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Department of Marketing Management

Service Marketing (MkMg 3021)

Delivering and Performing Service

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Introduction

In this assignment, we have made an effort to explain in detail the key aspects of delivering and performing services, as outlined in Chapter Eight. Each subtopic under the main theme is clarified concisely with proper definitions and relevant explanations.

The assignment is structured into seven subtitles, beginning with the employee's role in service delivery, where we discuss how employees act as the backbone of service performance and the factors influencing their effectiveness. Next, we explore the roles of customers in service delivery, highlighting their active participation and its impact on service outcomes. Strategies for enhancing customer participation are also outlined, focusing on education, rewards, and technology.

Further, the concept of service intermediaries is introduced, along with common issues involving intermediaries, such as quality control and channel conflicts. The role of electronic channels in service delivery is examined, including their benefits and challenges. Finally, we conclude with strategies for effective service delivery through intermediaries, covering control, empowerment, and partnering approaches.

Through this assignment, we aim to provide a clear and comprehensive understanding of the dynamics involved in delivering high-quality services.

Chapter Eight: Delivering and Performing Service

8.1. Employee's Role in Service Delivery

Employees are the backbone of service delivery, acting as the primary interface between a company and its customers. Even when a business has a well-designed service model, the actual performance of employees determines whether the service meets customer expectations. This discrepancy between service design and execution is known as Gap 3—the service performance gap. Human resource management plays a pivotal role in closing this gap by ensuring employees are properly recruited, trained, and motivated to deliver high-quality service.

The failure to deliver services as designed and specified can result from a number of employee and human performance factors: ineffective recruitment of service-oriented employees; role ambiguity and role conflict among contact employees; poor employee-technology-job fit; inappropriate evaluation and compensation systems; and lack of empowerment, perceived control, teamwork. The behavior of employees in an organization will be heavily influenced by the culture of an organization, or the pervasive norms and values that shape individual and group behavior.

Service culture has been linked to competitive advantage in companies. Why is it so important? No realistic amount of supervision would allow a firm to exercise sufficient control over all employee behavior, in many service settings, employees interact with customers with no management present. In such instances, the firm must rely on its service culture it influence employee thoughts, feelings and behaviors.

Key Factors Affecting Employee Performance in Service Delivery:

1. Recruitment & Selection- Hiring individuals with a service-oriented mindset is crucial. Companies must actively compete for top talent by offering attractive work environments and growth opportunities. Assessing candidates for service competencies (e.g., problem-solving, adaptability) and service inclination (natural willingness to help) ensures a better fit for customer-facing roles.

2. Training & Development- Employees need technical training (product knowledge, procedures) and soft skills training (communication, conflict resolution).

- Empowerment allows employees to make on-the-spot decisions to resolve customer issues, enhancing satisfaction.

3. Organizational Culture & Support Systems- A service culture where employees genuinely believe in putting customers first—is critical. This culture is shaped by leadership, values, and daily practices.

- Providing the right technology, tools, and internal processes helps employees perform efficiently (e.g., CRM systems for better customer tracking).

4. Employee Retention & Engagement- Employees who feel valued and aligned with the company's vision are more likely to stay and perform well.

- Treating employees as internal customers listening to their feedback and addressing their needs creates a more committed workforce.

Strategies for Delivering Service Quality Through People

1. Hire the Right People

- Compete for top talent
- Select for service skills & attitude
- Become the employer of choice

2. Develop Service Excellence

- Train technical & soft skills
- Empower employees
- Foster teamwork

3. Support Systems

- Track internal service quality
- Provide the right tools & tech
- Streamline service processes

8.2. Roles of Customers in Service Delivery

Unlike manufacturing, where production happens independently of the customer, services often require direct customer involvement. This means customers are not just passive recipients but active participants who influence the service outcome. Their behavior, expectations, and cooperation can either enhance or disrupt the service experience.

Because customers are participants in service production and delivery, they can potentially contribute to the widening of gap3. That is, customers themselves can influence whether the delivered service meets customer-defined specifications. Sometimes customers contribute to gap3 because they lack understanding of their roles and exactly what they should do in a given situation, particularly if the customers confronting a service concept for the first time.

Key Roles of Customers in Service Delivery:

1. Customers as Service Recipients- They are the end-users whose satisfaction determines the success of the service. Their feedback helps businesses refine and improve offerings.

2. Customers as Influencers- In shared service environments (e.g., restaurants, airlines, classrooms), one customer's behavior can affect others. A noisy patron in a café, for example, can ruin the experience for everyone.

3. Customers as Productive Resources- In self-service models (e.g., online banking, grocery self-checkout), customers take on tasks traditionally done by employees, reducing costs and increasing efficiency. However, if customers lack knowledge or willingness to participate, service quality can suffer.

4. Customers as Contributors to Quality & Satisfaction - Clear role clarity (knowing what is expected of them) ensures smooth service delivery. For example, patients must provide accurate medical history for proper treatment. Poor participation (e.g., not filling out forms correctly) can lead to delays and frustration.

5. Customers as Competitors- Some customers may opt for full self-service (e.g., DIY legal services instead of hiring a lawyer), bypassing traditional service providers altogether.

To manage these roles effectively, businesses must:

- Educate customers on their responsibilities (e.g., tutorials for self-service kiosks).
- Design user-friendly processes that encourage cooperation (e.g., simple online forms).
- Monitor customer interactions to identify and resolve participation-related issues.

Customer participation at some level is inevitable in service delivery and co-creation as the customers play the following roles as well as what we mentioned so far. Customer receiving the service

- Customer influencing fellow customers
- Customer as productive resource
- Customer as contributor to service quality and satisfaction
- Customers as competitors- if self-service customers can be viewed as resource of the fir, or as" partial employees," they could in some cases partially perform the service or perform the entire service for themselves and not need the provider at all.

8.3. Strategies for Enhancing Customer Participation

The level and nature of customer participation in the service process are strategic decisions that can significantly impact an organization's productivity, competitive positioning, service quality, and customer satisfaction. The primary goals of a customer participation strategy are to:

- Enhance organizational productivity
- Improve customer satisfaction
- Reduce uncertainty caused by unpredictable customer actions

To achieve these objectives, organizations can implement the following strategies:

1. Defining Customers' Roles and Responsibilities- Clearly outline the tasks customers are expected to perform, which may include: self-service (e.g., online bookings,自助 checkout), assisting other (e.g., peer support in community-driven services), promoting the company (e.g., referrals, reviews, and word-of-mouth marketing) and consideration- account for individual differences not all customers are willing or able to participate at the same level.

2. Recruit, Educate, and Reward Customers-

- Recruitment: Target customers who are more likely to engage (e.g., tech-savvy users for digital self-service).
- Education: Provide clear instructions, training, or tutorials to ensure smooth participation (e.g., onboarding guides, demo videos).
- Rewards: Incentivize participation through loyalty programs, discounts, or exclusive benefits.

3. Manage the Customer Mix- Since customers often interact with each other during service delivery, organizations should:

- Foster positive interactions (e.g., community guidelines, moderated forums).
- Segment customers based on behavior to minimize conflicts (e.g., separating novice and expert users in training sessions).
- Encourage peer-to-peer support to enhance engagement and reduce service demands.

4. Leverage Technology to Facilitate Participation

- Implement user-friendly digital platforms (e.g., mobile apps, chatbots) to streamline participation.
- Use gamification (e.g., badges, progress tracking) to motivate continued engagement.
- Provide real-time feedback to guide customers in their roles.

5. Continuously Monitor and Adapt Strategies

- Gather customer feedback to refine participation processes.
- Analyze participation trends to identify areas for improvement.
- Stay flexible to adjust strategies based on changing customer preferences and market conditions.

8.4. Concept of Service Intermediaries

The concept of a service intermediary revolves around the idea of a third-party entity that facilitates the delivery of services between the service principal—the original creator or provider of the service—and the end customer. Unlike tangible goods, services are characterized by their intangibility, inseparability of production and consumption, and perishability, which means they cannot be stored, transported, or owned in the same way physical products can. This unique nature of services often necessitates direct interaction between the provider and the consumer, but in many cases, intermediaries become essential to expand market reach, enhance accessibility, and ensure efficient delivery.

Service intermediaries perform critical functions such as co-producing the service, making it locally available, and acting as a trusted representative of the service principal. For instance, in franchising models like fast-food chains or automotive repair services, the franchisee (the intermediary) follows a standardized process developed by the principal to ensure consistency in quality and customer experience. Similarly, travel agents and insurance brokers act as aggregators, offering customers a range of options from multiple service providers in a single location, thereby simplifying decision-making and improving convenience.

One of the key challenges in using intermediaries is maintaining service excellence and consistency, as the intermediary becomes the face of the service principal in customer interactions. Any deviation from expected service standards can negatively impact the brand's reputation and customer satisfaction. To mitigate this risk, service principals often implement strict training programs, operational guidelines, and quality control measures for their intermediaries. Additionally, in professional or financial services, intermediaries play a crucial role in building trust and long-term relationships with customers, as these services often require expertise and personalized attention.

Electronic channels, such as online platforms and mobile apps, have also emerged as modern intermediaries, enabling digital distribution of services like distance learning, banking, and streaming. Despite the advantages of intermediaries, some service providers prefer direct delivery to maintain full control over the customer experience. Ultimately, the choice between direct and intermediary-based distribution depends on factors such as the nature of the service, target market, scalability requirements, and the ability to enforce quality standards across third-party representatives. The effective use of intermediaries can significantly enhance a service firm’s market presence, but it requires careful management to ensure alignment with the principal’s brand values and service expectations.

8.5. Common Issues Involving Intermediaries

Intermediaries play a crucial role in service delivery, but their involvement often leads to several challenges. Key problems include conflicts over objectives and performance, difficulties in maintaining quality and consistency, tension between empowerment and control, and channel ambiguity.

1. Channel Conflict Over Objectives and Performance

The parties involved in service delivery such as service providers, franchisees, and distributors—often disagree on how the channel should operate. Conflicts arise due to differing goals, competing roles, and contrasting perceptions of performance. These disputes can occur between:

- Service providers and intermediaries (e.g., disagreements over profit-sharing or operational standards).
- Intermediaries within the same region (e.g., franchisees competing for the same customer base).
- Different types of channels (e.g., company-owned outlets vs. franchised locations).

Dependence between the principal and intermediaries can exacerbate conflicts, especially when one party feels its contributions are undervalued.

2. Difficulty Controlling Quality and Consistency Across Outlets

Maintaining uniform service quality is a major challenge when multiple intermediaries deliver the same service. Poor performance at even a single outlet can damage the brand’s reputation, affecting all other intermediaries. This issue is particularly problematic in specialized services (e.g., consulting, healthcare, or architecture), where maintaining high standards is critical but difficult to enforce.

3. Tension Between Empowerment and Control

Successful franchises (e.g., McDonald’s) rely on strict control to ensure consistency. However, excessive control can frustrate intermediaries, especially entrepreneurs who seek independence. Franchisees may feel restricted by rigid policies, limiting their ability to innovate or adapt to local market needs. This tension can lead to dissatisfaction and high turnover among intermediaries.

4. Channel Ambiguity

When control is not clearly defined, confusion arises over roles and responsibilities. Key questions include:

- Who conducts market research, and who owns the findings?
- Who sets service delivery standards—the franchisor or franchisee?
- How much autonomy do intermediaries have in decision-making?

Unclear expectations can lead to inefficiencies, misaligned strategies, and disputes over accountability.

8.6. Concept of Electronic Channels and Its Challenges in Service Industry

Electronic channels are service distribution platforms that operate without direct human interaction. They rely on pre-designed services—often involving information, education, or entertainment—and an electronic medium for delivery. Common examples include telephone, television, the internet, and emerging digital platforms. These channels enable various consumer and business services such as:

- Movies on demand
- Interactive news and music
- Online banking and financial services
- Multimedia libraries and databases
- Distance learning
- Desktop videoconferencing
- Remote health services
- Network-based interactive games

The more a service depends on technology rather than face-to-face interaction, the less it is affected by inseparability (the simultaneous production and consumption of services) and variability (inconsistent service quality).

Benefits of Electronic Channels

✓ Consistent delivery of standardized services– Automation ensures uniformity in service quality.

✓ Lower cost than interpersonal media- Reduces labor and operational expenses.

✓ Customer convenience- Accessible anytime, anywhere.

✓ Wide distribution- Services can reach global audiences.

✓ Customer choice and customization- Users can personalize their experience (e.g., selecting preferences).

✓ Quick customer feedback- Real-time responses and reviews improve service adjustments.

Challenges in Distributing Services Through Electronic Channels

1. Price Competition - Traditionally, services were harder to compare than physical goods. However, the internet allows consumers to easily compare prices and features (e.g., travel booking sites like Travelocity). Increased transparency leads to heightened price competition among service providers.

2. Inability to Customize Highly Standardized Services- Some electronic services (e.g., video-conferenced training) suffer when user engagement is low.

- Audience distractions (e.g., talking, leaving sessions) can degrade service quality.

3. Lack of Consistency Due to Customer Involvement- While electronic channels reduce employee-related inconsistencies, customer errors (e.g., incorrect data entry) can still affect service quality.

- Poorly designed interfaces frustrate users, leading to service failures.

- Not all customers have access to or are comfortable using digital platforms.

4. Changes in Consumer Behavior- Customers using electronic channels behave differently than in physical stores (e.g., self-service research, reduced human interaction).

- Encouraging users to adopt new digital habits is challenging.

5. Security Concerns- Cyber threats (e.g., hacking, data breaches) are major risks, especially in finance and healthcare.

- Customers hesitate to share sensitive information online.

6. Competition from Widening Geographies- Previously, local service providers (e.g., banks) had limited competition.

- Electronic channels allow global competitors to enter local markets, increasing competitive pressure.

8.7. Strategies for Effective Service Delivery through Intermediaries

Service principals aim to manage intermediaries effectively to enhance performance, strengthen brand image, and boost profitability. The principal must decide whether to treat intermediaries as extensions of the company, customers, or partners. Below are key strategies for managing service intermediaries:

1. Control Strategies

This approach involves the service principal establishing strict performance and revenue standards, closely monitoring outcomes, and implementing reward systems based on intermediary performance. The strategy works best when the principal maintains strong oversight capabilities and seeks consistent service delivery across all channels.

Key features include setting clear performance benchmarks such as response time requirements or customer satisfaction targets, conducting regular audits and KPI tracking to ensure compliance, and implementing incentive structures like bonuses or commission boosts for intermediaries who exceed expectations.

For example, a financial institution might require its franchised branches to maintain a minimum customer satisfaction score of 90%, with underperforming locations facing corrective measures.

2. Empowerment Strategies

When dealing with independent intermediaries or entering new markets where direct control is limited, empowerment strategies provide intermediaries with greater operational flexibility while equipping them with the necessary tools for success. This approach focuses on developing customer-centric processes such as setting maximum wait times or call response standards, providing comprehensive support through training programs and technological resources, and fostering a cooperative management style that values input from intermediaries. Rather than imposing rigid rules, the principal acts as a facilitator, helping intermediaries optimize their service delivery.

A practical example would be a telecommunications company supplying its retail partners with digital onboarding platforms and sales training to enhance customer experiences while allowing flexibility in local marketing approaches.

3. Partnering Strategies

The most collaborative approach involves treating intermediaries as strategic partners rather than mere distribution channels, focusing on long-term mutual growth. This strategy requires aligning business objectives between both parties, such as shared targets for customer retention or market expansion. Regular consultation sessions and joint decision-making processes ensure both the principal and intermediaries work toward common goals, while shared investments in marketing campaigns or technology upgrades demonstrate commitment to the partnership.

For instance, a hotel chain might collaborate with travel agencies to create exclusive vacation packages, combining the hotel's hospitality expertise with the agency's customer reach to drive bookings for both entities.

Conclusion

Delivering high-quality service is a complex endeavor that requires careful coordination among employees, customers, and intermediaries. Employees must be recruited, trained, and empowered to meet customer expectations, while customers need clear guidance and incentives to fulfill their roles effectively. Intermediaries, though beneficial for expanding market reach, present challenges such as maintaining consistency and managing conflicts.

Electronic channels offer convenience and scalability but come with their own set of hurdles, including security risks and the need for user-friendly interfaces. By adopting tailored strategies such as control, empowerment, or partnering—organizations can optimize service delivery and create meaningful experiences for all stakeholders. Ultimately, the success of service delivery hinges on aligning these elements with the company’s goals, fostering a strong service culture, and continuously adapting to evolving customer needs and technological advancements.

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