

ARCH  
*consulting*

The background of the image is a top-down view of various Shake Shack food items on a rustic wooden table. There are several burgers with lettuce and tomato, trays of crinkle-cut fries, and bowls of chicken salad, chicken wings, and a dessert with white cream and colorful sprinkles. A paper liner with a repeating pattern of food icons is visible under the fries. The Shake Shack logo is centered in a white rectangular box.

**SHAKE**  **SHACK®**



## OUR ORIGINS 2001 - 2003

Madison Square  
Park, NYC

### SHAKE SHACK

Shake Shack was founded in 2001 as a hot-dog cart in New York's Madison Square Park and opened its first permanent store in 2004.



### FAST CASUAL RESTAURANT

As a fast-casual restaurant, it sells higher quality food at higher prices than quick service restaurant.



### FINANCIAL HIGHLIGHTS

System-wide sales increased from \$140 million in 2013 to \$295 million in 2015

Stand For Something Good

## VISION

Shake Shack's vision is to **"Stand For Something Good"** in all aspects of its business, including the exceptional team it hires and trains, the premium ingredients making up the menu, the community engagement, and the design of the Shacks.



## THE SHACKSPERIENCE

For achieving their vision, **"The Shacksp experience"**, being taught at the company entails the principles of Enlightened Hospitality and how to live and breathe the **Shack Pact** – the agreement that encompasses the company's value system and brand ethos.



## SHAKE SHACK IN PHILADELPHIA

There are five (5) Shake Shacks in Philadelphia. They are located in Center City, University City, King of Prussia (2) and Wells Fargo Center.

(Shake Shack, 2016)



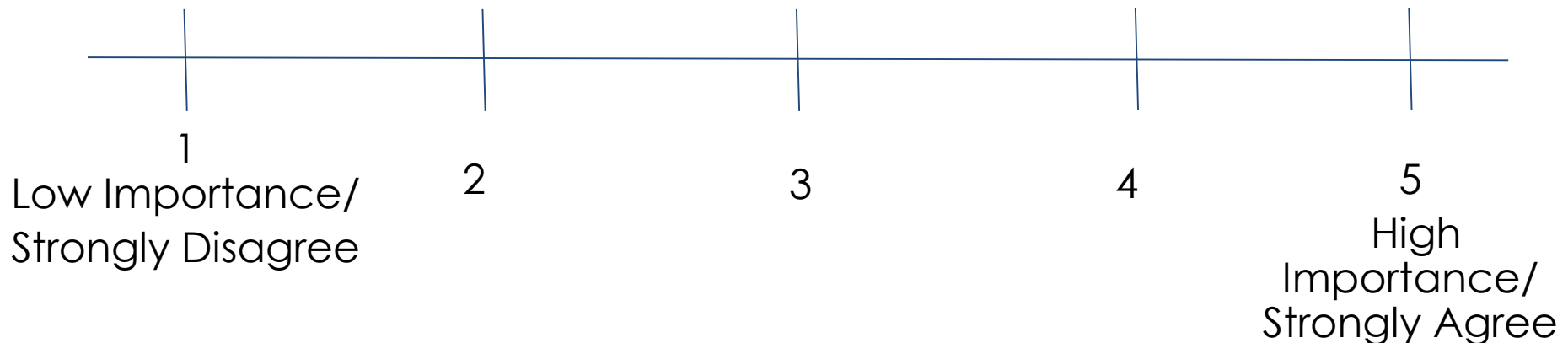
## The Research Stage

- Site Visits (*20th & Sansom in Philadelphia, Pennsylvania*)
- Interviews with Management
- Yelp Reviews
- SERVQUAL Questionnaire



## The Service Quality (SERVQUAL) Audit Model

- These are the 5 dimensions of Service Quality:
  - Reliability
  - Responsiveness
  - Assurance
  - Empathy
  - Tangible



## Our SERVQUAL survey consisted of 40 questions

- 16 questions analyzes their expectations of fast-casual restaurants
- 16 questions on the perceptions on their Shake Shack dining experience
- 3 questions about their satisfaction level and likelihood of recommendation
- 5 demographics questions (e.g. age, gender, race/ethnicity)

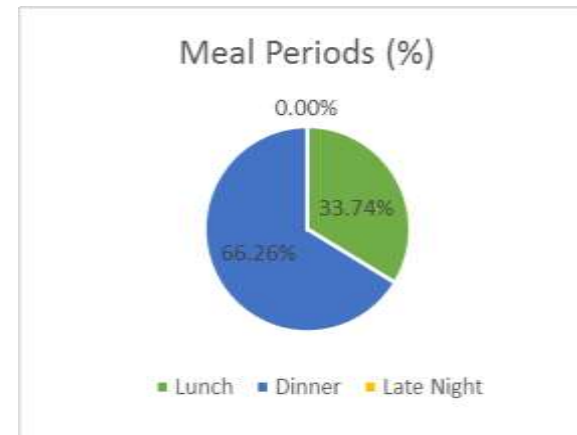
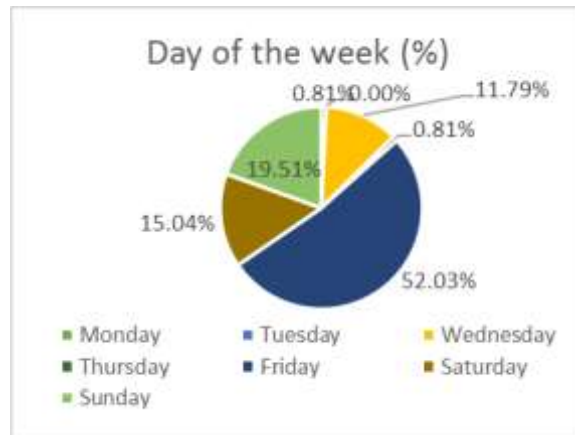
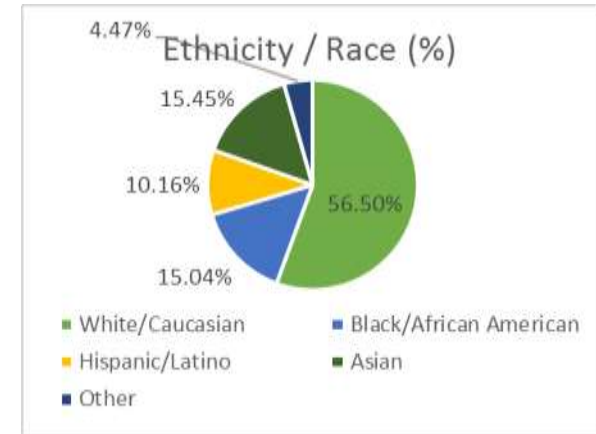
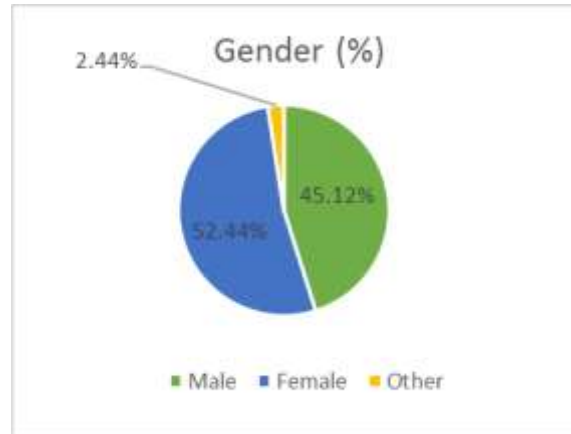
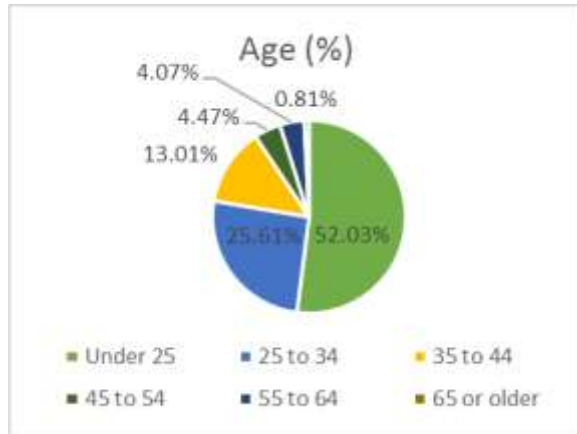


*Coupons for one milkshake or a scoop of custard were handed out to every participant who completed the survey.*

- Qualtrics (Online) and Paper-Based

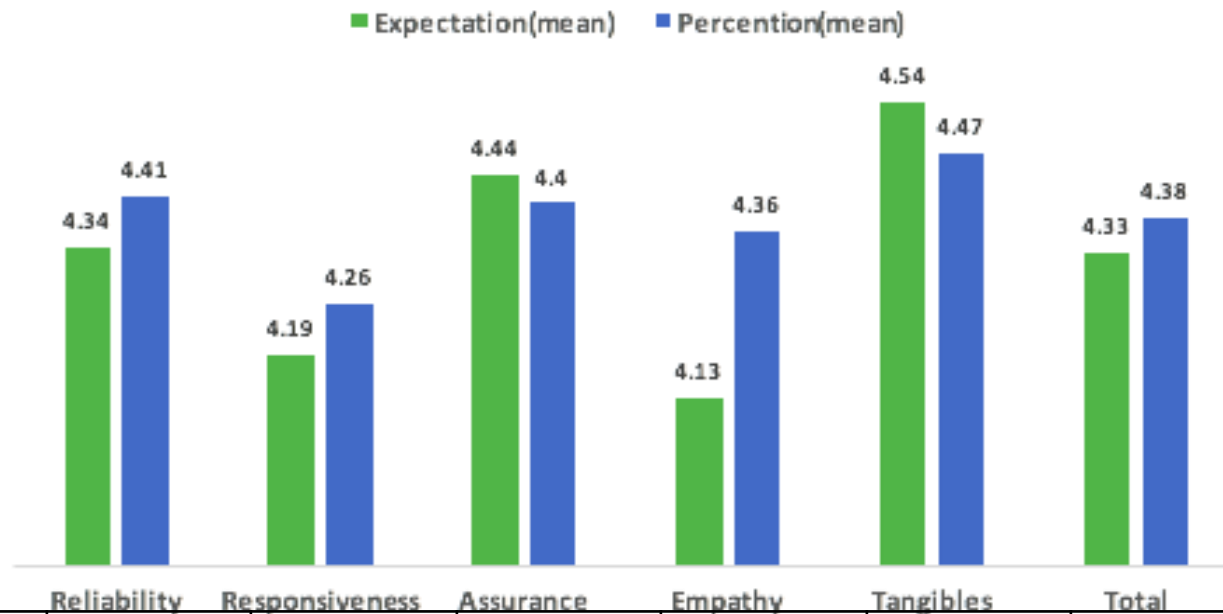
# PARTICIPANTS DEMOGRAPHIC SUMMARY

Total Participants:  
246





- The customers expectations were met in the **Reliability**, **Responsiveness** and **Empathy** (*highest*) dimensions.
- The customers' perceptions of the **Assurance** and **Tangible** (*lowest*) dimensions were not met in their expectations – though the gap was very close.



T-statistic	-1.606	-0.560	0.623	-18.582	0.379	-1.078
P-value	0.250	0.632	0.577	**0.003	0.741	0.298

(Comparison between expectation and perception by two Paired t-test \*p<.05, \*\*p<.01, \*\*\*p<.001)



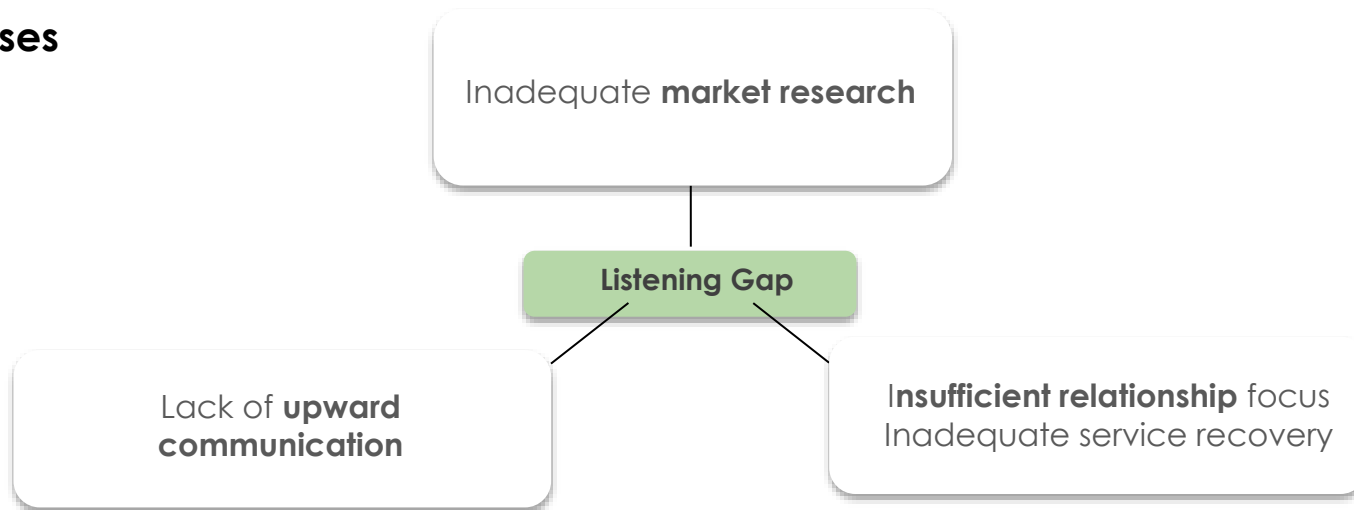
**A number of discrepancies were found between customer expectations and their perceived experiences at Shake Shack. These discrepancies are caused by the following gaps.**

1. The Listening Gap
2. Service Design & Standards Gap
3. Service Performance Gap
4. Communication Gap

## LISTENING GAP

*Difference between management's perception of what consumers expect and consumers actual expectations*

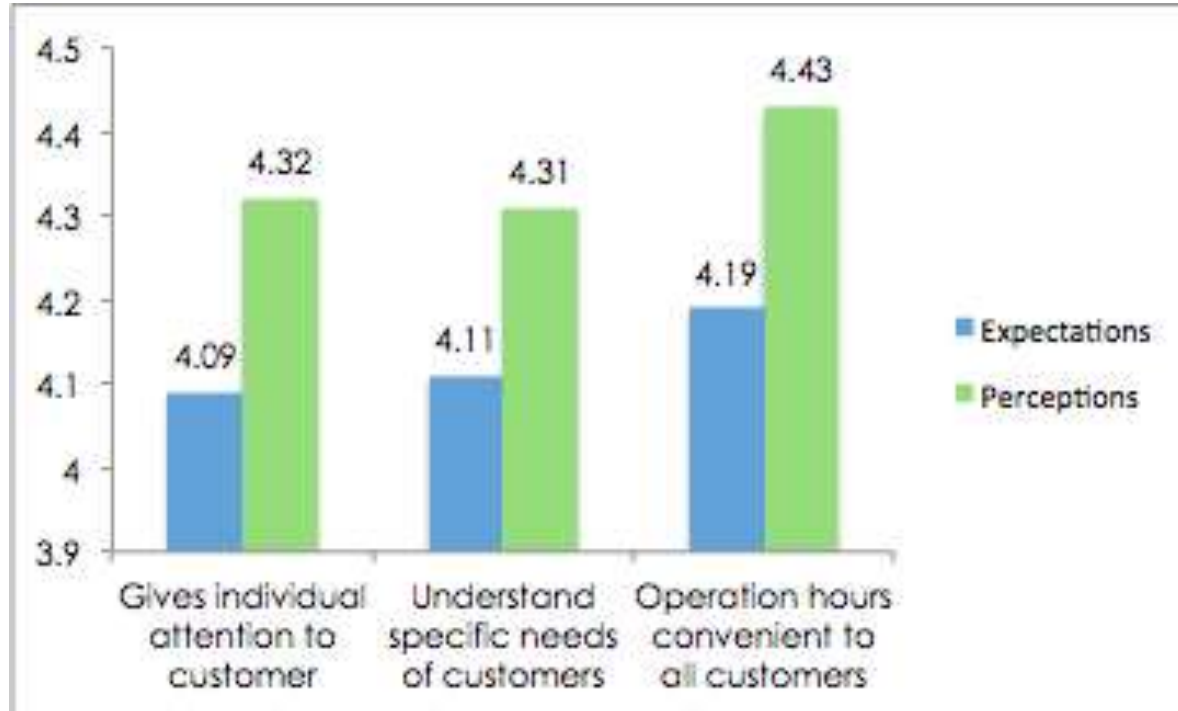
### Causes



Being responsive and empathetic to consumers needs requires the managers and employees to listen to the customer.

## EMPATHY

*“Caring, individualized attention the firm provides its customers”*





## EMPATHY

*"Caring, individualized attention the firm provides its customers"*



**"Gives individual attention to the customer"** (+.23 Gap)

- Customers are addressed individually by their names
- Team's on-site observation



**"Understands specific needs of its customers"** (+.20 Gap)

- Listens and helps customers with food orders
- Answers customers questions efficiently



**"Operation hours convenient to all customers"** (+.24 Gap)

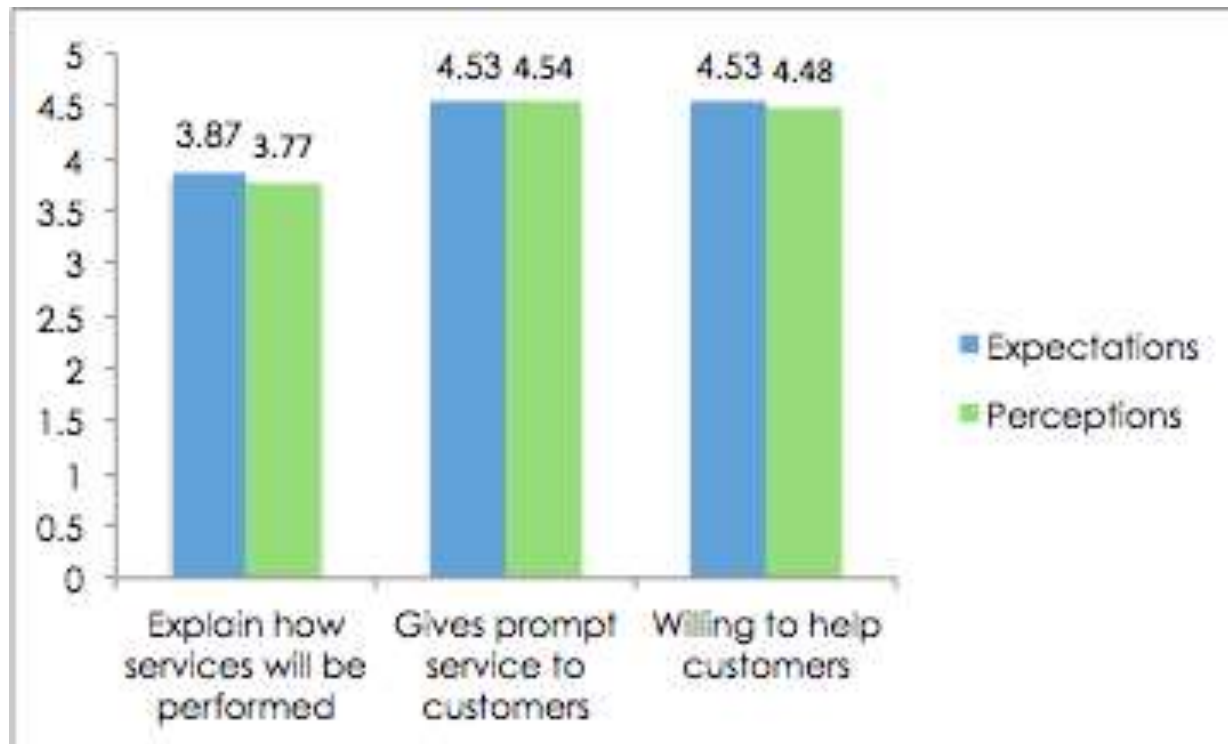
- 11am-11pm Monday through Sunday



**Empathy Gap Score: +0.23**




## RESPONSIVENESS

*“the willingness to help customers and provide prompt service”*



## RESPONSIVENESS

*“the willingness to help customers and provide prompt service”*

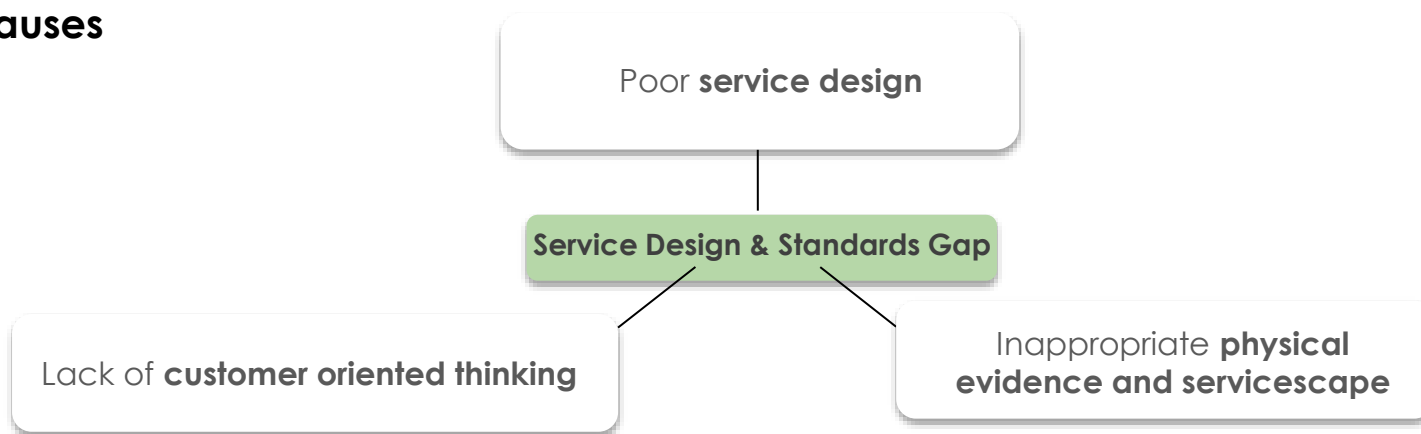
-  **“Explains how services will be performed” (-.10 Gap)**
  - Informs customers that buzzer will vibrate when order is ready.
  - Informs where customers will pick-up their orders
-  **“Give prompt service to customers” (+.01 Gap)**
  - “...It was a pretty lengthy wait for lunch at 2:30pm” (Yelp, 2016)
  - New Shake Shack App: Order & Pickup
-  **“Willing to help customers” (-.05 Gap)**
  - Availability of workers on the floor
  - Customers might feel neglected after service transaction is complete.

 **Responsiveness Gap Score: +0.07**

## SERVICE DESIGN & STANDARDS GAP

*Difference between management's perception of what customers expect and how managers design the service delivery process to meet those expectations*

### Causes



The management's service quality design along with the physical appearance of their facilities and team members, are a reflection and representation of the company.



## ASSURANCE

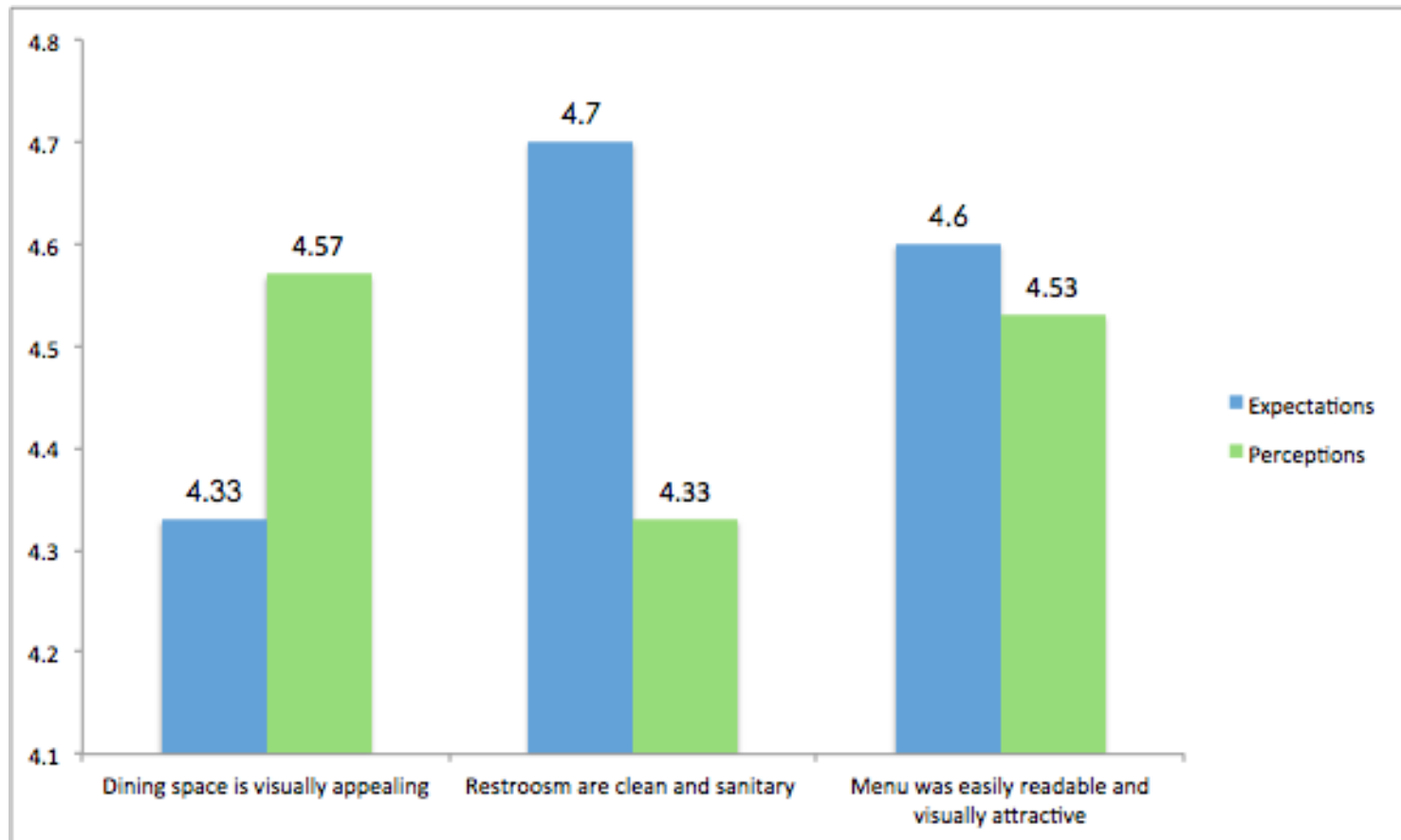


## ASSURANCE

- ✓ **“Well-trained, competent, and experienced”** (+.02 Gap)
  - Employees required to keep journals during first 30 days of work
  - [The Shacksperience](#)
  - Managers provide employees with consistent feedback
- ✓ **“Instills confidence in customers”** (+.07 Gap)
  - This happens during the interaction phase between the employee and the customer
  - Giving recommendations about the product with their knowledge
- ✗ **“Consistently courteous”** (-.06 Gap)
  - Consistency is key, and that can easily be neglected when it's busy
- ✗ **“Has knowledge to answer customer questions”** (-.15 Gap)
  - The employees are knowledgeable from the training they received, however, they may not be as approachable during their rush/lunch hours

✗ **Assurance Gap Score: -0.04**

## TANGIBLES



## TANGIBLES

- ✓ **“Dining space is visually appealing”** (+.24 Gap)
- Modern and minimalist interior design
  - Large, open kitchen, also known as the “engine”
  - Logo-branded tables and large windows with natural sunlight

- ✗ **“Restrooms are clean and sanitary”** (-.58 Gap)
- If restrooms are not taken care of, then the customers would have the same perception of the cleanliness of the kitchen and the preparation of their food.
  - Very important for the restrooms to be checked regularly, especially during the busy hours.

- ✗ **“Menu is easily readable and visually attractive.”** (-.07 Gap)
- “Menus on the wall is poorly readable and small...”
  - “Shake of the Week should be available a little after a week although not featured.”

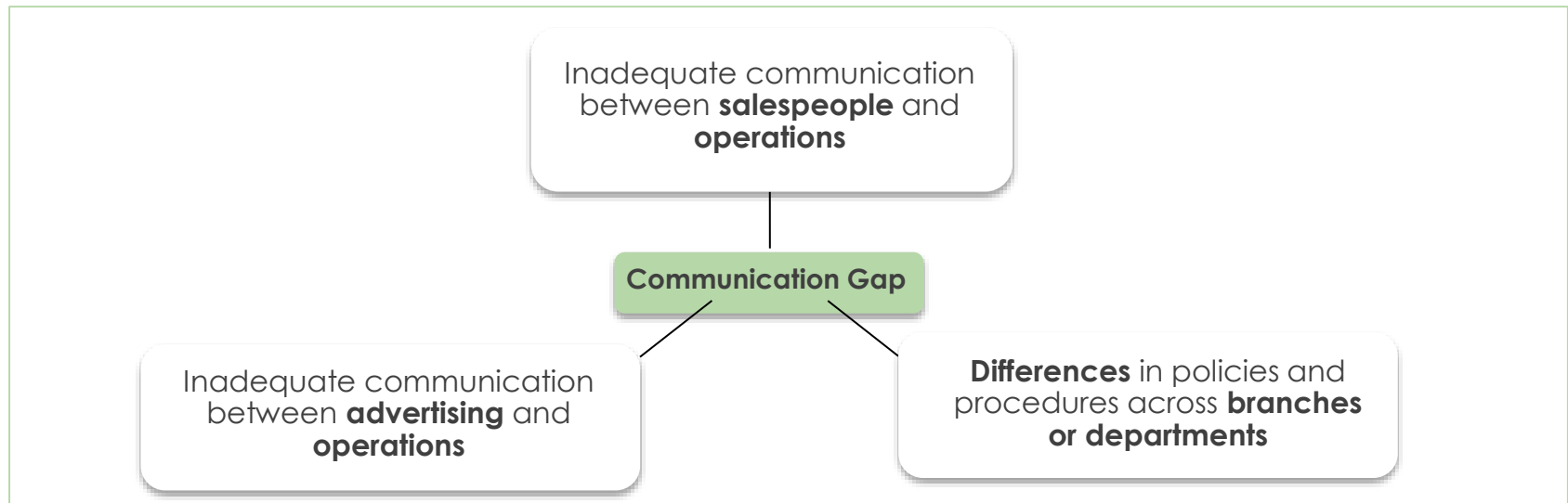
**Tangibles Gap Score: -0.07**



## COMMUNICATION GAP

*The difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery.*

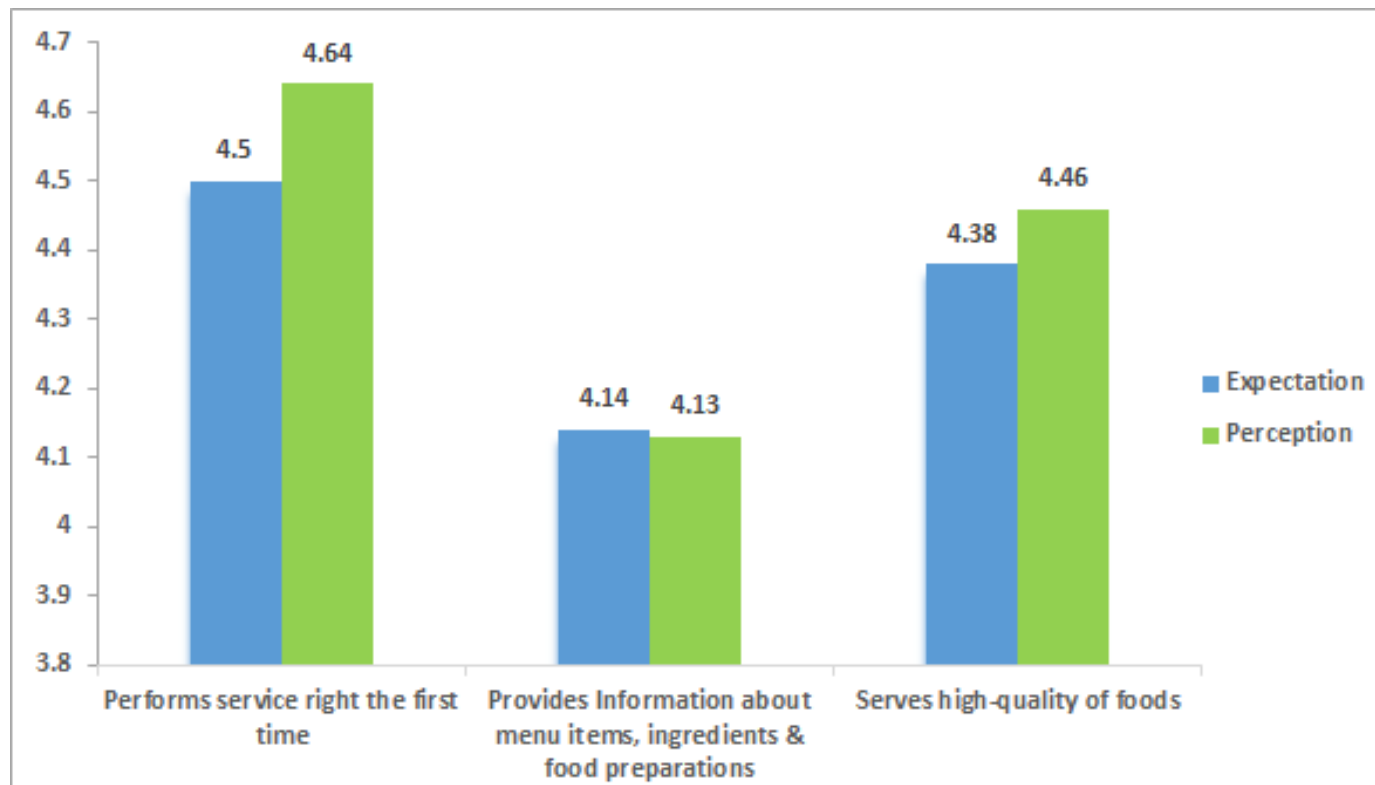
### Causes



Customers expect the service or product, which is externally promised and communicated by the companies.

## RELIABILITY

*“Ability to perform the promised service dependably and accurately”*



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*“Ability to perform the promised service dependably and accurately”*



**“Performs the service right the first time” (+.14 Gap)**

- Ensures orders are correct
- Makes sure correct order goes to each customer using beepers



**“Provides information about menu items, ingredients, and food preparation” (-.01 Gap )**

- Providing the number of calories
- Listing ingredients on menu board



**“Serves high-quality of foods” (+.08 Gap)**

- Fresh ingredients
- Hormone and antibiotic free meat
- Sustainable agriculture (Shake Shack, 2016)

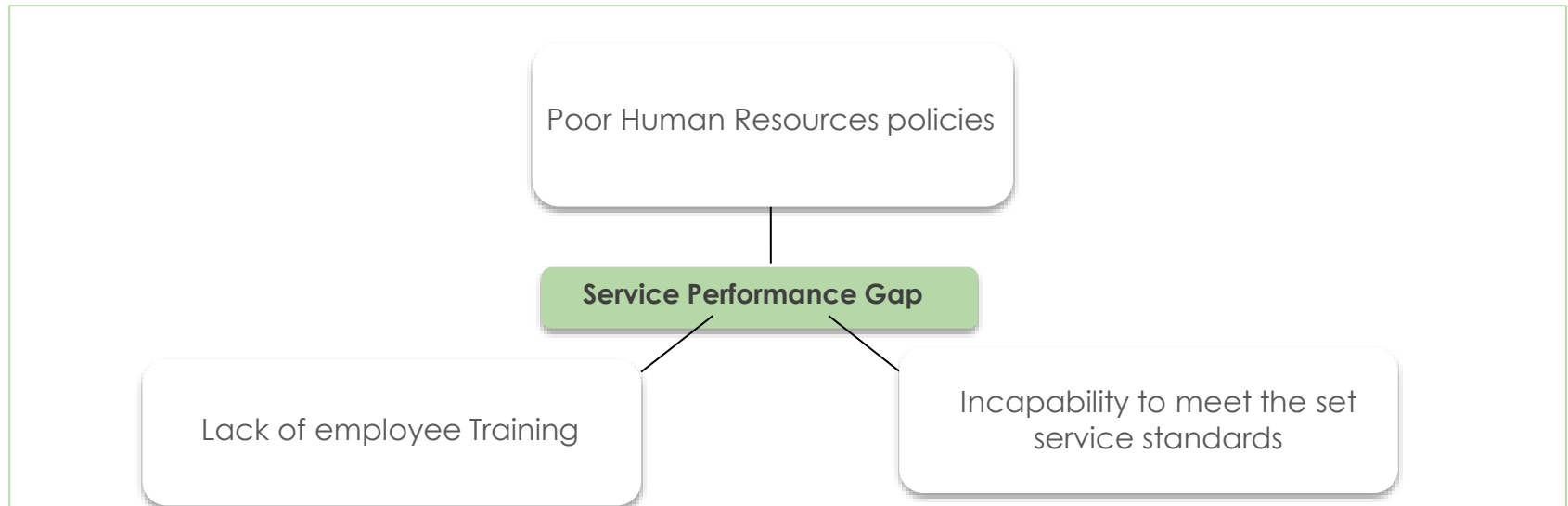


**Reliability Gap Score: 0.07**

## SERVICE PERFORMANCE GAP

*The difference between service quality specifications and service actually delivered*

### Causes

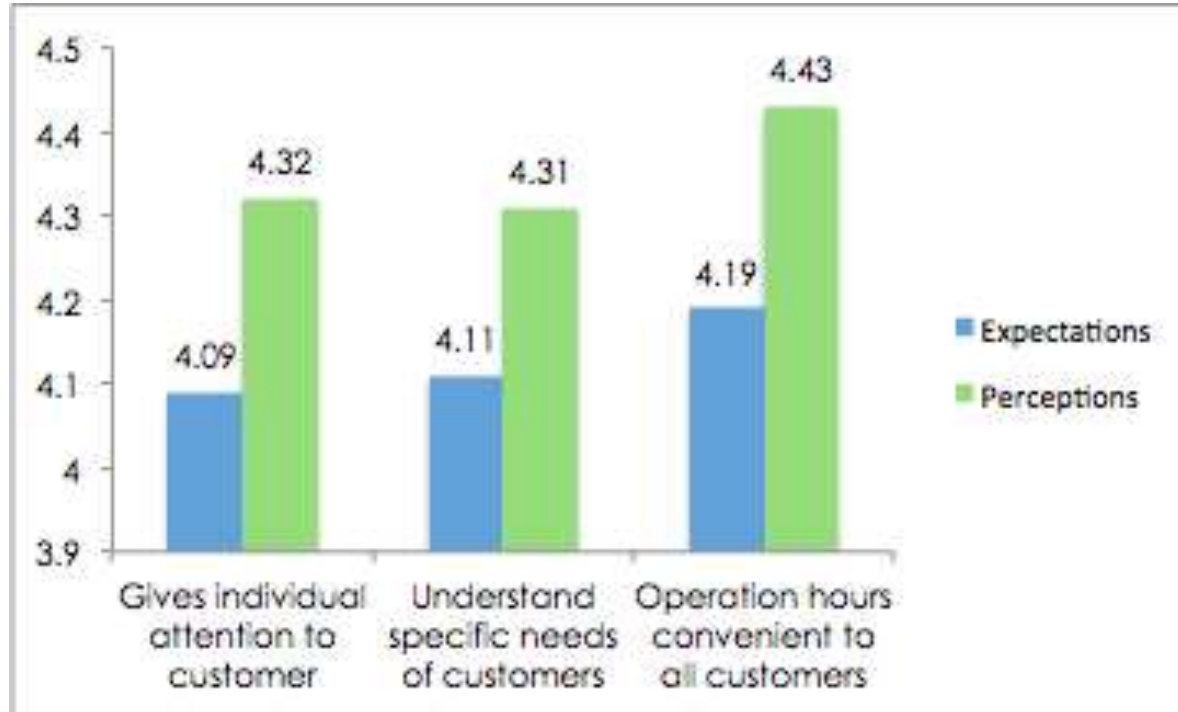


Related to **Reliability, Responsiveness, Empathy and Assurance**



## EMPATHY

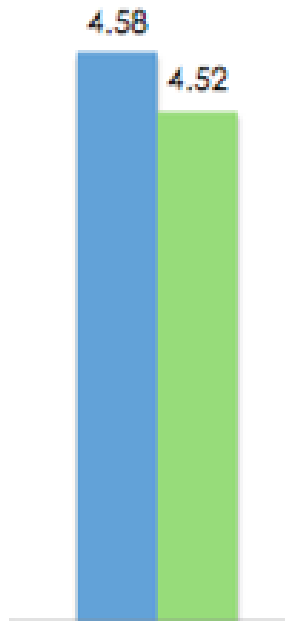
*"Caring, individualized attention the firm provides its customers"*



# The Service Performance Gap: *Key Numbers*



## ASSURANCE



Consistently courteous

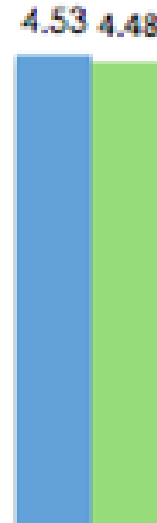
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## RESPONSIVENESS



Explains how  
services will be  
performed

**-.10**



Willing to help  
customers

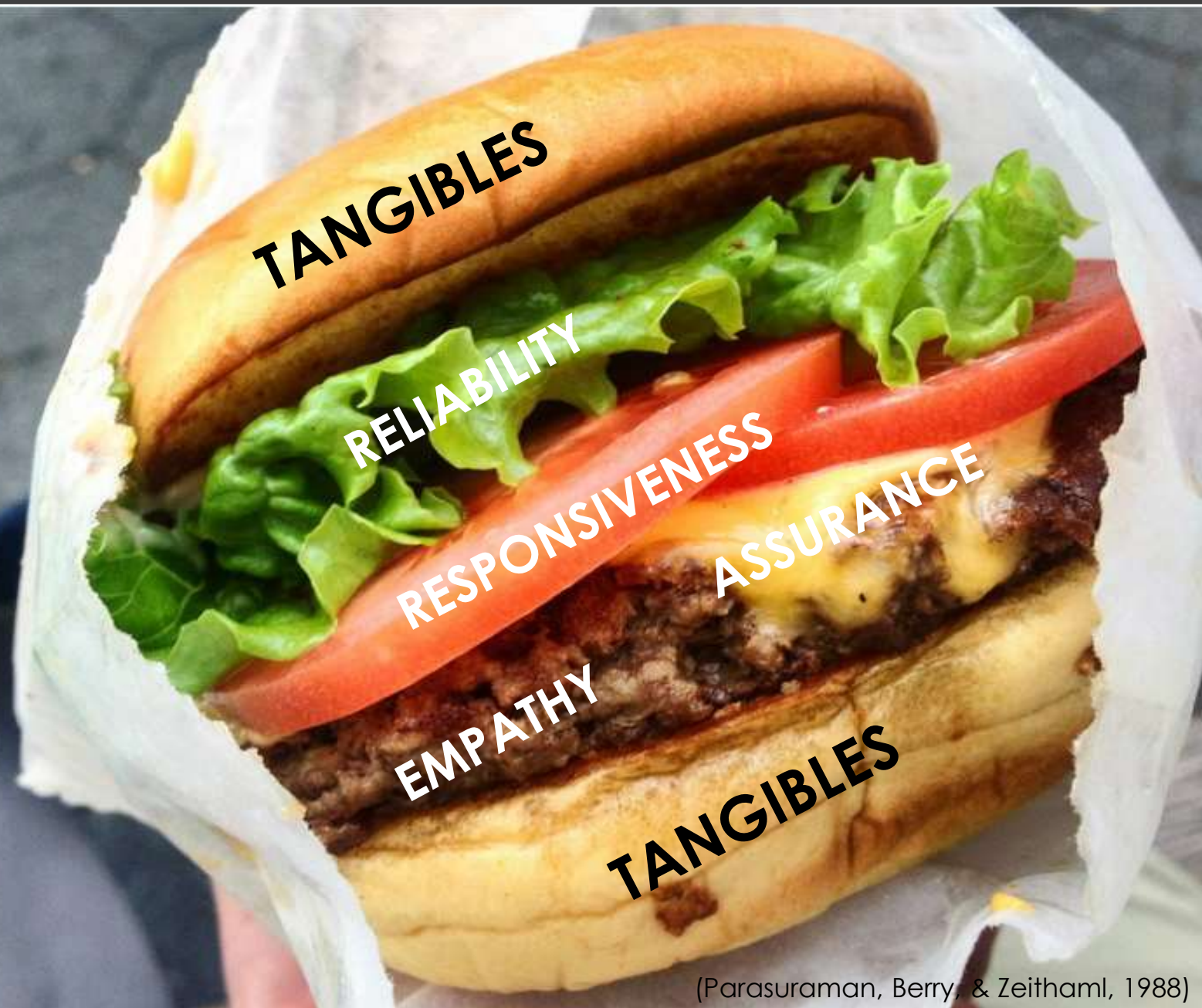
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## RELIABILITY



Information  
about menu  
items

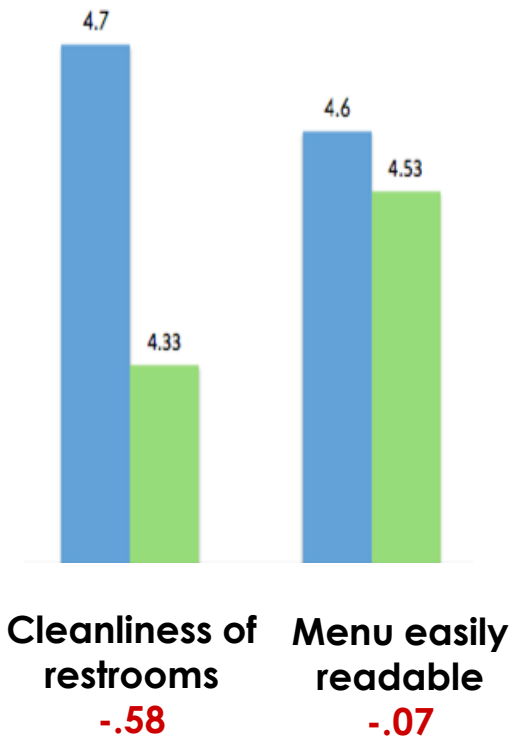
**-.01**



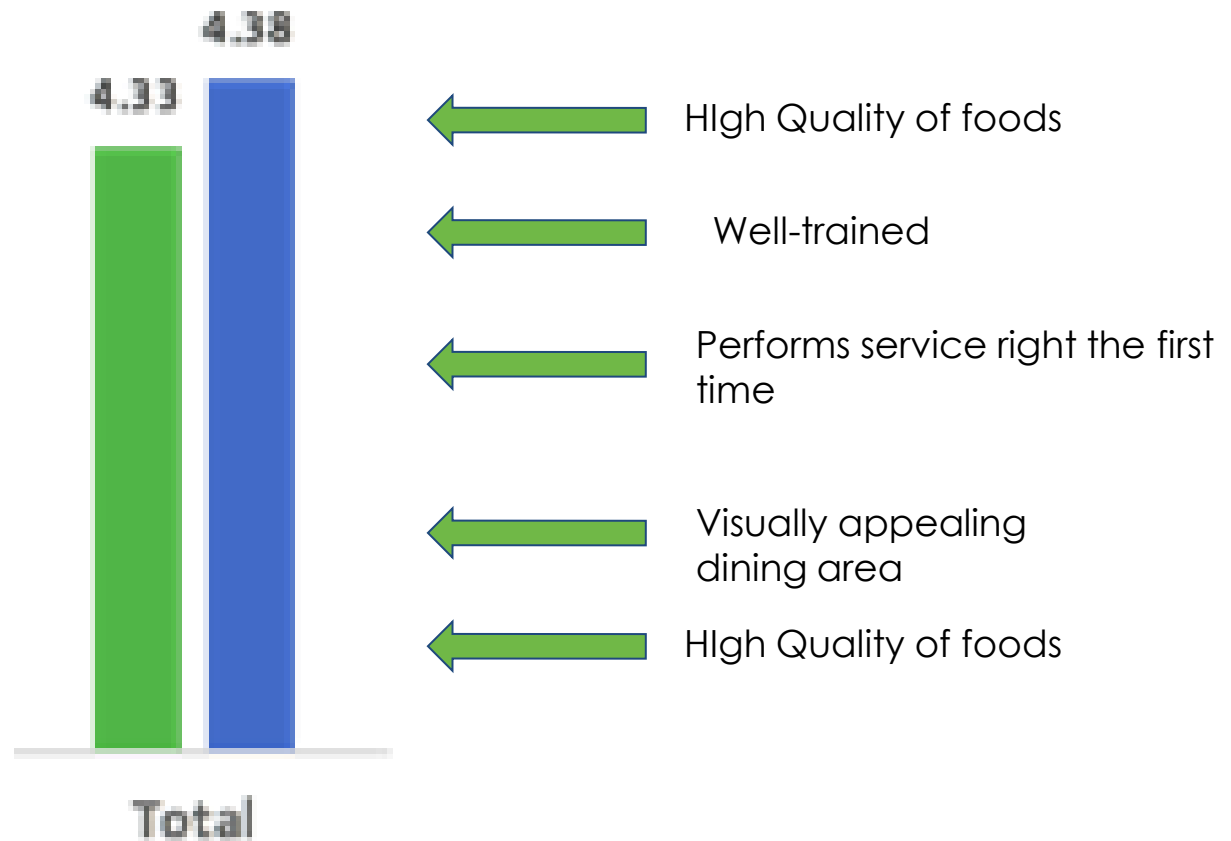
# The Service Performance Gap: *Key Numbers*



## TANGIBLES



## *Expectations vs. Perceptions*



**+ .05 Gap**



## Key Numbers

**Satisfaction Level:**  
**96.7%**

Extremely Satisfied and  
Somewhat satisfied

**Recommendation:**  
**97.5%**

Extremely likely and  
Somewhat likely



**“...timing”**

**“Make yourself stand out from every other fast food restaurant ... seemed cookie cutter”**

“I think Shake Shack is a stand out company in the fast food industry. I've visited many different locations and I've always had consistently good experiences.”

“Can you open one in Northwest Las Vegas, Nevada?”

“The hospitality was impeccable for my party of 3 on a Friday night - even with one hour to closing, the staff's demeanor was not slacking.”

“Thank you for providing much great food and service, it's totally worth walking the 10 or 20 blocks it takes to get here :)”

**“Menus on the wall is poorly readable and small...”**



## Timing

→ Use of technology

## Degree of customer-employee interaction

→ Having an employee on the floor

→ Working effectively as a team

## Menu

→ Have hand-held menus throughout the stanchions



(Shake Shack, 2016)

***“assurance, responsiveness, and empathy are most important in exceeding customer expectations”***



- Follow up about experience
- Rewards system
- Employee appreciation  
→ Customer appreciation



*“Shake  
Shack is  
amazing...  
I love it!”*

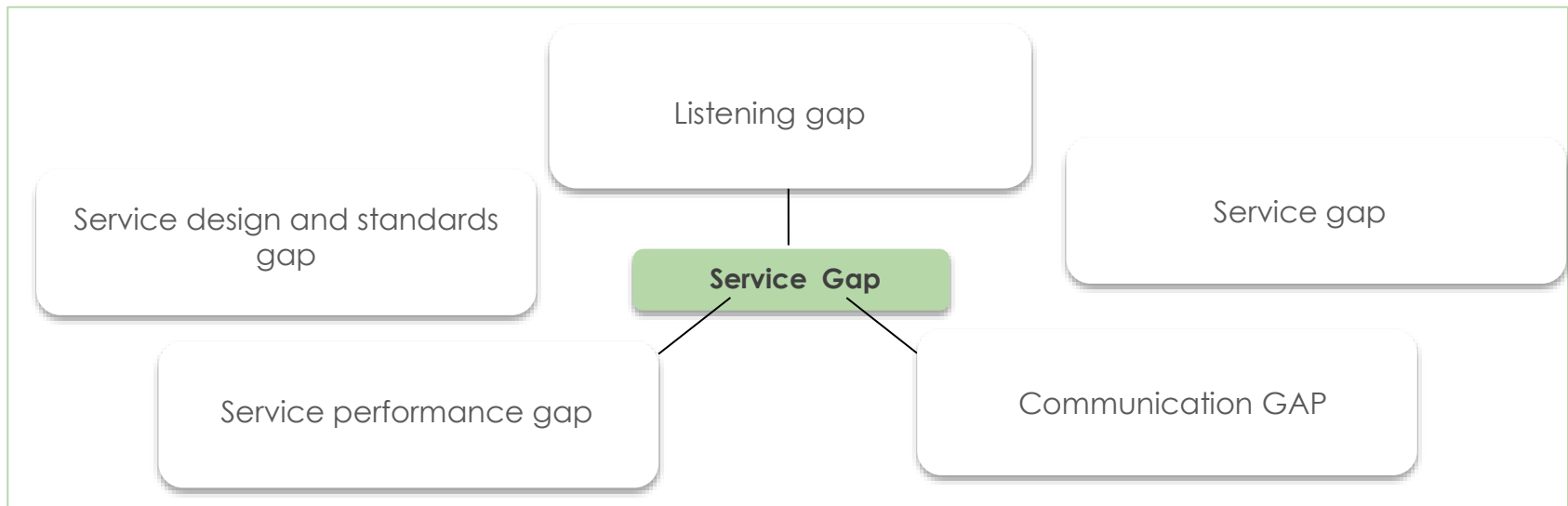


- Lovelock, C. and Wirtz, J. (2007), Services Marketing, Upper Saddle River, NJ.: Prentice-Hall International, Inc.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual. *Journal of retailing*, 64(1), 12-40.
- Shake Shack. (2016). Stand for something good. Retrieved from [www.shakeshack.com](http://www.shakeshack.com)
- Zeithaml, V. A. & Bitner, M. J. (2003), Services Marketing: Integrating Customer Focus Across the Firm, Second Edition, New York: McGraw-Hill.

## SERVICE GAP

*The difference between customers' expectations of a service and their perceptions of the actual service once it has been consumed*

### Causes



Related to **all of the service dimensions**