

Managing Services
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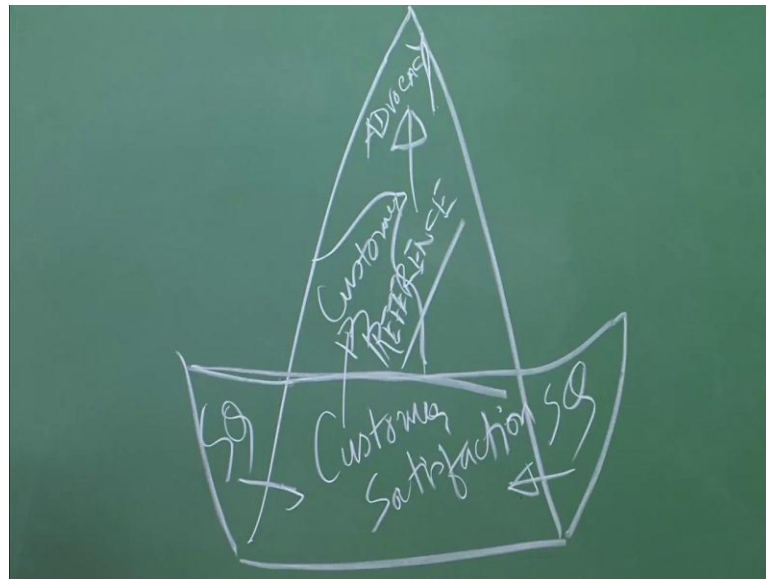
Lecture – 37
Service Quality

Hello, so we are starting the sessions for the 7th week on this course on Managing Services and contemporary issues. We are going to discuss in this session and possibly the next session, Services Quality, Service Quality. This is a very interesting and strategic topic, the reason is that as we have number of times discussed, service businesses are today hyper competitive, the entry barrier is usually low in service business. So, service business is always being proven to tough competition.

So, the more you succeed, the more competitors you attract, but today these competition is coming not only from your regional or national domain, but competitions in the service field or often coming from all over the world. And certain types of services like for example, say mobile services or medical services or certain types of information and communication technology oriented services, software services, these are today born global. That means, you start competing in the global arena right from day one.

As a result in this hyper competitive globally competitive arena of services business, the most important asset is customer and just having customers is not enough, you need to have repeat customers, you need to have customer loyalty. Even customer loyalty is not good enough today, what you really need for competitive advantage or to stand out is customer advocacy, we have discussed this number of times.

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As you see in this diagram at the back, the foundation is customer satisfaction; there is a correlation between customer satisfaction and service quality. If your service quality is poor, then you do not even get to play in the satisfaction arena. But, just customer satisfaction enough is not enough, because there are many instances, where if you ask the customer as the customer is coming out of the service factory or the service shop or the place of delivery of service, be it a movie auditorium, be it a restaurant, be it a some kind of personnel care service saloon.

If you ask the customer that whether you satisfied, the customer might say yes, I was quite satisfied that does not mean that the customer will come back to that establishment. Repeat business is not ensure by customer just being satisfied, repeat business is ensured, if customer in comparison to competition is delighted with your service and then, you have what we call customer preference and today customer preference, until and unless you get customer advocacy is really of not that much value.

In many fields today for example, whenever I go to on any trip, be it a conference trip or a business trip or a leisure tourism trip, I first use various hotel and travel related sites to use their filters. So, be it hotels dot com or booking dot com or make my trip dot com or go i b o dot com, I use trivago, I use the comparative services, I use the filters and then, come to may be 5 or 6 hotels of my choice.

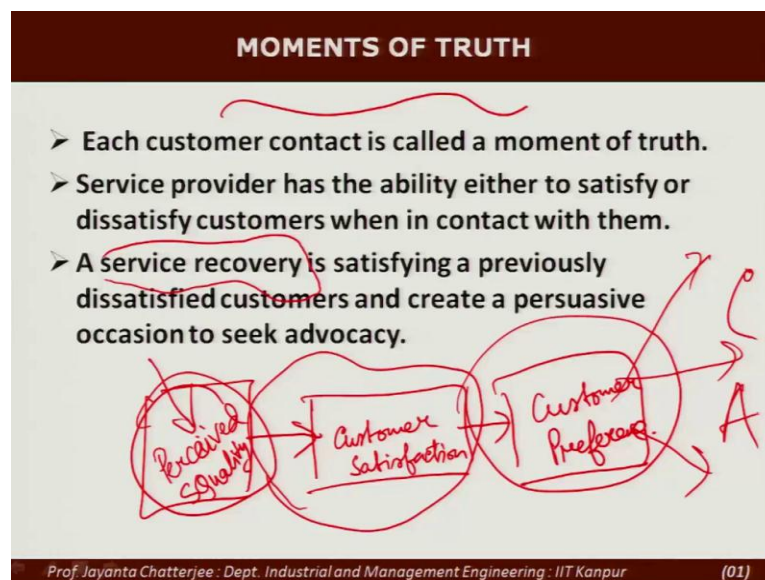
The next thing that I do is I straight away, I do not read what the hotels are talking about, their facilities are, how great they are, I straight away read the comments from other

customers. And now, these days it is almost compulsory in these days of ubiquitous social media that hall, almost all of these sites, the list, customers comments, customers ratings for the services.

So, I read those comments and based on those comments, I often make my decision for hotel x instead of hotel y or z or m, n, o, p, which means that, customer advocacy or co-opting the customer for your marketing has now become almost mandatory for many, many services. And the journey to win that status in customers mind, the journey to win that advocacy level going from the level of customer satisfaction, to customer preference, to customer advocacy depends on the journey starts with service quality.

So, the idea of customer preference is correlated with service quality, the data for service quality, which is fundamentally to be used for comparison between service establishment A and service establishment B or for comparison with in that quality assessment model itself, which we are going to discuss just now. Starts, the data collections starts from what we call at the touch points, starts from the moments of truth, where the customer comes in contact with the front line service personnel and the front line service facilities.

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So, this each customer contact is actually an input into our service quality evaluation model and obviously, there are more opportunities to dissatisfy the opportunities to satisfy that is kind of a natural paradigm. And of course, what we will discuss in a session, a couple of sessions later is about this very powerful process of service recovery, where failure can actually lead to success, but that comes later.

Today let us focus on service quality. So, perceived service quality, this block, this is what we are progressing our today session is going to adopt this model that perceived service quality leads to customer satisfaction and customer satisfaction is the bedrock for customer preference, which we will then bloom into customer advocacy. Now, the research of Parasuraman and others, which I talked about a little while earlier, showed that the best way to understand customers perception, pre consumption, expectation and post consumption perception.

I have talked about this p and e earlier, but today we will go deeper into it, so this customer expectation or customers perception, customer expectation before the service, customers perception after the service can be understood in terms of five factors.

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DIMENSIONS OF SERVICE QUALITY

- **Reliability: Perform promised service dependably and accurately.**
 - **Example:** receive e-NEWSPAPER at same time each day.
- **Responsiveness: Willingness to help customers promptly.**
 - **Example:** avoid keeping customers waiting for no apparent reason.

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These five factors are a reliability, reliability is the performance of the promised service dependably and accurately. Example, you receive a e-newspaper to which you have subscribed, at the same time every morning or every evening. So, that is reliability, performance on time, the flights take off on time, the flights arrive on time, baggage's are delivered on time, these are all factors that are usually connected to reliability of the service, predictability of the service, you can dependability of the service.

The next item is responsiveness and responsiveness is the willingness to help the customer promptly, it example is that you avoid systems that make the customer go from pillar to post; that make the customer wait without any involvement and get board and wait for no operand reason. So, these are barriers to responsiveness, responsiveness is

where the customer feels good, when the customer is in the service flow, the customer feels that people are paying attention, the system is paying attention and the customer is happy with the interaction; that is going on.

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DIMENSIONS OF SERVICE QUALITY

- **Assurance:** Ability to convey trust and confidence, e.g., being polite and showing respect for customer
Nurse?
- **Empathy:** Ability to be approachable, e.g., being a good listener-
Doctor?
- **Tangibles:** Physical facilities and facilitating goods, e.g., cleanliness.

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The next dimensions that we will look at the next three dimensions are assurance; that is the ability to convey trust and confidence. As for example, being polite and showing respect for a customer, now assurance we briefly discuss this, when we discussed about the people issues in services management. Assurance means that we want warm, fuzzy, polite and trust generating, confidence generating interaction from the service provider, which means that we want always nurses should be smiling.

They should be very reassuring, they should never get agitated, when the patient is agitated, they should actually try to come the patient down, they should be soothing and so on. This is a tough call, because as we discussed, when we discussed about emotional labour, if you recall that though this is what we expect, when we are assessing quality of a service, for the service provider, front line personnel, this is not an easy task.

The next one of course, is a quality that must be there, if a person is working a service business. This is particularly, so as suppose to goods business, because empathy is the ability to see the situation from the other perspective, the ability to be approachable as for example, to be a good listener, the ability to appreciate the others pain. So, empathy is the ability to get out of your own skin and take on the role of the service customer.

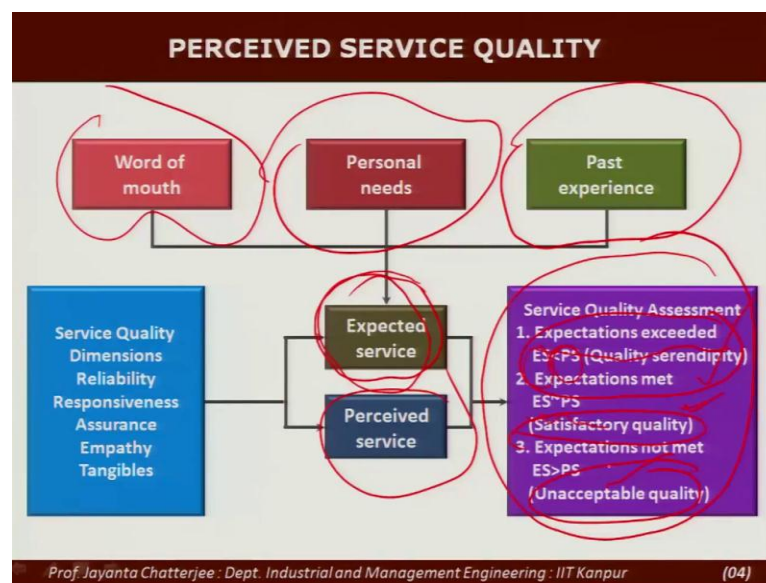
This again is often called difficult particularly for service providers like doctors or

management professionals or consultants or legal professionals. Because, on one hand, they have to keep a this passionate at logical frame of mind, if they get two emotional involve with the patients, pain or the clients, despair and then, they may not be able to think clearly. So, they have to one hand remain this passionate, yet they have to a give that sense of confidence, sense of trust, sense of involvement to the client.

This duality management makes whether empathy or assurance rather tough call and then of course,, there are tangibles, physical facilities and facilitating goods. Now, as you see out these five factors, things like reliability or responsiveness or tangibles, these are somewhat a quantitative, expressible in numbers type of criteria. And therefore, we may create some standards by which we will be able to evaluate these three factors.

But, assurance and empathy you know, it is very difficult to develop skills their each interaction is meet between the service provider and the service client. So, here we have to rely on the comparative judgment in the clients mind between expectation and perception.

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So, expectations for a service, those are form by word of mouth from other people, from other customers, from the referrals, from personal needs and evaluation of those needs and matching with the service provider qualification and capabilities, etcetera. And past experience with the same service provider, these are the usual three drivers that creates the service expectation.

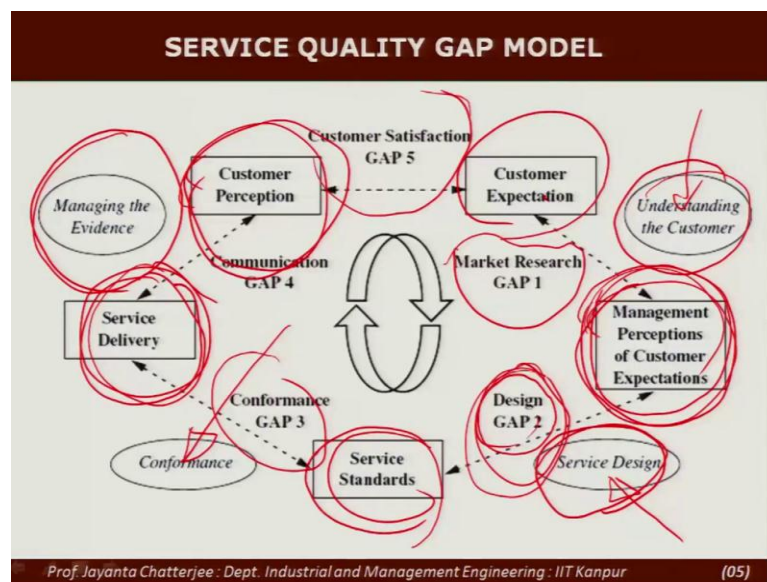
On the other hand, the service perception happens after the service consumption and as

you see here, these are the three sets of equations; we have discussed number of times earlier also in this course. That if the expectations are exceeded; that means, perception of the service is much higher than the expectation before the service, then it is a quality serendipity. That means, customer is it is a delightful surprise for the customer, if it is equal, it just meets the expectation, then it kind of it is an even keel situation.

So, it is satisfactory, but as you can easily see therefore, just customer satisfaction is not enough, because if somebody else a competitor can provide at this level, then you will be at a competitive disadvantage. So, even though, you have a satisfied customer, it will not mean a repeat customer and of course, if the perception after the consumption is less than the original expectation, then it is unacceptable service quality.

So, conceptually you will see, we are focusing on gap, the gap between initial expectations with post consumption, perception. If that gap is in favor of the perception, then the service is delightful, if it is more or less equal, then you just satisfied and if the post consumption perception is less than expectation and that service is on acceptable. So, therefore, there is no way of a winning.

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So, there is a gap actually can also be expressed in five different types of gaps. So, gap number 1 is when customers expectation differs from the management perception; that means, what the management feels is that, this is the kind of where the customer will find comfortable, this is the kind of room decor which will give customer comfort. This is the kind of a food that if served in room dining, the customer will feel happy.

This is the kind of average service time, if we maintain for breakfast delivery in the morning, the customer will be happy. But, if that management perception of customer expectation is different from what the customer, the customer feels that the breakfast must be delivered in 5 minutes or 10 minutes in the morning, when there is a hungry and a management feels that 15 minutes is, then there is a gap. This is what we call understanding the customer, the gap is understanding the customer.

So, this is often we call the market research gap or customer research gap; that means, we have not understood the customer's requirement well in depth and this can of course, once if this is found, this gap is found, then it can be easily calibrated. Because one can find a customer requirement, one can find tune once process and see that this gap is made.

The next gap is called the design gap, the design gap means, what the service standards are; that means, what the competitive standards are or what the industry standards are. So, for an example in airline service, there are some standards of that you know unique two report at least half an hour before the service. Now, if some airlines starting existing that customer as to report 1 and a half hours before the flight time are checking before 1 and half hours before on a domestic flight; that means, you are putting some more pressure in the customer.

So; that means, you are actually deviating from the competitive standard of the industry standard. So, this gap between industry standard or competitive standard and your perception of what you want the process that you are setting up is the second gap, what we called design gap. Again, if we find this gap, we can redesign our services. So, here the first gap, the remedy is understanding the customer's need in better depth.

The remedy for the second gap, which is the design gap, is to redesign the service process. We look at the service blue print, which we have discussed before try to see, how lines can be balance, try to see, how bottle necks can be removed, try to see how the through put can be improved, try to see, how the waiting time can be decreased and. So, on and therefore, we can meet this design gap.

The third gap is conformance; that is between the service standard and the service delivery. Again, here obvious the solution is conformance, again we have to actually relook at our service blue print, relook at our they ever improving service standard in the industry, because all competitors are always trying to do a bit better than before and they

are trying to be one up. So; that means, you have to constantly keep a track of the emerging standards in the industry, the service quality being made available from other prominent or competitors and so on.

And you have to manage this conformance and then, the next gap is of course, what the service is being delivered and what the customer is perceived, sometimes good service delivery may not actually create that kind of a favorable impression in the customer mind. If the communication during the service process is poor, the presentation during the service process is poor.

So, a good example is that the food that you are serving maybe great, but if the ((Refer Time: 21:25)) and not proper or the presentation are not proper or if the service personnel are not clean, properly dressed or they do not appear to clean or they do not appear to be using gloves. So, these appearances are all part of communication, all these assigns and all these symbols are part of the communication or the menu design.

The way is toward takes about the menu, the consultation that you can have with toward or the way the waiter response to customer in a hurry, all of these are communication packages, a part of the whole communication system. And if that communication system is not proper, then the service delivery will be good, but the customer perception maybe not that good.

So, their of course,, you have to really focus on the managing the service evidence,, but we call all the as I was start talking about the signs, the symbols, the communications, the correlated as all these need to be improved. And of course,, the last gap between let us. So, customer satisfaction, where if the customer perception is not in confirmative with customer expectation, so in a way all this gaps finally, lead to this fifth gap. So, this is the famous service quality gap model.

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QUALITY SERVICE BY DESIGN

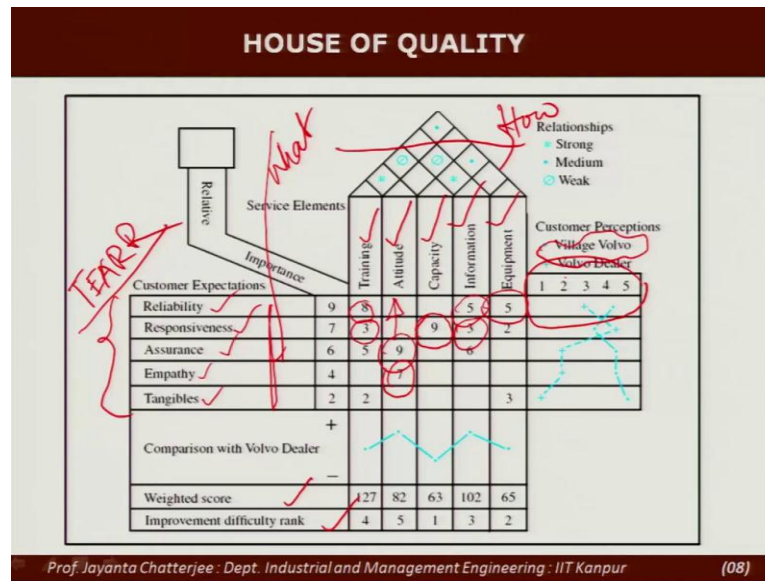
- **Quality in the Service Package**
Budget Hotel example
- **Poka-yoke (fail-safing)**
Height bar at amusement park
- **Quality Function Deployment**
House of Quality

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So, quality can be created by design; that means, if you actually want to create a budget hotel, when you make you sell very clear that what kind of domain in which you are playing and from your website, from the way, you are details are provided in the various kinds of travel comparatives sides. And the way, the customer is a perceives the service level, when the customer arrives or when the customer receives the booking conformation; that is where actually you can create quality service by design.

And the other few things you can do is that, you can make certain aspects of the service fail prove. So, whether it is in the electrical connections in the hotel room or the height bar at the amusement park so, that young children cannot go to rides, which are not the safe for them. All these are way you can actually create the service and ensure proper standards by the design.

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A very good tool for this is the famous house of quality. So, even though, this is called house of quality, it actually does not tell us, it is not a tool for quality assessment, it is not like statistical process control or statistical quality control or the serve call kind of tool, this is actually a design tool. So, if we want to know that these are the customer requirements that reliability, responsiveness, assurance, empathy and tangibles to remember it easily, I use this acronym TEARR with double R.

You know TEARR with double R, this is a tangible, empathy, assurance, reliability and responsiveness. So, here if we are comparing say for example, a particular this is taken from a famous case, a car dealer, Village Volvo and comparing them with other Volvo car dealers in Europe. And, so, these are what the customer expectations are and to achieve this expectation to surpass these expectations from the post-consumption perception, one can do investigation and say, it is by trainee by developing a service personnel attitude, by training them for proper attitude.

The capacity determination, information packages, equipment, these are the ways actually we achieve these factors. As you see here reliability has a high correlation with training, reliability has somewhat correlation with mid-order correlation with information and equipment. A responsiveness has a high correlation with capacity that you have created for the service, it has some correlation with training, it has some correlation with information.

Similarly, assurance has a high correlation with the service providers attitude or empathy

has a high correlation with service providers attitude. So, this is actually therefore, a correlation chart to design service quality in a way that it meets customers requirements. So, as I will repeat this is not a quality assessment tool, but it is a quality design tool, very simple, very effective and I would like you to think about this.

And then, you can try to do some trial, you take up any particular service, like here we have taken up a car dealerships service. Similarly, you can take up a restaurant, you can take up and airlines, you can take up a hospital or nursing home and you can actually see the correlation between these five factors and what kind of size elements that will you have to. So, this is actually what the customer once.

So, these are actually are what factors and these are all how factors; that means, how you will achieve, what the customer wants. So, in this case in the car dealership, the how once are training attitude capacity information equipment, you can actually take up another service and see, what will be the how factors by which you will actually meet these what factors.

And QFD, the lots of material are available on the web, excellent tutorials are available and the web, either at You Tube or through Google and I will request you to go through them and see, how you will actually apply. Very simple tool,, but it is a very powerful tool and then more you are practice and more you use you will get a hang of it and you will become an expert and it will really be an excellently useful tool that you can use in your day today management task.

In fact, it can be further improve with all these weighted score and an improvement difficulty rank etcetera, you can also compare it with other competitors and so on. So, these are additions to QFD, this is also often called is house of qualities also often called QFD, Quality Function Deployment. And I will repeat Quality Function Deployment of house of quality is not for assessment of quality, but for designing quality in the service. So, that the customer satisfaction happens.

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CLASSIFICATION OF SERVICE FAILURES	
<u>Server Errors</u>	<u>Customer Errors</u>
Task: Doing work incorrectly	Preparation: Failure to bring necessary materials
Treatment: Failure to listen to customer	Encounter: Failure to follow system flow
Tangible: Failure to wear clean uniform	Resolution: Failure to signal service failure

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Classification of service failures, I will take up this in the next session and we will start from this particular area. So, as the first part of our discussion, please go over those five factors that we have discussed, tangibility, empathy, assurance, reliability and responsiveness. Try to understand those five factors in terms of the different types of services, go to the chapter on service quality and productivity in your text book and read those and it will be great if you can actually do this exercise.

And this is a voluntary, this is not a compulsory assignment,, but some of you will like to do and by the way QFD, there are number tools available on the web to create this diagram and. So, you simply have to fill in the blanks. So, you do not have to get this on the computer, you will get a charts something that looks like this. And I will say you take up a service with which you are familiar and see, how you will actually line up the factors that will help you to achieve this what, the customers one tell that service. And those of you will be doing it, I will be very happy to review them on the Forum, post them on the Forum.

Thank you.