

CHAPTER- THREE

3. CUSTOMER EXPECTATIONS OF SERVICES

3.1. Meaning and types of service expectations

Customers buy goods and services to meet specific **needs**, and they evaluate the outcomes of their purchases based on what they expect to receive. Needs, which may represent a useful basis for segmentation, are often deeply rooted in people's unconscious minds and may concern long term existence and identity issues. When people feel a need, they are motivated to take action to fulfill it. In many instances, purchase of a good or service may be seen as offering the best solution to meeting a particular need. Subsequently, consumers may compare what they received against what they expected, especially if it cost them money, time, or effort that could have been devoted to obtaining an alternative solution. Expectations are usually formed prior to usage of a service but may also occur where a customer is actively involved in the delivery of a service. They reflect inclinations or beliefs as to what will or should happen. Perceptions can also develop during a service, but invariably materialize after usage. They represent the customer's evaluation of the service, particularly in relation to expectations.

Where customers seek quality, expectations will be set much higher. Measuring the customer's perception and expectations is vitally important. However, the following question must be asked of the service organization: 'What does it think of customer expectations and perceptions? To arrive at an answer, two variants of the original perceptions/expectations formula might be used. The objective is to determine whether or not any gaps exist between the customers' view and the service organization's perception of the customers' view. From a marketing perspective, the provider would design, develop, and deliver the service offering on the basis of his or her perceptions of client expectations. Likewise, modifications to the service offering would be affected by

The provider's perceptions of client experiences. Whether these experiences exceed, match, or are below expectations can have a profound effect on future client/professional relationships.

From the experience of one consultant, 'keeping the service promise is such a basic test that it is both surprising and frustrating that so many organizations fail to pass it'. Of course, over promising is a risk-laden method for 'managing' customer expectations. Others see it in terms of altering expectations, plotting them in relation to what a firm can realistically deliver. Various approaches are suggested, not least of which is that of shaping customer expectations in accordance with methods designed for the management of employee expectations. Overall, the emphasis (in managing expectations) centers round the need for clarity and focus in the service encounter.

Expectations and How They Are Formed

Expectations: internal Customers' **expectations** about what constitutes good service vary from one business standards that customers use to another. For example, although accounting and veterinary surgery are both professional to judge the quality of a services, the experience of meeting an accountant to talk about your tax returns service experience. Tends to be very different from visiting a vet to get treatment for your sick pet. Expectations are also likely to vary in relation to differently positioned service providers in the same industry. Customer expectations may also vary from one industry to another, reflecting industry reputations and past

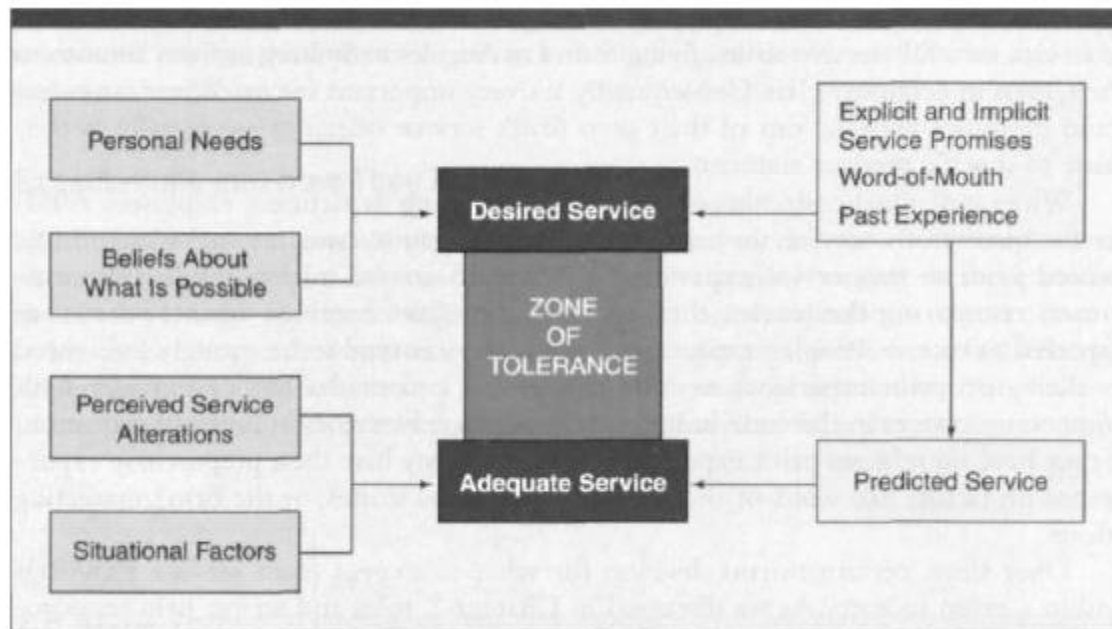
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experience. In many countries, people have lower expectations of government service providers than they do of private companies. Expectations may even vary within different demographic groups (e.g., between men and women, older and younger consumers, or blue- versus white-collar workers). To make things more complicated, expectations also differ from country to country.

✓ *The Components of Customer Expectations*

Customer expectations embrace several different elements, including desired service, adequate service, predicted service, and a zone of tolerance that falls between the desired and adequate service levels.

Desired and Adequate Service Levels the type of service customers hope to receive is termed **desired service**. It is a "wished for" level—a combination of what customers believe can and should be delivered in the context of their personal needs. However, most customers are realistic and understand that companies can't always deliver the level of service they would prefer; hence, they also have a threshold level of expectations, termed **adequate service**, which is defined as the minimum level of service customers will accept without being dissatisfied. Among the factors that set this expectation are situational factors affecting service performance and the level of service that might be anticipated from alternative suppliers? The levels of both desired and adequate service expectations may reflect explicit and implicit promises by the provider, word-of-mouth comments, and the customer's past experience (if any) with this organization.



Predicted Service Level The level of service that customers actually anticipate receiving is known as **predicted service**, which directly affects how they define "adequate service" on that occasion. If good service is predicted, the adequate level will be higher than if poorer service is predicted. Customer predictions of service may be situation specific. For example, from past experience, customers visiting a museum on a summer day may expect to see larger crowds if

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the weather is poor than if the sun is shining. So a 10-minute "wait to buy tickets on a cool, rainy day in summer might not fall below their adequate service level.

Zone of Tolerance The inherent nature of services makes consistent service delivery difficult across employees in the same company and even by the same service employee from one day to another. The extent to which customers are willing to accept this variation is called the **zone of tolerance**. A performance that falls below the adequate service level will cause frustration and dissatisfaction, whereas one that exceeds the desired service level will both please and surprise customers, creating the "customer delight" that we discussed earlier in this chapter. Another way of looking at the zone of tolerance is to think of it as the range of service within which customers don't pay explicit attention to service performance. When service falls outside this range, customers will react either positively or negatively. The zone of tolerance can increase or decrease for individual customers depending on factors like competition, price, or importance of specific service attributes. These factors most often affect adequate service levels (which may move up or down in response to situational factors), while desired service levels tend to move up very slowly in response to accumulated customer experiences. Consider a small-business owner who needs some advice from her accountant. Her ideal level of professional service may be a thoughtful response by the next business day. But if she makes the request at the time of year when all accountants are busy preparing corporate and individual tax returns, she will probably know from experience not to expect a fast response. Although her ideal service level probably won't change, her zone of tolerance for response time may be much broader because she has a lower adequate service threshold.

3.2.1. Sources of Desired Service Expectations

1. Personal needs

- ☐ Physical needs
- ☐ Social needs
- ☐ Psychological needs
- ☐ Functional needs

2. Enduring service intensifiers

- Individual, stable factors that lead the customers to a heightened sensitivity to service.
- Derived service expectations : occur when customer expectations are driven by another person or group of people
- Personal service philosophy: the customer's underlying generic attitude about the meaning of service and the proper conduct of service providers.

1.2.2. Sources of Adequate Service Expectations

- The five factors that influence adequate service:
 1. transitory service intensifiers,
 2. perceived service alternatives,
 3. customer self-perceived service role,
 4. situational factors,

1. Transitory service intensifiers

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- Are temporary, usually short-term, individual factors that make a customer more aware of the need for service?

Personal emergency situations in which service is urgently needed (such as an accident and the need for automobile insurance) raise the level of adequate service expectation.

2. Perceived service alternatives

- Are other providers from whom the customer can obtain service?
- If customers have multiple service providers to choose from, or if they can provide the service for themselves, their levels of adequate service are higher than those of customers who believe it is not possible to get better service elsewhere.

3. The customer's self-perceived service role.

- Customer perceptions of the degree to which customers exert an influence on the level of service they receive.
- Customers' expectations are partly shaped by how well they believe they are performing their own roles in service delivery.
- One role of the customer is specifying the level of service expected. The customer's active participation in the service also affects this factor.
- The responsibility for complaining when service is poor. A dissatisfied customer who complains will be less tolerant than one who does not voice his or her concerns.

4. Situational factors

- Service performance conditions that customer's view as beyond the control of the service provider.
- examples,
 - Where personal emergencies such as serious automobile accidents would likely intensify customer service expectations of insurance companies
 - Catastrophes that affect a large number of people at one time may lower service expectations
 - In general, situational factors temporarily lower the level of adequate service, widening the zone of tolerance.

Predicted service:

- The level of service customers believe they are likely to get.
- The probability of performance or estimate of anticipated service performance level.

Service Encounter Expectations versus Overall Service Expectations

- Customers hold expectations of the quality of each service encounter, just as they hold expectations about the overall service quality of a firm.
- When the expectations are about individual service encounters, they are likely to be more specific and concrete than the expectations about overall service quality

Sources of Both the desired and predicted service Expectations

1. Explicit service promises
2. Implicit service promises
3. Word-of-mouth communications
4. Past experience.

Explicit service promises

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- Are personal and non-personal statements about the service made by the organization to customers?
- Promising exactly what will ultimately be delivered would seem a logical and appropriate way to manage customer expectations and ensure that reality fits the promises.
- Explicit service promises influence both the levels of desired service and predicted service. They shape what customers desire in general well as what they predict will happen

Implicit service promises

- Are service- related cues other than explicit promises that lead to inferences about what the service should and will be like?
- The quality cues are dominated by price and the more impressive the tangibles, the more a customer will expect from the service.

Word-of mouth communication

- Are personal and non-personal statements made by parties other than the organization
- Word-of-mouth communication carries particular weight as the source of the information is perceived as unbiased.
- Word of mouth tends to be very important in services that are difficult to evaluate before purchase and direct experience of them.
- Experts (including Consumer Reports, friends, and family) are also word-of-mouth sources.

Past experience

- The customer's previous exposure to service is another force in shaping predictions and desires.

Managing Consumer Expectations:

- Consumer buying decisions and patronage are based on consumer expectations.
- The higher the expectations, the greater the probability of purchase.
- The lower the expectations, the lower the probability of purchase.
- **Service Marketers Dilemma**
 - Promoting high expectations will increase patronage but also increase the chances of producing dissatisfied customers.
 - Promoting lower expectations will ensure satisfied customers, but the chances of getting customers to buy the service are greatly reduced.
 - The ideal goal is to promote the exact service customers will receive and to provide the exact service customers expect.
 - If firms can match expectations and service, customers are satisfied.

During the Pre-Purchase Phase:

1. Learn what customers expect.
2. Tell customers what they can expect.
3. Consistently provide the service that customers expect.

During the Service Encounter

- The goal during this phase is to ensure the service being provided matches the consumer's expectations
 1. Service personnel must communicate with the customer during the service encounter.

2. If possible, service providers should modify the service to meet the customer's expectations.
3. If the service cannot be modified, the service personnel should explain why the customer's expectations cannot be met.

During the Post-Purchase Phase:

- Managing consumer expectations does not stop after the service is performed.
 1. Companies should communicate with customers immediately after the service is completed to see if expectations were met.
 2. Forms can be used for a follow-up program, such as an evaluation survey sent to the customer through the mail or a phone call.
 3. Companies should have a procedure for dealing with dissatisfied customers that will assist in managing future expectations.
- The goal during this phase is twofold.
 - The primary goal is to communicate with customer to see if expectations were met.
 - The secondary goal is to modify future expectations to increase the chances of repeat purchase.

3.4. Factors influencing customer expectations on service

There are five key factors that influence a customer's expectations: previous experience; personal recommendation; personal needs; marketing communications; and the level of involvement in the purchase. Research suggests that the most important of these factors in shaping expectations are the consumer's past experience of the service and what other people say about it. Customers tend to complain less about services than products even though they are more likely to be dissatisfied with services. One reason why they do not complain as much comes from the active part that they play in specifying the service. If a trip to the hairdresser results in a bad haircut, who is to say that it is because of the hairdresser's incompetence? It may be that the client did not communicate clearly enough what he or she wanted. Prior to using a service.