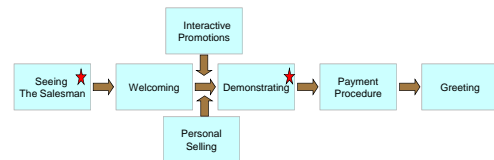


Class Exercise

- Illustrate the service process on purchase of a mobile phone at a retail chain store in terms of the service encounter.
- Assume that the sales person is the main actor under the drama approach, highlights the role and scripts of such position in delivering the sales service.

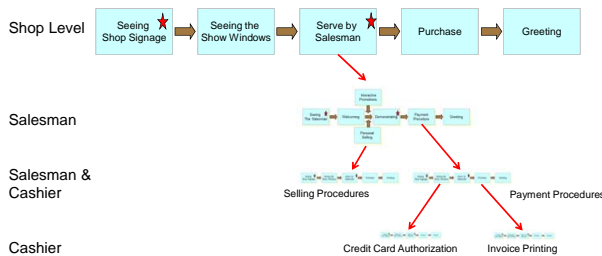
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Service Encounter with a Salesman



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Different Levels of Service Encounters



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An Alternate View of the Gaps Model of Service Quality

Customer Gap

Provider Gap

Gap 1

Gap 2

Gap 3

Gap 4

Always focus on the most important gap first

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Exercise

- Amazon.com established herself as an online retailer in the past one decade. Amazon offers different merchandizes along with different delivery methods. For example, shipment of book items usually comes with 7 days international priority courier shipping charged at US\$29.99 and up, 21 days expedited shipping at US\$13.99 and up and 30 days standard shipping at US\$4.99 and up. The number of days stated is usually the maximum time of delivery and most of the time, customers would receive their parcels well before the number of days stated along with the delivery methods.

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- **Assurance** dimension is particularly important in providing the trust and commitment towards customer perception in meeting service promises. The **communication gap** is closed by having clearly stated time duration for delivery so that the **customers' expectation could be well managed**.

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Exercise

- Federal Express (Fedex) is a renowned international courier. In order to promote her service against her competitors, Fedex has once launched an advertising campaign on her hotline services. In the promotion, Fedex pledged that her service hotline will answer customer's phone call within 3 rings. The promotion assures that Fedex's customer would not waste anytime longer on the phone towards ordering and enquiring services.

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- Responsiveness** is a key dimension for courier service; ordering and enquiring time is certain part of the service delivery process that welcomed by most customers. The practice also adopted a **hard-standard of customer driven standard** that would significantly close **the designs and standards gap**.

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Exercise


- Disney is famous for its cast building approach in managing employees. All employees are seen as part of a cast in a drama and everyone would have his/her role in providing the service. The culture of the cast building approach is so intense that even when backstage staffs (such as administrative staffs) running into the frontage, they would have to wear costumes or uniforms so as to match the service environment.

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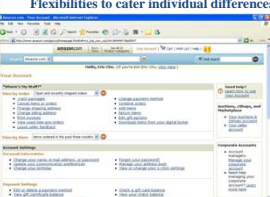
- Tangible** dimension is seriously managed in Disneyland so that all physical appearance will affect the emotion of mood of consumption inside the Hong Kong Disneyland. The total environment of the service design is to be coped with under the **servicescape design** of the **designs and standards gap**.

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Variety of collections available right on a click



Flexibilities to cater individual differences



Smart recommendations based on past experiences



Amazon.com

Describe Amazon.com in terms of the Gaps Model of Service Quality.

Amazon.com

- One of the most successful online service providers that capture online customers all over the world
- By using customers' browsing and purchasing data, Amazon develops its own model of handling **customer relationships**. The information extracted helps Amazon to understand the needs of its customers and thereby making the correct suggestions and promotions to its customers and foster a better **relationship (Provider gap 1, relationship focus)**
- Allow alternative **customer-driven** delivering options, customizing accounts information, and choices of promotion messages and recommendations for different groups of customers (**Provider gap 2, customer-driven design**)
- Co-operate with **intermediaries** such as publishers, other web stores, logistic providers in completing the service process. Compatibility of quality among different co-operating service providers to ensure standards and consistency of the service performance (**Provider gap 3, managing service intermediaries**)
- Clear **communication** and choices for delivery time. At time, surprise customers by delivering with less time (**Provider gap 4, managing customer expectations**)

The Frequent Flyer



What can you say about the customer's experience in terms of the concepts introduced in the course?

Source: Narakesari Narayandas & Steve Peterson (1997), *Managing Customers for Profits*, [VCD], Harvard Business School Publishing, Boston, Mass.

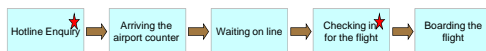
The Frequent Flyer (1)

- The problem focuses on the inconsistency existed in the service process.
- The airline employees on the telephone hotline and in the airport service counter told the customer different prices for redeeming a discounted air ticket. That could be a training problem for the provider that leads to differences upon customer's enquiry.
- On the other hand, the service process (both the supervisor, or the computer software) does not allow changes or modifications in order to handle special situation of the service.
- There is possibly also a communication problem as the customer did not know that prices are charged according to the distance of the flight. Either the employee on the hotline did not clearly explain the charges, or the customer had missed some of the information. Or in the worst case, the internal employees did not communicate or understand the promotion messages intended by the airline.
- The airline could possibly lost a loyal and valuable customer out of the incident.

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The Frequent Flyer (2)

- **The service encounter**
- **The critical incident**
 - Hotline enquiry: the first contact are always important. The manner of the hotline staff, the accuracy and helpfulness of the staff will determine whether the customer will continue with the purchase and therefore determine to the customer satisfaction
 - Checking in: the key value of the service is to let the customer able to use the service. The responsiveness, accuracy of the checking in process will certainly form part of the customer satisfaction



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The Frequent Flyer (3)

- **Characteristics of Services**
 - **Inconsistent**: hotline and counter staff of the airline quoted different prices for the customer (\$65 vs. \$90)
 - **Inseparable**: both employees and customers are involved in the service environment. While it could be the fault of the hotline staff, it is never known from the video as to whether the customer has provided all necessary information in getting his quotation from the telephone hotline.
 - Others:
 - **Inventory**: Services are perishable; it could not be saved or recovered after the designated period of time. When a service fail, the chance of compensation could be gone. The customer could not wait to argue for the \$25 difference because he needed to get on the flight for his business trip. Once there is no sign to resolve the problem, the customer could just gone dissatisfactory. In the worst case, the customer switch to other service providers.

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The Frequent Flyer (4)

- **Managing the Services**
 - **People (Staff)**: Training of staffs should ensure the baseline consistency in handling the service process. On the other hand, staffs (front line or supervisory) should be empowered to handle difficult situations or complaints whenever service failure occurs.
 - Others:
 - **People (Customer)**: The redemption charges are calculated according to the mileage between locations but it seems that the customer does not aware of the situation. Other than promotion to attract customers' attention, the airline should communicate the details either through advertisements or staff explanations in order to educate the customers.
 - **Process and Physical**: Computer technology (physical) provides efficient and standardized solutions to service environment. However, the inflexible limitations (process) on the computer terminal prevent any adjustment to rectify the situation with the loyal customer.

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The Frequent Flyer (5)

- **Service quality dimensions**
 - **Reliability**: price quotations from online is different from counter
 - **Assurance**: customer losing confidence when different prices quoted by different staffs
 - Others:
 - **Empathy**: Staff could not help to adjust the price for customer
 - **Tangibles**: The computer equipment should allow some kind of flexibility in adjusting the service

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The Frequent Flyer (6)



- Gaps Model of Service Quality
 - Gap 2 (The designs and standards gap): **Poor service design**, the computer process is providing flexibility on temporary changes, as well as validations of the process for quoting prices in a fail proof manner (input validations and reference numbers etc.)
 - Others:
 - Gap 1 (The knowledge gap): **Service recovery**, fail to entertain angry customers right on the spot when service failed
 - Gap 3 (The performance gap): **HR policy**, fail to use empowerment to enhance the staff's ability in making quick decisions and solving problems

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