



# ***Service marketing mix, Customer Satisfaction and Service quality***

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# Expanded Marketing Mix for Services

Product	Place	Promotion	Price
Physical good features	Channel type	Promotion blend	Flexibility
Quality level	Exposure	Salespeople	Price level
Accessories	Intermediaries	Selection	Terms
Packaging	Outlet locations	Training	Differentiation
Warranties	Transportation	Incentives	Discounts
Product lines	Storage	Advertising	Allowances
Branding	Managing channels	Media types	
		Types of ads	
		Sales promotion	
		Publicity	
		Internet/Web strategy	
People	Physical Evidence	Process	
Employees	Facility design	Flow of activities	
Recruiting	Equipment	Standardized	
Training	Signage	Customized	
Motivation	Employee dress	Number of steps	
Rewards	Other tangibles	Simple	
Teamwork	Reports	Complex	
Customers	Business cards	Customer involvement	
Education	Statements		
Training	Guarantees		

# Elements of Service Encounter

Service Personnel	Service facilities & Equipments	Non-personal communications	Other People
Sales Representative	Building exteriors, Parking, landscaping	Form letters	Fellow customers encountered during service delivery
Customer service staff	Building interiors and furnishing	Brochures/ catalogs instruction manuals	Word of mouth comments from friends, strangers
Accounting/ billing staff	Vehicles	Advertising	
Operations staff	Self-service equipments operated by customers	Signage	
Designated intermediaries	Other equipments	News stories/ editorials	

# Example of Service Marketing mix



## Services Marketing Mix at Starbucks

### Physical Evidence as Visual Representation

- Comfortable chairs, store design, cozy corners

### People

- Employees including baristas
- Training to inculcate Starbucks culture
- Customers

### Processes

- Standardized yet allows room for customization by customers

### Product, Price, Place & Promotion

- High quality beverages
- Higher price
- “Clustered” stores
- Promotion through direct employee-customer contact, sponsor parties, etc.

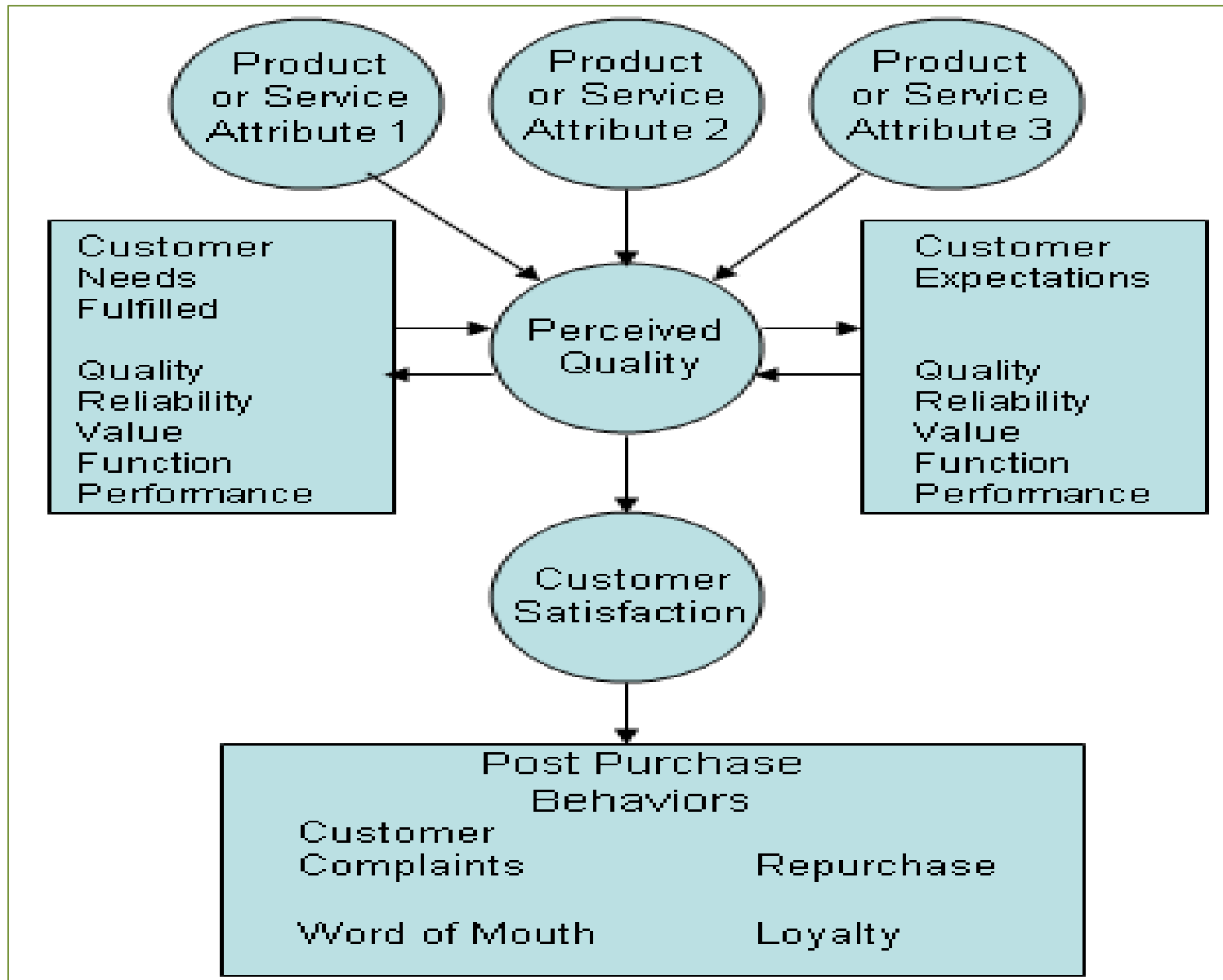
# Service Quality

**Predicted Service:** The level of service quality a customer believes a firm will actually deliver.

The inherent nature of services makes consistent delivery difficult across employees in the same company & even from same employee from day to day.

**Zone of Tolerance:** The range within which customers are willing to accept this variation in service delivery.

# Service Quality and Customer Satisfaction



# Service Quality & Satisfaction

**Service Quality:** Customer's long-term cognitive evaluations of a firm's service delivery.

**Customer Satisfaction:** A short-term emotional reaction to a specific service performance.

How do customers evaluate Service Quality?

**Quality Gap:** A discrepancy between service providers performance and customer expectations.

# Seven Service Quality Gaps

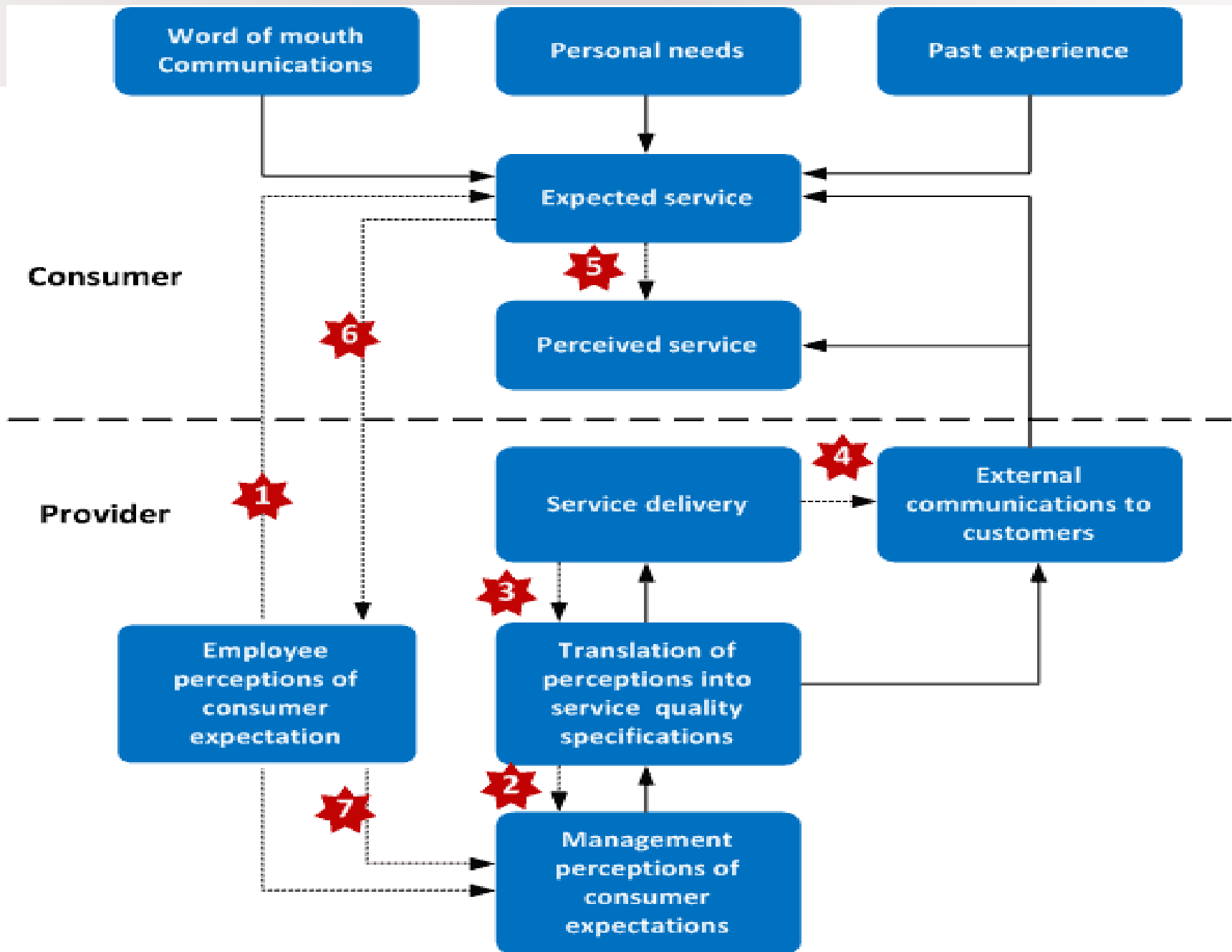
1. The knowledge Gap
2. The standard Gap
3. The delivery Gap
4. The External Communication Gap
5. The perception Gap
6. The Interpretation Gap
7. The Service Gap

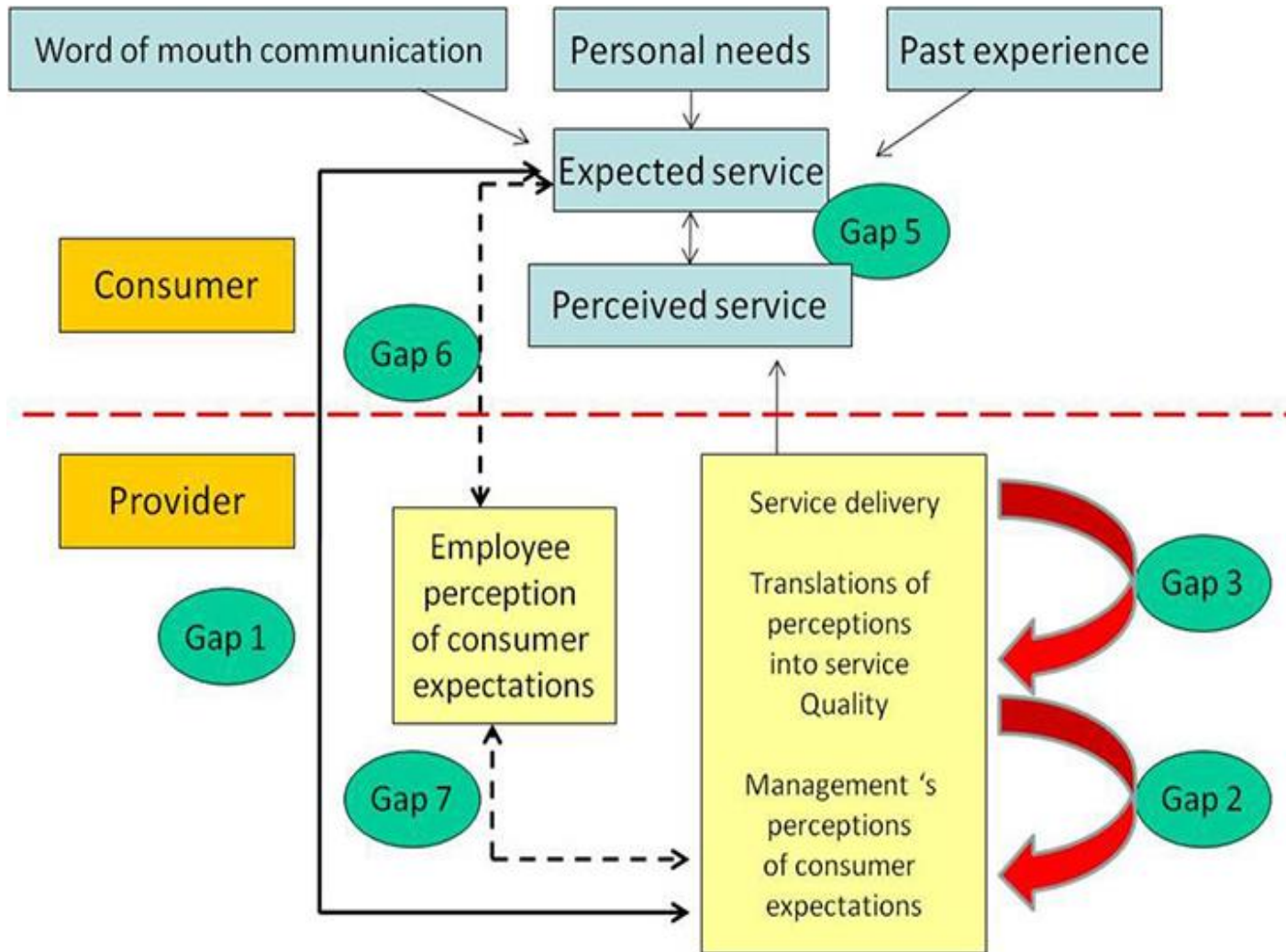




# Seven Service Quality Gaps explained

DIFFERENCE BETWEEN	GAP	DIFFERENCE BETWEEN
CUSTOMER'S NEEDS AND EXPECTATIONS	<b>1. KNOWLEDGE GAP</b>	MANAGEMENT DEFINATIONS OF THESE NEEDS
MANAGEMENT'S PERCEPTIONS OF CUSTOMER EXPECTATIONS	<b>2. STANDARDS GAP</b>	QUALITY STANDARDS ESTABLISHED FOR SERVICE DELIVERY
SPECIFIED DELIVERY STANDARDS	<b>3. DELIVERY GAP</b>	SERVICE PROVIDER'S ACTUAL PERFORMANCE
COMPANY'S ADVERTISEMENTS & SALES PROMISES	<b>4. EXTERNAL COMMUNICATION GAP</b>	WHAT COMPANY IS ACTUALLY ABLE TO DELIVER
WHAT SERVICE IS ACTUALLY DELIVERED	<b>5. PERCEPTIONS GAP</b>	WHAT CUSTOMERS PERCEIVE THEY HAVE RECEIVED
WHAT SERVICE PROVIDER'S COMMUNICATION PROMISES	<b>6. INTERPRETATIONS GAP</b>	WHAT CUSTOMER THINKS WAS PROMISED
WHAT CUSTOMERS EXPECT TO RECEIVE	<b>7. SERVICE GAP</b>	THEIR PERCEPTION OF ACTUAL DELIVERED SERVICE





# Class Activity

- In the teams of four/ five, Identify one service delivery instance from your experience for each of the quality gap. (15 mins)



# Service Quality Information System

Organizations known for providing excellent Service quality are good at listening to both, customers & front line employees.

To do this effectively, companies need to create an ongoing **service research process** which is conducted through a portfolio of **research techniques** that form a firm's **service quality information system**.

Possible techniques include:

- **Transactional surveys**
- **Total Market Surveys**
- **Mystery Shopping**
- **New Declining & Former Customer Surveys**
- **Focus Group Interviews**
- **Employee Field Reporting**

# Transactional Surveys

Designed to measure customer satisfaction & perceptions about service experiences while they are **still fresh in customer's mind**.

These surveys are **conducted right after a service encounter** or within few days.

For this, many service businesses, including hotels and restaurants, have questionnaires at their service sites for customers to complete the surveys.

Some companies also provide incentives to customers for completing the surveys.

# Total Market Surveys

Purpose: To measure customers' **overall evaluation of service quality**, which are result of customers' **accumulated experience over time**

Less frequent than transactional surveys & includes wide range of information including:

**Customer's service expectations & perceptions**

**Relative importance of service dimensions**

**Customers' intention to repurchase**

**Customers' intention to make positive recommendation**

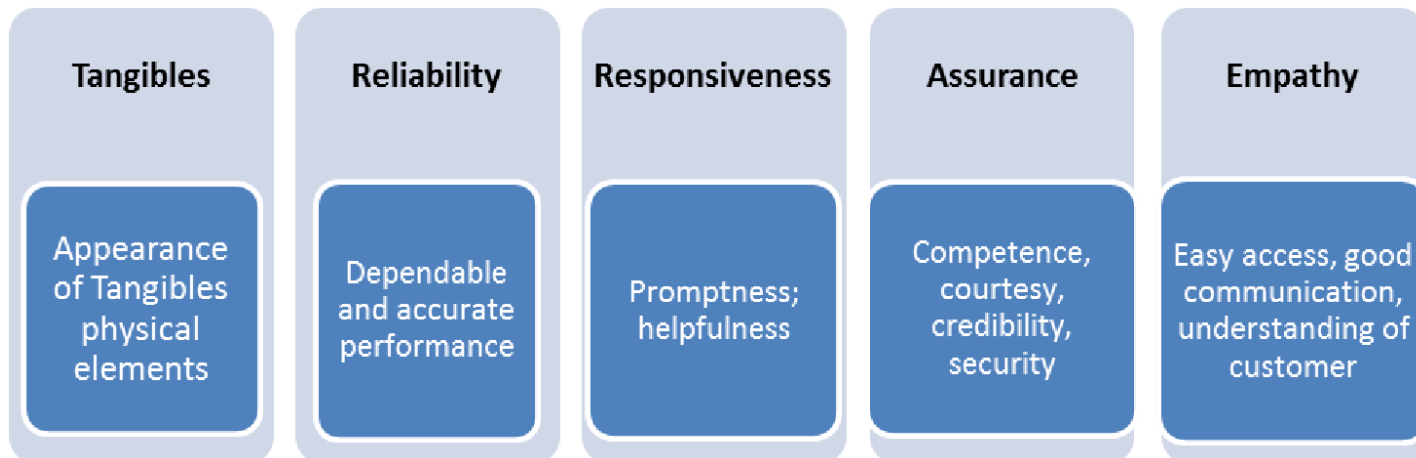
Marketers sometimes use tool called SERVQUAL, includes Five QUALITY DIMENSIONS.

# SERVQUAL

- A multidimensional research instrument designed to measure service quality by capturing respondents' **expectations** and **perceptions** along the five dimensions of service quality.
- The questionnaire consists of matched pairs of items; 22 expectation items and 22 perceptions items, organised into five dimensions which are believed to align with the consumer's mental map of service quality dimensions.
- Both the expectations component and the perceptions component of the questionnaire consist a total of 22 items, comprising 4 items to capture tangibles, 5 items to capture reliability, 4 items for responsiveness, 4 items for assurance and 5 items to capture empathy.



# Five Quality Dimensions - SERVQUAL



# Five Quality Dimensions

**Reliability:** Is company dependable in providing service as promised?

**Tangibles:** What do the Service providers physical facilities, equipment, personnel & communication materials look like?

**Responsiveness:** Are service employees able to provide prompt service?

**Assurance:** Are service employees knowledgeable, polite, competent & trustworthy?

**Empathy:** Does service firm provides personalized & caring attention?

# SERVICE QUALITY EQUATION

The model of service quality is built on the *expectancy-confirmation paradigm* which suggests that “**consumers perceive quality in terms of their perceptions of how well a given service delivery meets their expectations of that delivery**”.

Thus, service quality can be conceptualised as a simple equation:

$$\text{SQ} = \text{P} - \text{E}$$

where;

**SQ** is service quality

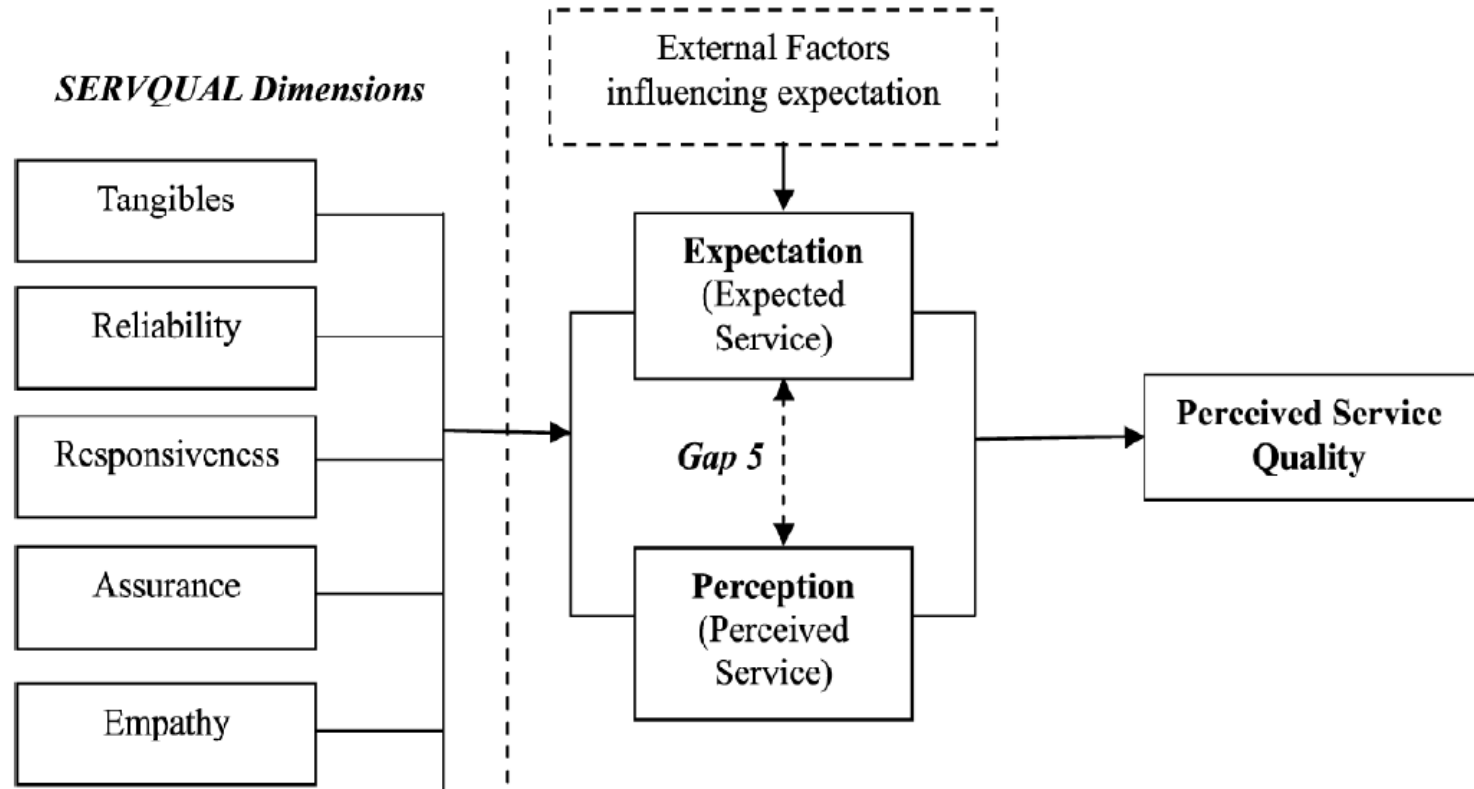
**P** is the individual's perceptions of given service delivery

**E** is the individual's expectations of a given service delivery

For Questionnaire refer below link:

<http://www.kinesis-cem.com/pdf/ServQual.pdf>

# SERVQUAL MODEL



# Mystery Shopping

Mystery shoppers are people who are hired by company to pose as ordinary customers.

During their unannounced visits to service sites, they observe the both the physical environment & the interaction between customers and employee.

It also provides feedback on performance of service employees, which can be used to reward exceptional performance.

# New, Declining & former customer Surveys



Former customers can provide information about areas where a firm's service quality is lacking or deficient.

Surveys monitoring declining patronage can identify why customers are buying fewer services and may predict future customer defections.

New customers can provide information about what attracted them to a specific service provider.

# Focus Group Interviews

Involve questioning a group of representative customers about a specific topic or issue.

Interviews conducted by trained moderators.

Useful way of getting in-depth information of a service problem & to identify possible solutions.

Can also be used to find out what criteria customers use to evaluate a service.

# Employee Field Reporting

A systematic method of finding out what customers learn from their interaction with customers & their direct observation of customer behaviour.

Employees can also record critical incidents that occur during service encounters.

Data Collection by: Written surveys, telephone interviews or focus groups.



## Activity# 4

Select a service category and Design 2 questionnaires to measure **service quality level** (based on **5 quality dimensions**) for the purpose of transactional survey of **new** and **declining** customers to assess the **seven service quality** gaps for a service industry of your choice.

