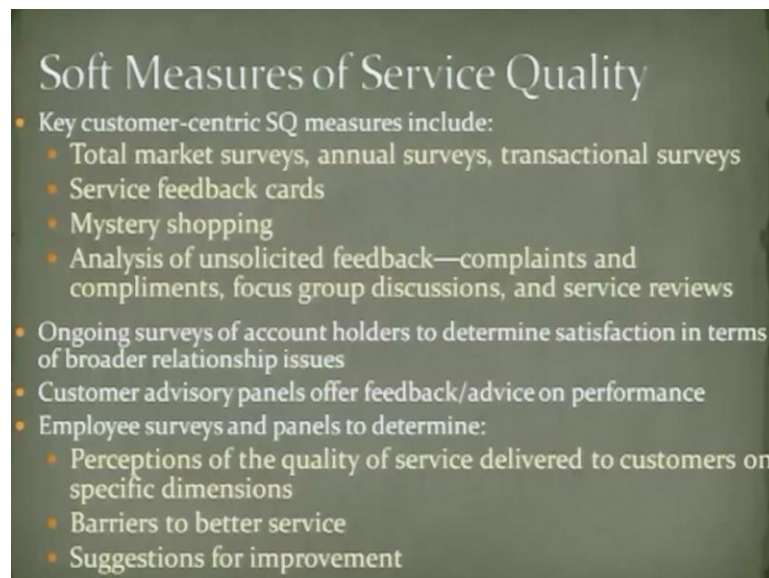
You have to observe and that is why to provide good set of qualitative data you need to employ you know capture the employee customer interaction that is why you will see often

when you call a call center of a bank or something they tell you that will might record this conversation for quality purpose that is actually you provide direction guidance and feedback to employees or by recoding certain interactions and then going over that interactions and trying to understand that where it went well and where it went wrong etc

So surveys the servqual type of measures customer advisory panel are goods for the soft measures but also very important is this ethnographic observation and then interpretation of the collected data jointly with the employees and sometimes you can involves and some your so called you know trusted customer your co marketers people who really will vouch for you bring them in and you know have joint sessions with employees and to understand this soft part of the service quality the hard part is actually in a way is easier.

Because if you can actually have good data collection system count time measure through audits then you can actually get very valuable insight by using statistical techniques like control charts.

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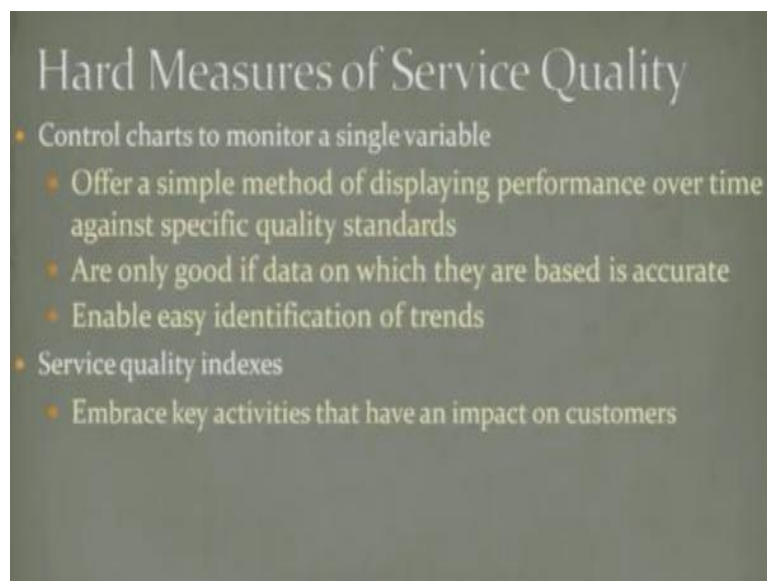


So, for example soft measures or let me add that you know you use lot of service feedback cards which are derived out of those gaps so you ask questions. So, airlines are restaurants hotels give even incentive to get this good feedback to get proper feedback from customers in fact a customer is unhappy. It is even more important to get some written complaint from that customer.

Because that will give you a better understanding of what exactly went wrong in retail marketing for example is a kind of service we use mystery shopper that means and a person unknown to the employees will arrive unannounced and we will go through and become therefore a surrogate customer proxy for a customer to give detail feedback that person is trained to observe that how the employee interactions are creating dissonance.

And I think I have some charts here besides this survey online surveys employee surveys using customer advisory panels etc

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Let me now spend a little bit time more on hard measures and conclude this session so this is as I was saying sophisticated technique like control like control charts and setting up some service quality indices.

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### Composition of FedEx's Service Quality Index—SQI

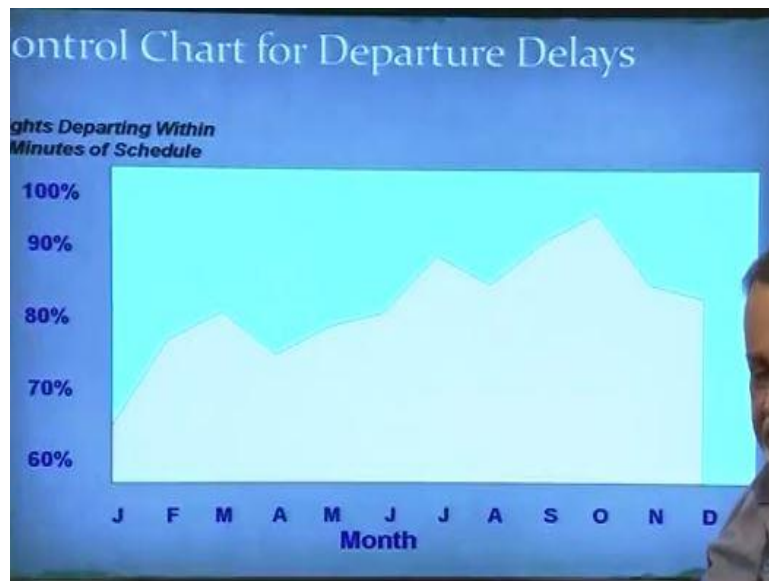
Failure Type	Weighting Factor	x	Number of Incidents	=	Daily Points
Late delivery—right day	1				
Late Delivery—wrong day	5				
Tracing request unanswered	1				
Complaints reopened	5				
Missing proofs of delivery	1				
Invoice adjustments	1				
Missed pickups	10				
Lost packages	10				
Damaged packages	10				
Aircraft delays (minutes)	5				
Overcharged (packages missing label)	5				
Abandoned calls	1				
Total Failure Points (SQI) =					XXX,XXX

For example, this is taken from index one of the major logistics and courier companies in the world. So, you see here they have actually taken various failure types late delivery right day wrong day late delivery missing proofs of delivery or missed pick up lost package and then they have given weight the importance factors so you can see missed pick up a lost package or damaged package these are high weight factors whereas late delivery on the right day is a factor of one it is a it is a failure but not that important.

But late delivery on a wrong day that has a weight age of 5 that's our complaint missing proof of delivery is one. but complaints reopen this file so by taking this and then the number of incidents that are happening of each category then you can this the product of this weight factor and the number of incidents you add up then you can get this what we call the total failure points hq I so this is called a service quality indices.

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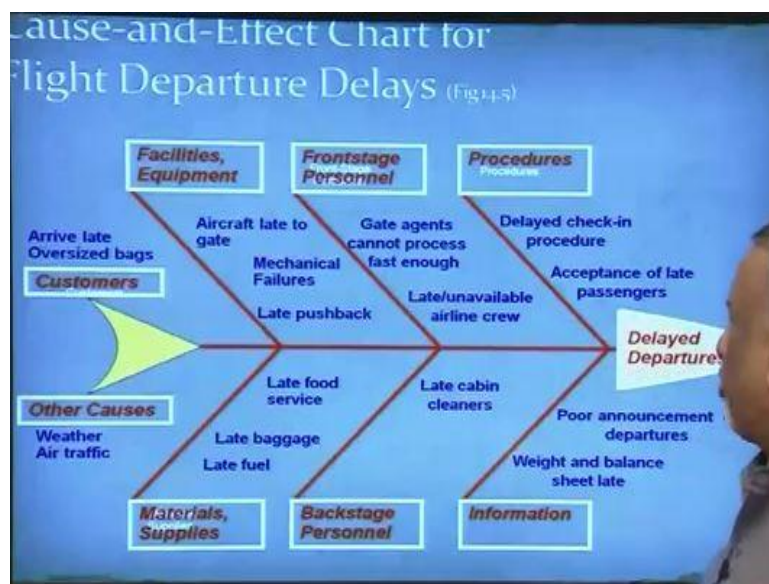




So, you can use this kind of measurements in a that sort of service this is another one which is control chart for departure delays at an airport so flights departing within fifteen minutes of schedule so this is what we what we desires so as you see October here we have months and here we have the incidence level so you can see here that we had a bad period in march or we had a bad period we had a determination in august.

And then again, we improved but again we had a duration in November and so our and further detrotiation in December, January was really bad only sixty percent flights departed now once we observe this then we know that and then we investigate those months.

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To investigate those month this is the fishbone diagram or cause effect diagram that we discussed yesterday. So that has been applied to aircraft flight delay so you arrive at facilities

and equipment's whether is its materials and supplies. Whether it is due to backstage personnel front stage personnel procedures information each case is there these are all related to the aircraft airport operation. So, the facilities equipment aircraft to arrival at the gate or mechanical failure or late push back.

All these are causes that ultimately cause delay departure. So, if you then take these months were bad period like January or in December or in November possibly. Due to winter and snow or fog these are the months where we had bad. So, we can investigate and we may find that is due to whether that had a major impact on the delayed departure may be due to lack of proper equipment which will allow us to operate even during fork time it happened.

So, we can them do blueprinting using this can actually take also the entire flow to do this analysis and come up with some data based hard analysis of service level or where service is failing or service can be improved. So, this kind of concludes our discussions on service quality, service productivity and what marketers need to know with respect to service quality and productivity to enhance customer satisfaction to get better loyalty repeat business and so on and in the coming sessions.

We have couple of sessions left. we will try to go over the entire course and give you an overview or sort of a wrap up of a whole course so see you again tomorrow for those concluding sessions. Yesterday and today we discussed several topics with for services marketing they are all related but there are number of topics that we have covered with respect to service quality, service productivity.

Creating service repeat business employee's behavior which will affect consumer behavior in service setting. Now this book I had referred our book in one of the co author of this book services marketing published by Pearson India written jointly by professor lovelock professor widths. And myself please refer to chapter number nine to fourteen of this book for getting a detailed understanding of the various things.

That we have discussed it its very clearly explained in this book so chapter nine related to balanced demand and capacity and then chapter 10 relates to crafting the service environment or chapter fourteen is about the service quality and productivity and so on. So, may be I would say most important things that you can most of the things.

That we have talked about yesterday and today will be covered in chapter eighty, nine, eleven and fourteen. Eight, nine, eleven and fourteen in this book so that's for more detail understanding or as I mentioned you can always go to the course. I had delivered on nptel on services management a full course you can refer to that course also for detail understanding of what we discussed yesterday and today. Because here it's a we had to condense because of the lack of time so more explanation you can use these references. Thank you!