

Strategic Services Marketing
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Lecture - 53

Service culture and service-oriented organizational behaviour

Hello everyone. In this session, let's comprehend the concept of service culture and service-oriented organizational behavior. We also heard the other term that is excellent service or service excellence. So does excellent service also mean a good service culture at place? Let's answer this question through this particular video that talks about what is the difference between excellent service and service culture. Have a look at this video. So the next question I have is what is the difference between excellent service then and service culture? Great question.

So excellent service performance is taking the necessary actions to create a valuable experience that contributes to the well-being of somebody else. And you can work with people, give them insights, tools, principles, procedures, checklists, process training, so that they're able to actually deliver an excellent service experience. That's what service excellence is. That's what great service performance is.

A service culture is the entire organizational environment that consistently reinforces that, encourages that, recognizes that, brings in new people who want to do that, collectively helps people solve problems that are getting in the way of being able to do that, has leadership teams who understand that that's what's going to differentiate the organization from the competition. So you can have great service performance from a hero, a superhero, without having a great service culture. But if you want to consistently deliver excellent service performance, you have to build that cultural environment that supports everyone, not just the occasional superhero. I would 100% agree with that. Does it mean that these people need to be measured by customer experience or by service as an on the individual level? Well, the appropriate measure is, first of all, not the internal KPI.

It's not, did you do it on time? Did you follow the process? Have we met the minimum quality standards? Did we hit the service level agreement? It's always going to be calibrated based upon the experience and the perception of the person who is being served. So you can measure that both on an organizational level, like what is a customer or a customer base think about a particular organization. Brand differentiation tends to live within that space, but you can also calibrate it to individual service performers where you can ask somebody for their immediate feedback after a service interaction or even during a service interaction where a good service provider may pause and go, just before we go to the next step, can I just check how are we doing together? Are you OK with where we are? Is there anything I can change about the way I'm serving you that will make this experience even better or more convenient or easier for you to understand? And that mid process check is a great way to ensure that when you get to the end of the experience, the customer is saying, God, that was incredible. So you can measure both. So if we decode the term service culture, we have something called as a service, which talks about the performance of work for another person or business organization, whereas culture talks about the total of the inherited ideas, beliefs, values and knowledge which constitute the shared basis of social action.

And if we combine these two words together, now we are talking about service culture, which essentially means a shared purpose where everyone is focused on creating value for others inside as well as outside the organization. So service culture is the collective values, beliefs and behaviors within an organization that prioritizes exceptional service delivery to the customer. Whereas service oriented organizational behavior can be defined as the actions, attitude and norms that support the delivery of exceptional service within an organization. Let's understand what is service culture through this video. Have a look at this video.

I would interpret culture more broadly as enabling the delivery of the design. And it's not just at the employee level, it's also at the management level. And so, yes, you're right in saying that design multiplied by culture is equal to performance. And in this case, we have our customer engagement strategy, whereby it's a step by step process to which we actually engage the customers from the time they come in to the time we educate the customer and also the after sale. And this is a philosophy that is cascaded down from the top all the way to even our service people.

What anchors us is that we drew inspiration from the founding vision that we celebrate life with our patients and their family. That is the philosophy that drives service excellence within this organization. And that philosophy has allowed us to attract a team of very

dedicated and outstanding medical, nursing and hospital administrative staff to our organization. And together with them, we are able to deliver the kind of service that we are known today. I always say that the quality is not enough.

You need to have identity. So I think that is the key for us to work on when we have quality. And then the next step, we need to create our own identity. When we first work on the quality, then the identity, it all comes along the way. They shouldn't be a trade-off.

And it's something that you don't want to compromise. We want to make sure that they are passionate about the work, they are sincere in delivering the service to our customer and not about simply complete the transaction and that's the end of the whole transaction. So we try to inculcate this element into the company. Hospitality is about caring for people. It's not a business by itself or a business alone.

We try to educate our customers, our service staff about, again, the relationship between the customer and themselves so that they don't just see the customer as somebody who they feel inferior to because in Asian culture, if you provide services often seen as being subordinate, subservient and so on. We try to create a culture whereby you have dignity in what you do and at the same time you feel proud of what you do. Service culture is important or significant because of various aspects. First here is customer satisfaction. Service culture directly influences the quality of customer interactions and experiences.

A strong service culture ensures that employees prioritize customer needs leading to more personalized and effective service delivery. Customers are more likely to be satisfied when they feel valued, understood and well served by employees who embody a service-oriented mindset. The second significance is with respect to building customer loyalty. Service culture plays a crucial role in building customer loyalty and fostering long-term relationships. When customers consistently receive exceptional service experiences, they are more likely to develop trust and loyalty towards the service provider.

Loyal customers are less likely to switch to competitors and are more inclined to recommend the organization to others. Driving organic growth and revenue for the firm. Third aspect, service culture also helps to build business success in the long run. Service culture is a key driver of overall business success and competitiveness in the marketplace. Service providers with a strong service culture differentiate themselves by providing superior customer experiences leading to a competitive advantage.

Positive word of mouth, repeat business and increased customer lifetime value contribute to sustainable growth and profitability. Moreover, a positive service culture enhances employee morale, engagement and productivity, further contributing to organizational success. Another facet is with respect to customer retention and acquisition. Service culture influences customer retention by creating positive and memorable experiences that encourage repeat businesses. Additionally, satisfied customers are more likely to become brand advocates, attracting new customers through word of mouth referrals and positive online reviews as well.

By focusing on service excellence and cultivating a customer-centric culture, service providers can achieve higher customer retention rates and attract new customers driving business growth. And finally, service culture also helps in terms of market differentiation. In today's competitive landscape, service culture serves as a critical differentiator for service providers seeking to stand out in the market. Service providers known for their exceptional service culture gain a reputation for reliability, trustworthiness and customer centricity, setting them apart from other players or competitors. This differentiation allows organizations to command premium prices, attract top talent and maintain a loyal customer base, ultimately leading to sustained business success and growth.

Now let's understand how services can differentiate using service culture with some examples. The first example here is Ritz Carlton Hotel Company. With respect to service culture at Ritz Carlton, it is renowned for its legendary service culture embodied in its motto, Ladies and Gentlemen serving Ladies and Gentlemen. The secret to Ritz's unrivalled customer service is its stringent adherence to its gold standards, which have been in place since the beginning. The motto, the credo, the three steps of service, the service values and the employee promise are among the criteria that encompass the brand's philosophy and values.

The motto, We are Ladies and Gentlemen serving Ladies and Gentlemen is perhaps the most well-known component of the gold standards of Ritz Carlton. Employees use this framework to deal with visitors and co-workers. They must treat Ritz Carlton visitors with respect and be respectful of their co-workers at the same time. The company promises to provide the finest personal service and facilities for its guests, who will always enjoy a warm, relaxed yet refined ambience in its credo. Employees are dedicated to meeting even their guests' unspoken wants as well.

Then there are 12 service values of the Ritz Carlton, which reminds the employees that

great hospitality comes from long-term commitments from people who take pride in their work. Let's look at this video that showcases how at Ritz Carlton the employees are creating those wow moments for their guests or customers. How does a typical day look like? Yeah, a typical day is in the morning. I'm driving a bicycle to work to start the engine for me. After this, I go to every department and have a chat about what's going on, is everything fine.

Something happened in the evening, I left the hotel before the day. I greet every employee. It's very important for me to go in contact with each of the ladies and gentlemen from the hotel, to have a look if there is anything I have to fix or I have to see what's going through. After the meeting greet with all the ladies and gentlemen, we have the meeting with all the department heads, all the management, to have a focus on this day, what's happened, what's coming up. There are some points where we take focus on this day.

After this, I'm prepared for the guests and waiting for the request from the guests to fulfill everything that's happened. I don't have a checklist of what I'm going through. I'm just waiting for the request from the guests and make it more special the day for each of them. What's the difference between a receptionist, a concierge and a guest service manager? That's a difficult question. The concierge is the specialist if you need some tickets.

If you have a concert that's fully booked out, you need tickets. So we have five clear-door concierges and with this person I know I can have everything. Then the front desk manager is responsible for this team for the check-in that's obviously going on. And this part, and I'm between all of these departments, to say okay, it's working with the telephone operator, it's working with the club lounge. Concierge, we have all the information, what we need.

We have a group arriving, at what time the luggage will come, the rooms, at what time should be ready. To give the information to the housekeeping team and then the concierge that everybody is on time, on track. And we have all the information on the guest. Normally you don't see me, that's the good news for me. But who do you report to? My boss is a rooms division manager.

And so what's the most challenging part? A guest comes up to you and you want to wow the guest, you want a special moment to share with the guest. And you don't have any information from the guest. And then you have to listen directly and very close to the guest what is special for him, in which moment the light from the guest is going on. And find

this moment and make this special for those guests. So can you tell me an example of a wow story? In the past it was very interesting.

A family departed from the hotel, nothing special, but they left the teddy from the child. Later on they called us and said we found it, of course we found it. It's an easy way to send the teddy back. Every hotel will do this. We make pictures with this one and all over the hotel, in the bar area, in the pool area, in the kitchen.

Just tell a story about what's happened in this time with the teddy bear in the hotel. Send it with the pictures to the family, some candies inside and write a letter with all employees. All ladies and gentlemen will sign over there and say no, we haven't back, but it was experience for him to join the whole time. So what do you think are the skills to have to be a good guest service manager? I think you have to be in this position, you have to be open minded. And that's difficult to understand and to find a person who fits directly in this position.

And don't say that's my job and that's not my job. For me there's not a possibility to say that it's not my job. Everything is my job. Everything comes up, it's my job and I can connect it with every department. I know how it works behind the scenes and put everything together.

And that's I think the most important. Every hotel should have a guest service manager. So how this particular service culture at Ritz Carlton is helping it to differentiate in the marketplace? First, Ritz Carlton service culture emphasize personalized service, attention to detail and anticipatory services. Employees here are empowered to go above and beyond to meet guest needs and create memorable experiences. Third, this commitment to service excellence sets Ritz Carlton apart from competitors and fosters long term relationship with guests who return for an unparalleled level of hospitality. Another example here is from Zappos, a retailer.

When it comes to service culture at Zappos, it is known for its customer centric culture and commitment to delivering WOW customer service. Let's have a look at this particular video, one of the commercials from Zappos that showcase a unique customer story in terms of creating WOW movements. Thanks for calling Zappos.

This is Steve. How can I help you? Hi Steve. I made a terrible mistake. Hey hun, can you

pack up all my jewelry for me? Perfect. Yeah, I need to return this. Honey, where did you put all my jewelry? I put it in that Zappos box.

We mailed them back to you guys. Maybe I'll throw all these out. What even is this? I was a judge. I can help with that.

Thanks Tony. Hi, it's Steve from Zappos.

I have your... Thank you. Zappos. Our WOW is the WOW 24-7 customer service. So how it is differentiating? So Zappos service culture prioritize customer satisfaction above all else with a focus on exceeding expectations and delighting customers. Employees at Zappos are encouraged to be authentic, empathetic and creative in their interactions with customers. This emphasis on service has helped Zappos build long-term customer loyalty and word-of-mouth reference, setting it apart as a leader in online retail. Another example that we have here is of Southwest Airlines.

Southwest Airlines is recognized for its fun, friendly and customer-focused service culture. Let's have a look at this particular video that showcase Southwest Airlines and its customer service to win customers' hearts, create happiness and have that human connection with them. Have a look at this video . Southwest Airlines Soares to a different beat in the bustling world of air travel where schedules and statistics often judge Airlines known for its outstanding customer service the airlines philosophy transcends mere transactional interactions. It's about culture, connection and a commitment to happiness, not just for passengers but also for employees. Southwest Airlines doesn't just fly planes, it builds relationships.

The company's logo, a stylized heart, is not merely a design, it's a declaration. It's a reminder that the journey is not just about reaching a destination but about touching hearts along the way. This philosophy is not confined to marketing brochures or mission statements. It's woven into the fabric of the company's culture. It's about seeing passengers not as ticket holders but as guests, family and friends.

Southwest's approach to customer service is rooted in the belief that happy employees lead to satisfied customers. It recognizes that customer service isn't a rulebook but a reflection. When employees feel valued, respected and joyful, they radiate the same

warmth to passengers. Southwest's investment in employee happiness is not a strategy, it's a celebration of human potential.

It's a recognition that service is not an act but an attitude. It's about empowering employees to be not just professionals but hosts, not just workers but ambassadors of care. Southwest's strong company culture is not an accessory but its essence. The values of humor, empathy and personal connection don't just flavor the experience, they define it. From humorous in-flight announcements to genuine compassion and disruptions, Southwest blends professionalism with personality. This isn't merely about building a brand, it's about nourishing a family.

It's about creating an environment where business is personal, where flights are not routines but experiences, where the journey is not a task but a joy. Excellence in customer service doesn't mean immunity to challenges. Delays happen, problems arise, and expectations sometimes wobble. Yet, what distinguishes Southwest is not the absence of the issues but grace. Southwest's commitment to its values is not suspended but strengthened by disruptions and difficulties.

The airline's responsiveness, empathy, and humor in handling challenges are not damage control tactics but expressions of its character. Southwest Airlines' customer service is not a model, it's a message. It's a testament to the power of human connection, the elegance of empathy, and the beauty of shared joy. In a world where businesses often drift towards transactions and targets, Southwest's approach to customer service is a refreshing reminder that companies are not just corporations but communities.

It's not just about flying planes but about elevating experiences. It's not just about customer satisfaction but about human celebration. Southwest Airlines doesn't just transport people from one place to another, it takes them on a journey of hearts and smiles. It doesn't just offer a service but shares a spirit. Southwest Airlines' customer service story is not confined to the skies, it resonates on a profoundly universal level, echoing values that touch all of us, wherever we are, whatever we do. In the heartbeat of Southwest Airlines, we find reflections of something timeless and deeply human, the desire to connect, the joy of service, and the realization that the most beautiful journeys are not those that take us to distant lands but those that bring us closer to one another.

So Southwest service culture is built on the principles of humor, warmth, and genuine care for customers. Employees at Southwest Airlines are empowered to make decisions to ensure customer satisfaction, such as offering flexible rebooking options or providing

complimentary snacks and drinks. This unique approach to service has earned Southwest a loyal customer base and a reputation for being a customer-friendly airline, setting it apart from the competitors in the industry. These examples demonstrate how service culture sets organizations or service providers apart from the competitors by creating unique and memorable experiences that foster long-term relationships with customers. By prioritizing service excellence and embedding customer-centric values into the organization's DNA, these service firms have achieved sustained success and differentiation in their respective industries.

Now let's understand what are the elements of service culture. There are five elements of service culture. Number one, customer focus, putting the needs and preferences of customers at the forefront of organizational priorities. Second one, employee empowerment, which means enabling employees to take ownership of customer interactions and make decisions to meet their needs. Third element is of continuous improvement, which means commitment to ongoing refinement and enhancement of service delivery processes. Fourth element of service culture is adaptability, which means flexibility and responsiveness to changing customer preferences and market dynamics.

And the fifth and final element is accountability, which means holding individuals and teams responsible for delivering on-service promises and goals. Let's have a look at this particular talk by Horst Schulze, coming from Ritz Carlton, who is the CEO and co-founder, and he is talking about what are the important elements of customer service. Have a look at this video. Your book defines the three steps to excellent customer service. Can you go through those steps? You know, of course, you have to understand in our business we hire the city kids, many of them high school dropouts and so on.

Now we have to bring them in and teach them. First of all, we have to make them elegant. Suddenly this kid serves the chairman of the board of the Bank of England. And of course, we have to define service. Everybody talks about service. And then you ask, what does it mean? What is the definition? There is nothing there.

You hear nothing. Well, service starts the instant you make contact with the customer. Not a half a second later, that instant. And by the way, behavior analysts tell me that is when a customer comes within nine feet.

Why? I don't know that. Or after three rings and a telephone, whatever. In that moment

has to be excellent. So the first step of service is a great hello, a great greeting, not hey, welcome or good morning, sir. Saying right away to the customer, I care for you.

You're important to me. You can trust me. Trust. I want to accomplish trust. The second step of service then in any business is to comply to the needs of the customer. The visions and needs of the customer comply, caring, supporting. And the third step is thank you for allowing us to serve you. Goodbye. So there are three steps and you have to say, how do I manage each of those steps sufficiently to the customer? And again, and then process it and then improve it.

When it comes to different ways to create a customer service culture, Shep Hyken talks about the five ways to create a customer service culture. Have a look at this video in which he's discussing those five ways. Now let's discuss the characteristics of service oriented behavior. The second concept in this session, empathy and compassion is a first characteristic of service oriented behavior. Wherein it is important to understand and address the emotions and concerns of your customer.

Second characteristic is about proactivity and initiative, which means anticipating customer needs and taking proactive steps to address them. Third characteristic of service oriented behavior is problem solving skills. Wherein the employees must have ability to identify and resolve customer issues efficiently and effectively. Another characteristic is collaboration and teamwork, which means working together across departments and functions to deliver seamless service experiences.

And finally, adaptability and flexibility. That means adjusting approaches and solutions to meet the unique needs of each customer. Now let's discuss some benefits of having service oriented behavior in place. The first benefit here is enhanced customer satisfaction and loyalty resulting from personalized and memorable service experiences. Second benefit is about improved employee morale and engagement due to a sense of purpose and pride in delivering exceptional service. Third benefit here is increased productivity and efficiency as employees are more motivated to go above and beyond to meet customer needs.

Fourth, positive brand reputation and competitive advantage in the marketplace. Now let's discuss some strategies for cultivating service culture and service oriented organizational behavior. The first strategy here is leading by example. Senior leaders act

as role models and they can reinforce service oriented behaviors. Secondly, providing training and development.

This means equipping employees with the skills and knowledge to deliver exceptional service. Third strategy is empowering employees. That means giving employees the authority and autonomy to make decisions and take ownership of customer interactions. Fourth, recognizing and rewarding service excellence. It is important to acknowledge and celebrate employees who demonstrate outstanding service behaviors.

Next strategy is about soliciting customer feedback and acting on it. That means using customer insights to identify areas for improvement and drive service innovation. Service culture and service oriented organizational behavior are critical for service providers seeking to differentiate themselves from competitors, build long term relationships with customers and achieve sustained business success. By prioritizing service excellence and embedding customer centric values into the organizational culture, service firm can create a competitive advantage and drive growth and profitability in the marketplace. The key takeaway from this session is that service culture and service oriented organizational behavior are integral to achieve customer satisfaction, loyalty and business success. Organizations or service providers must prioritize efforts to cultivate a customer centric work environment by empowering employees, providing training and support and fostering a culture of continuous improvement and innovation.

So in this session, we try to understand the concept of service culture and service oriented organizational behavior with special reference to services marketing. Thank you.