Managing Services
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Lecture - 15
Consumer in the Services Flow – I

Hello, I am Jayanta Chatterjee and I am interacting with you on behalf of IIT, Kanpur on Managing Services and contemporary issues in today's world. In the last few sessions, we have looked at the different unique characteristics of services or characteristics that particularly apply to the service domain, the challenges that are created by those particular characteristics and we have seen how in different ways as a service business we can respond to those challenges successfully. Today, I am going to discuss, the process of engaging with the service flow so, Consumer in the Services flow, this will be our topic today.

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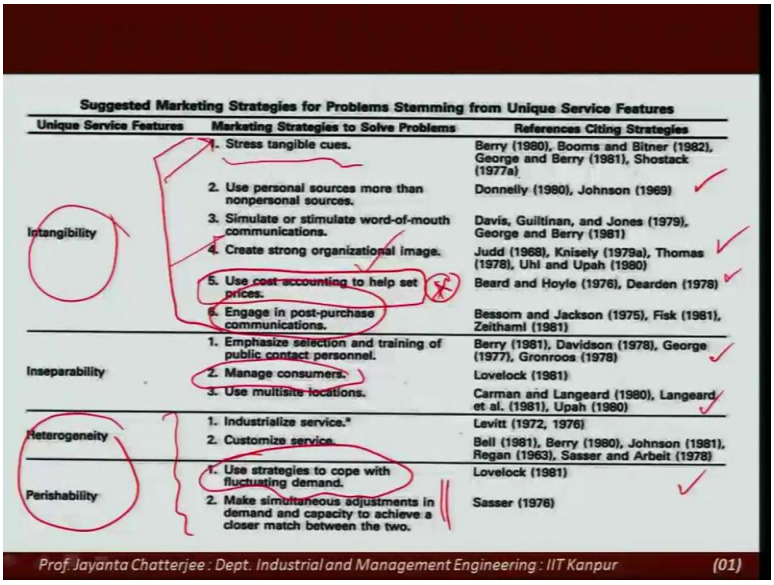

But, before that let me give you a nice view, composite view of the characteristics of services on one side and the responses linked to that. And as you will see you from this particular table, borrowed from number of researcher and their work that there is a certain thematic linkage among those various strategies and some of the response strategies actually tackle number of service characteristics. So, we have intangibility and we have discussed intangibility as our response as our marketing strategy in response to intangibility, we would like to highlight vivid tangible images. We would like to

highlight personnel engaged in the services their competence, their address, their equipment and so on.

We have also discussed how you can use word of mouth, publicity. So, stimulation and simulation of customer advocacy becomes very important here creates strong organizational images. That, kind of becomes a container for projecting the tangibility of the service providers capability. And of course, we have also talked about the importance of communication pre as well as post consumption. There is one particular issue with respect to how we need to understand the cost elements in detail.

So, that we can signal in the price, some responses with respect to intangibility, this one we will discuss later when we discuss pricing of services. So, these are responses to intangibility which are often called the mother of all services marketing problems. We have the other one inseparability, so we have discuss about how we kind of manage consumers, some of these issues we will discuss in today's session, where we study consumer in a services flow.

And I think in the last session we have discussed that how we can tackle heterogeneity and perishability by using strategies to cope with fluctuating demand and we need to adjust demand and capacity or rather both side balancing management to tackle this heterogeneity and perishability. So, you can look at this chart more in detail, there are number of famous references are given here, lot of these are available for free for you to read on the net through the various search mechanisms and full complete copy can be downloaded through your digital library system, accrue institute. But, what I have taken care is that, I have tried to sight those references which are readily accessible to most people directly through the search engines and some of the services.

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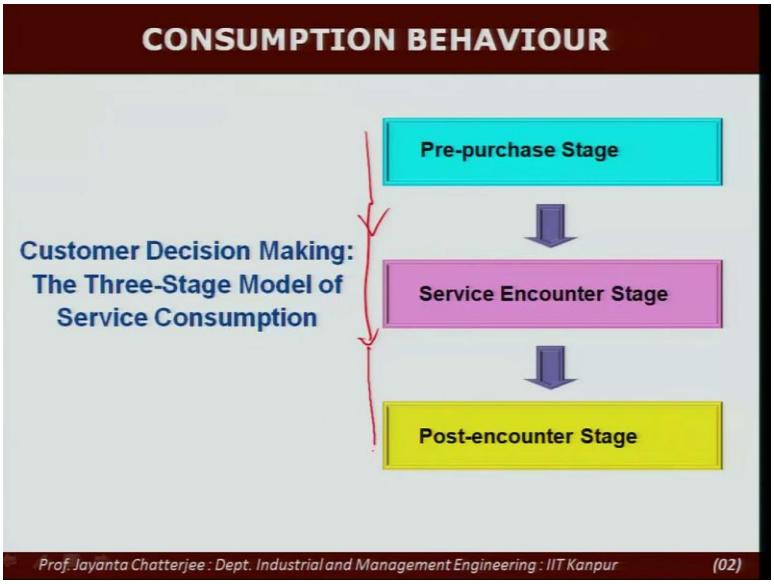

So, let me now go to the topic of day, the consumer in the services flow traveling from the pre purchase to the service encounter to the post purchase stage.

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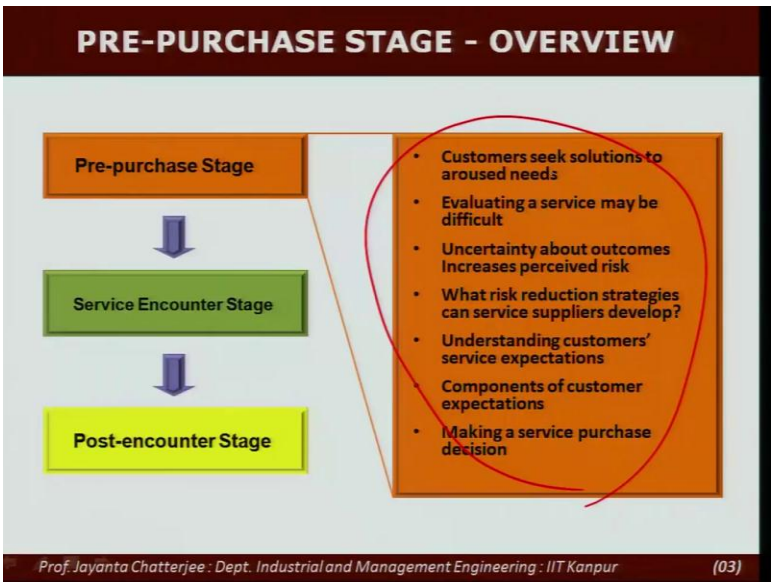

So, the pre purchase stage is highlighted by these set of needs, I will take each one individually and try to understand and discuss with you some of the response mechanisms and service management issues. Incidentally, this whole flow of pre encounter and post encounter of that, the pre stage is similar to the famous AIDA or AIDA model, quite popular in understanding consumer's buying behavior in case of products. So, there A stands for Awareness, I stands for Interest, D stands for Desire and finally, A stands for Action or the purchase action.

This block that you see here need arousal, evaluation, etcetera, it is actually a more expanded format of the AIDA model, but there are some ((Refer Time: 07:32)) here which are particular to the services domain. So, let us now see each one of these elements more in detail. So the first is need arousal; obviously, the customer has some kind of need for which the customer then seeks some solution, some service.

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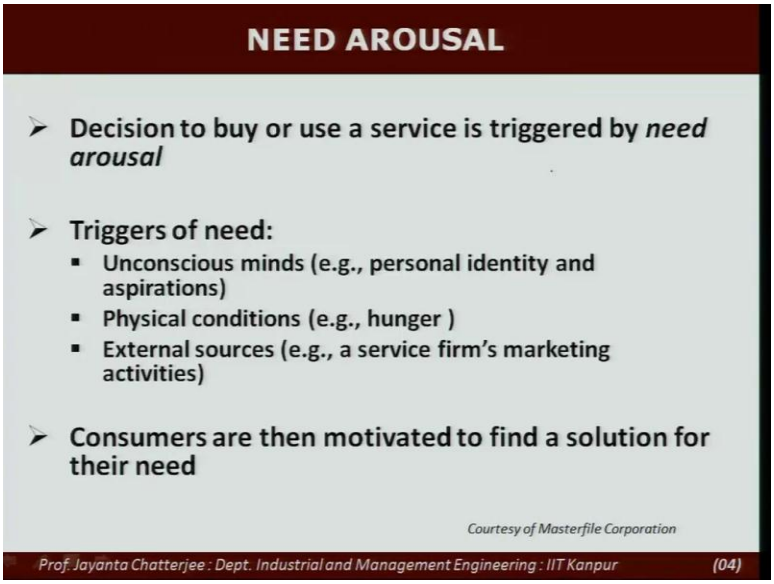

Now, this need can raised due to various triggers, some of those triggers are physical like hunger, when you seek a food and beverage service or it could be triggered by the service organization through it is marketing activity or it could be actually also related to certain personnel esteem or social need. So, as you can see this need arousal, mechanisms are quite tight to the Maslow's hierarchy of needs.

We have already briefly discuss this earlier, but if you are again not familiar, you can again go back to the net and search for Maslow, Maslow's hierarchy of needs and just quickly go through those several stages of needs starting from physical and security needs going up to self actualization and the different kind of triggers that can happen for different kinds of services with respect to those needs. At this stage for us our discussion today, we say that there is some kind of need that has been triggered in the consumer's mind and the consumer is looking for some solution.

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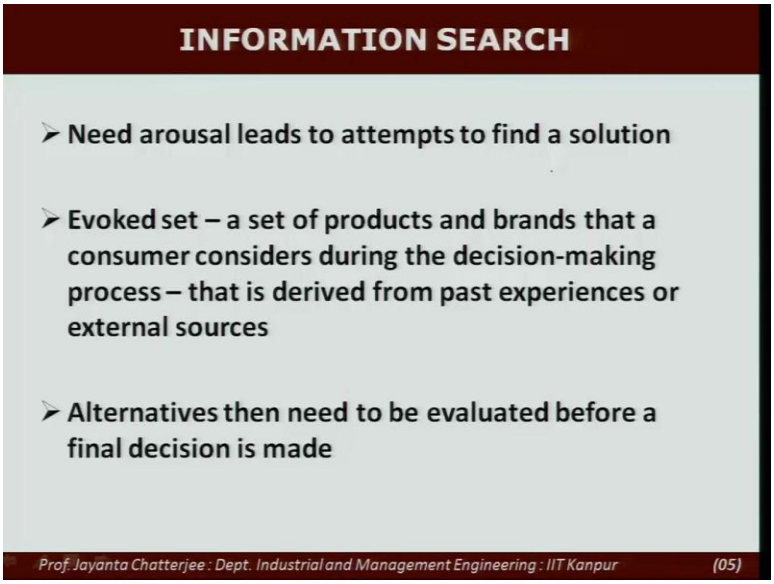

So, the first activity; obviously, where a service management people we have to be stable and able to provide that response, so that the customer's information search is easy, the customer can easily find us. So, if I am a food and beverage service, after ensure that in my targeted community of customers, my name comes up first in the consumer's mind when they feel the need of eating out or having a refreshment. Here, academically we understand that there is a wide variety of solutions that are possible to respond to a particular need, but the customer usually make say selection.

So, as a business we have to ensure that from that wide array of choices that are possible to meet the arouse need, we have to be within what we call the evoked set which you see on your screen, which is a set of products and brands that a consumer considers during the actual decision making process. So, it is a subset of the total possibility and it is important that as our marketing activity, our service reputation, our service excellence ensures that we are within the evoked set.

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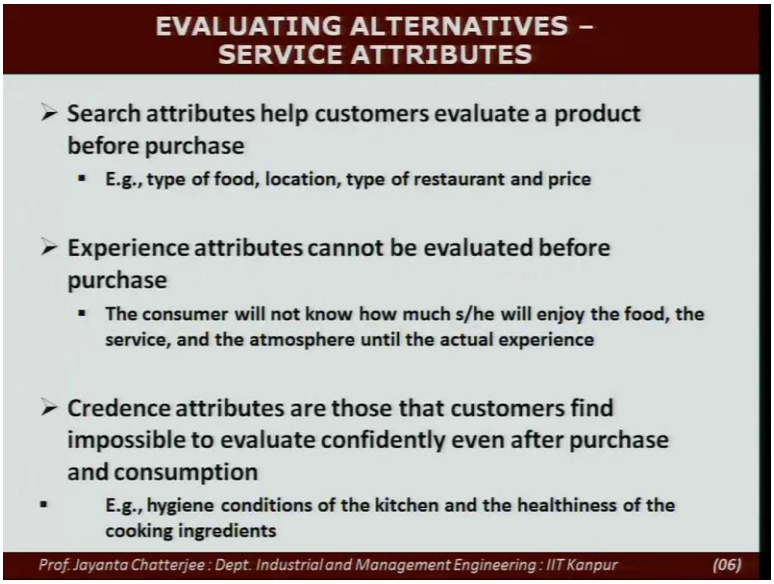

And then of course, within the evoked set the customer evaluates the alternatives. Now, this says in the service domain a very, a deep and critical activity, we are found through our researches that the attributes or rather features or the qualities or the properties that the customer emphasis in his or her mind, while evaluating the alternatives post by the evoked set are of three types. The easier one is the search attribute, which are fundamentally based on quantity and quality of information.

So, to decide on a food outlet, to decide on a restaurant or to choose a price for a commodity, fundamentally the customer needs good and enough sufficient information. So, those services which are heavy with respect to search attributes can provide good high quality, enough information and achieve their objective, but if the service is experience heavy, then you need some way the customer to get a feel. So, it is like a trailer of a movie or a sample or test to write or a visit to a new theme park or holiday destination through internet based sharing of experiences through audio, video discloser of finer points and so on.

The toughest one of course, is the third category which is credence attribute, as we have discussed before credence attribute based services. For example, health care, medical advice, dental care, education, legal advice, in this cases it is not possible for the customer to get a sample experience, even enough amount of information or good quality information can go up to certain extend. But, still cannot respond to all the anxieties and queries or uncertainties in customer's mind.

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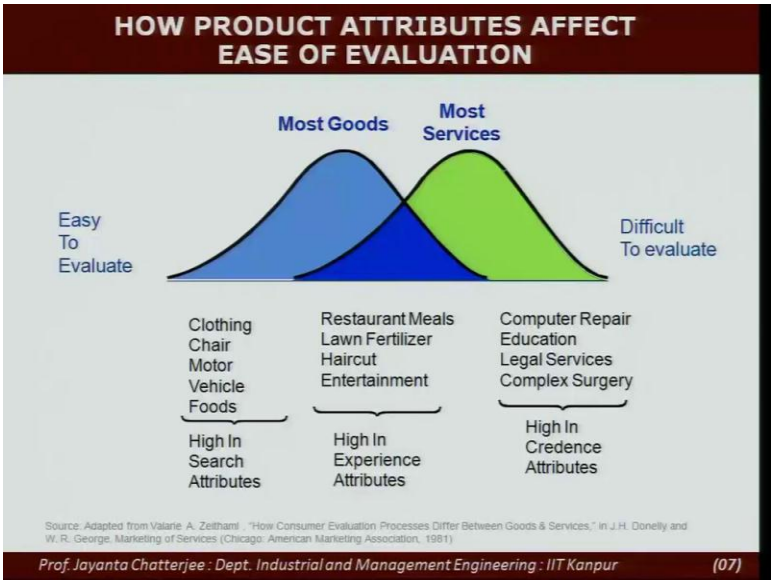

This is a diagram that list different kinds of services and puts them on these three types of attributes. And as you can see then on the very left we have mostly products, goods, tangible like clothing, chair, a car, a food and here therefore, the service managements, service marketing has to focus on availability for the target group of customers sufficient and good information, not too much that can create information anxiety, not too little that the customer is not prompted, but good high quality enough information can ensure that we satisfy the search attribute deleted to the arouse need.

The next one which is kind of services like restaurant meals or haircut or entertainment a movie, heavy on the experiential dimension. In this case that is why movie is try to promote that trailers to various television shows and internet sites like YouTube and so on that is why the FM radio channels continuously broadcast the hit songs of a new movie, because it provides some sample experience that attracts the customer to a service which is heavy with high in experience attribute.

The challenge more is with respect to the third category, the credence attribute based services. This is where we have most pure services, not having much of tangible goods associated. So, legal services, education complex, medical, procedures or in this category.

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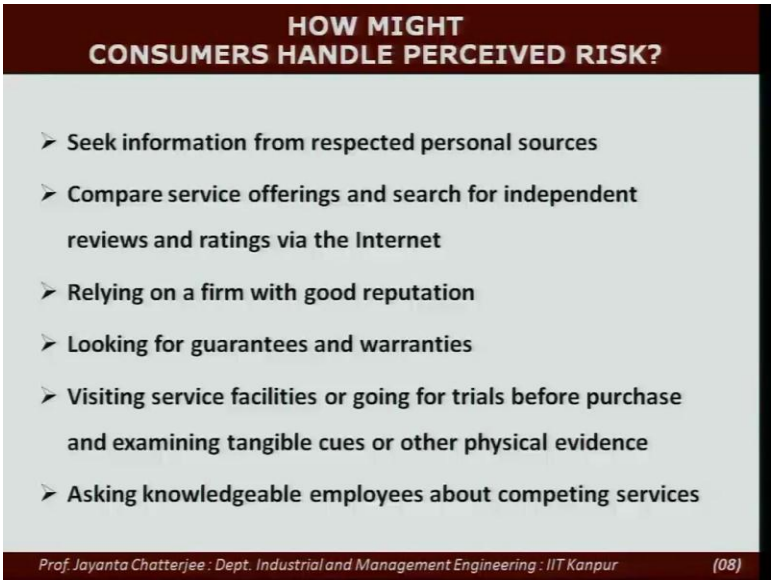

So, the difficulty of evaluation extends from left to right. So, there are some standard methods of responding to these three types of attributes, but the top point there is managing the risk perception in customer's mind. Usually customer is a higher level of risk perception when accruing services as suppose to products. Because, as we have discussed earlier services suffer from this non searchability or abstractness therefore, there is a higher degree of risk perception.

And so we need to establish a good framework of reputation, guarantee, warranty some trail visits and good network of previous users, social media setup for intending customers to share their queries with past customers who are happy and ready to endorse you and so on.

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So, these block diagrams are all the strategies that respond to the customer's perception of risk. So, advertisement, free trial, display of credentials in the doctor chamber, use of evidence and the catalog, testimonials, guarantees these are different ways to handle that is perception.

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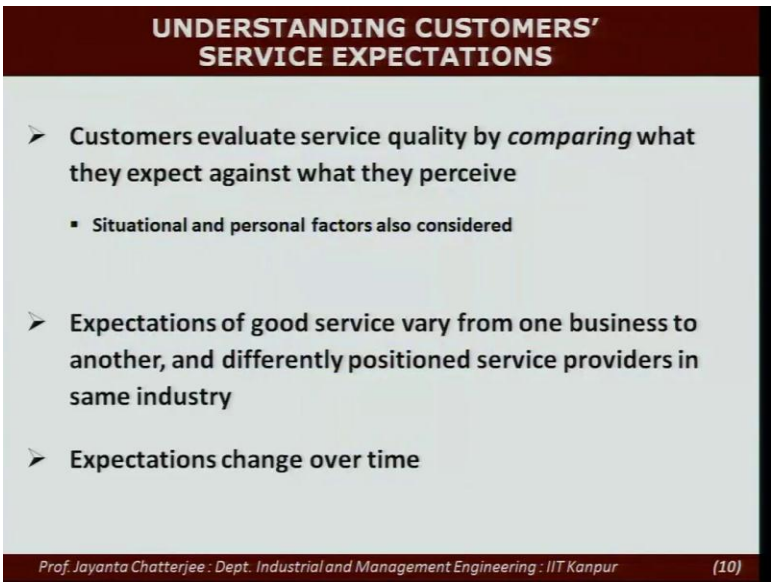

So, now you are coming to the key point that in the pre accusation stage or the pre encounters stage, customer has lot of worries, risk perceptions which we have to manage and customer has certain expectations. These expectation change according to context when you go for a meal to a Dhaba, your expectation is at a lower level compare to when you go for a meal with some with the family and friends to a top class find dining

restaurant.

So, our expectations are contextual, the change over time, the change according to location or social situation. So, there are many different variations in expectation and understanding this pre encounter expectation is crucial for creating a good service experience, as the customer flows through the service.

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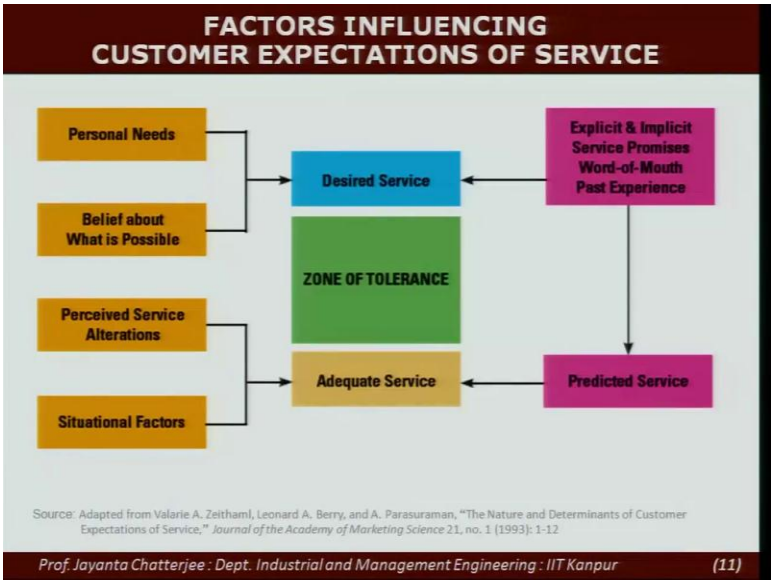

I will conclude with this particular diagram and you see in the middle, we have the blue zone which is that desired level of service and a lower part we have adequate service. So, when the customer is approaching the service facility, there is already a certain amount of framing with respect to desire service, which comes from personnel need and believe about what is possible.

On the other hand, waste on service alterations and situational factors like for example, if you are hungry, you are of the high way and you stop at a Dhaba, road side Dhaba. At that stage may be your expectation is at this level adequate service. But, if you are in a different context then based on word of mouth, based on reviewers of waiting at a fine dining restaurant you may have this level of expectation and of course, there is a zone which is in between, which you called the zone of tolerance, this is a very famous framework developed by others through their research.

And; obviously, you can easily understand that after the service or even during the service. If the customer's perception is below this yellow level, the adequate level the newer interval and if the customer's perception is above the blue level then you are

creating wow factor, then you are creating customer delight. And in between in this green zone you are set of in a neutral phase. So; obviously, as you can see as a services manager our aim should be to create a service experience, were customers perception will go beyond this blue boundary.

Thank you.