

What determines a
good service
encounter?



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When giving examples of my service encounter I will, each time try to explain the reasons for my service encounter, a brief description of what the firm did and provided for myself, my level of satisfaction through a rating system between one to seven, from lowest to highest possible satisfaction, and lastly my reasons for this satisfaction rating. I feel this information will allow me to most effectively analyse the service encounter, and identify the determinants of a good service encounter whilst allowing me to compare different service encounters.

I will firstly look towards the 7p's concept (Booms and Bitner 1982) which is an extended version of the marketing mix. What is crucial here, for the purpose of the essay, is determining if some P's are more important than other P's in terms of having a greater impact on a service encounter outcome. I will therefore proceed through each 'P,' systematically and in turn evaluate its importance in determining a good or bad service encounter.

The introductory marketing texts suggest that all parts of the marketing mix (4P's) are equally important, since a deficiency in any one can mean failure (Kellerman, Gordon and Hekmat, 1995). Number of studies of industrial marketers and purchasers indicated that the marketing mix components differ significantly in importance (Jackson, Burdick and Keith, 1985).

Robicheaux (1976) found that key marketing policies had changed significantly. Pricing was considered the most important marketing activity in Robicheaux's (1976) survey, although it ranked only sixth in Udell's (1964) survey. Udell (1968) found that sales efforts were rated as most important, followed by product efforts, pricing, and distribution. LaLonde (1977) found

product related criteria to be most important, followed by distribution, price, and promotion. Perreault and Russ (1976) found that product quality was considered most important, followed by distribution service and price.

Thus, it appears from the studies above that business executives do not really view the Ps as being equally important, but consider the price and product components to be the most important (Kellerman, Gordon and Hekmat, 1995).

Brunner (1989) argues that the marketing mix should be extended to include more factors affecting the services marketing and thus actually becoming mixes themselves. He provides examples of Concept Mix, Cost Mix, Channels Mix and the Communication Mix

So far we have mainly touched on the 4 core P's but what P's can affect and determine the outcome of a service encounter? Fryar (1991) argues that differentiation and segmentation is the basis of a successful service. Further, the personal relationship with the customer and quality of the service are important elements of the service marketing. This may be referring to the extended P's of the marketing mix.

Heuvel (1993) seems to agree with Fryar stating that Interaction between the one delivering the service and the customer is very important and has direct effect on the service quality and quality perception. He goes on further to state that the Product element can be better demonstrated as having two components, the primary and secondary service elements as well as the process. Both Heuvel and Fryar seem to be heavily referring to the People and physical P's of the extended marketing mix

(Grove et al. 2000) compares service marketing to a theatrical production. How the service is performed is as important as what is performed. The critical factor is therefore the customer experience. He goes on to state that the traditional Marketing Mix does not adequately capture the special circumstances that are present when marketing a service product. As such it could be concluded that the 4P's for the purpose of service marketing and thus as a determinate of a service encounter can be seen as outdated. Rafiq and Ahmed (1995) state that 7P's is more comprehensive, greater refined and includes important participants such as people and process. For the purpose of Service encounters the three new P's of People, Process and Physical design can be seen as equally if not more important than the four core P's. This can be supported through the extended P's widespread acceptance in recent years

The customer satisfaction Kano model helps to understand and evaluate consumer acceptance and satisfaction, and can be used in many different disciplines. The model classifies product attributes based on how they are perceived by customers and their effect on customer satisfaction (Kano, Seraku et al. 1996). According to the model, there are three types of product attributes that fulfil customer satisfaction to a different degree: 1) basic or expected attributes, 2) performance or spoken attributes, and 3) surprise and delight attributes.

A competitive product or service meets basic expected attributes, maximises performances attributes, and includes as many "delighted" attributes as financially feasible. In the model, the customer endeavour's to move away from having unfulfilled desires.

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The basic or attributes are basic attributes, which customers take for granted and are not worth mentioning due to their obviousness. While the presence of these attributes is not really taken into account, the nonexistence of these attributes could be very dissatisfying for the customer. The performance or spoken attributes are those voiced by customers in what they are wanting from the product. These requirements can satisfy or dissatisfy consumer depending on the level of their satisfaction by a product or a service. The surprise and delight attributes if present can excite the customer, but their absence does not dissatisfy, as customers do not expect them. A competitive advantage can be achieved through successful use of both expected and exciting attributes

Kano's model of customer satisfaction will now be looked at. According to various researchers, product life cycles are getting shorter, thus businesses are looking for ways to reduce product development time and to introduce their products to the market more quickly and efficiently (Tan , 2000)

Further, in many of the competitive markets, customers are getting more selective, demanding greater features in products and services. As a result, identifying customer needs and transferring this information through to the product design stage is imperative for any business to be able to stay competitive in the market (Sireli et al., 2003, Tontini, 2003,) Kano's model helps deal with these new trends and in turn hopes to meet customer requirements in the most efficient and effective way

Through traditional customer satisfaction tools, used to evaluate customer feedback, a strong correlation is assumed between product performance and customer satisfaction. For example, customer satisfaction is assumed to

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increase or decrease proportionally to the product performance improving or deteriorating respectively (Huiskonen and Pirtila, 1998).

However according to Mazler, increasing fulfillment of customer expectations does not always mean a proportional increase in customer satisfaction as this change also depends on the “ type” of expectation (Matzler et al., 1996). The different types of customer expectations can have different effects on customer satisfaction fulfillment. Kano’s model of customer satisfaction tries to address this issue in providing particular types to each expectation such as attractive and indifferent. This can help company’s understand the customer requirements.

SERVQUAL can be used to determine if there are any differences between perceptions and expectations and if so whether this difference (if it was positive) contributed to a happy service encounter. SERVQUAL can only be defined in a consumers mind as it is a psychological difference between perceptions and expectations.

Gronroos (1982) suggests that the perceived quality of a service is the result of an evaluation procedure whereby customers compare their perceptions of service quality delivery and the outcome against what they expected . Expectations can be can be defined as the customer’s frame of reference with respect to a product/service that allows anticipation of product/ service performance (Bitner et al. 1990).

Due to the fact that the model involves perception it means judgment may differ among individuals and thus could be based on the cultural framework that the person brings to the encounter (Ueltschy et al., 2007).

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While customers can judge the quality of manufacturing goods in terms of functions and standards, they may find it difficult to measure service quality because they have to assess not only the outcome of the service, but more importantly the process of the delivery of that service.

Therefore, before customers purchase a service, they have expectations about service quality that can be based on a number of variables such as word-of mouth recommendations, individual needs, past experiences and a service provider's marketing communications (Parasuraman et al., 1988).

Parasuraman et al., (1988; 1991) attempts to define the dimensions of service quality. Five major dimensions have been identified, namely reliability, responsiveness, assurance, tangibles and empathy.

Reliability is the ability to execute the service as promised. Responsiveness refers to the willingness in providing the service. Assurance concerns the politeness in delivering the services and trustworthiness expressed to customers. Empathy can be defined as the understanding of customers' specific requirements and their individual needs. Finally, tangibles include the physical evidence of the service such as facilities and personnel.

It has been widely accepted that these dimensions of SERVQUAL are able to capture the construct of service encounter quality (Raajpoot 2004).

The concept of customer relationship management will now be looked at which has emerged from relationship marketing. There is no doubt that in recent years there has been a greater emphasis on customer relationship

management then ever but why is this? And is relationship marketing that important with regards to a service encounter?

The emphasis on customer relationship management could be attributed to technological advancements which have allowed business's to create increasingly intimate relationships with their customers. Åsterle (2002) suggests that “ electronic commerce, supply chain management, one-on-one marketing [and] customer profiling to name a few are developments which can be attributed to the “ dramatic” changes in the supplier-customer relationship observed. It is this amalgamation of business functions which could loosely be referred to as modern customer relationship management.

Stone et al. (2000) asserts that the concept of RM always “ included a very strong focus on the consumer”. But possibly, CRM takes this a step further in its integration of business functions which contribute to value maximising service's for the consumer via the management of customer relationships, and in turn increasing customer retention

Relationship marketing has been successful in creating strong relationships with customers on a large scale. The technique has traditionally looked to apply its marketing communications to its customers depending on their relative needs. This entails customising marketing and product/service offerings to the various individual consumer groups to create a more personalised service as well as to develop a relationship based on interactivity.

CRM, on the other hand, provides more to the individual marketing needs. This is due in the main part to the technology to make such a system “

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technically and economically feasible” (Åsterle 2002), organisations are now able to further customise their marketing and product offerings, not just to groups but to individuals themselves. This has meant there is no longer a need for customers to be grouped together into lifecycles with others, as business’s can mould their services around individual requirements.

As such it can be concluded that CRM is an evolution of RM and has utilised advanced technology as an instrument to meet and surpass individual customer requirements.

Discussion Section

I will first mention my service encounter with Domino’s pizza; in short I was throwing a small party with my friends from home as I had recently returned from university. My freinds were very hungry and fancied some fast food that wouldn’t be too expensive. Thus I ordered three large pizzas over the phone. I was very happy with the service encounter and would rate it at a six. My high satisfaction from this service encounter can be attributed to the following. Firstly when I phoned up Dominos pizza the staffs were very friendly and polite, swiftly taking my order. We were also informed on the phone about a seasonal special offer that was ongoing at the time. This special offer allowed us to reduce our expenditure on the Pizzas which surpassed my expectations of what I thought would be the price. The pizza was then delivered to us within thirty minutes, as promised and was absolutely delicious and still fresh. Thus, I would be very happy to order from Domino’s Pizza again; however I was initially put on hold for three minutes which is why I am not rating the encounter at a seven. This nearly left me

hanging up the phone and browsing for a close competitor, which of course would have been detrimental to Domino's Pizza.

I will first look towards the 7p's concept (Booms and Bitner 1982) to determine why and how a good service encounter has occurred. Clearly the price had a major impact on our decision to choose Domino's Pizza. It can be seen that Domino's pricing scheme is competition based, due to the high competitiveness of this industry driving the prices down. However our decision to buy from Domino's pizza was not solely based on the price, as we had options to look for a cheaper competitor. What did determine why we decided to choose Domino's Pizza was based on the brand name, reputation it holds, convenience and people's past experiences with Domino's Pizza. The convenience and price alone would not have persuaded us to buy from Domino's Pizza thus the main determinant of why we purchased from Domino's Pizza could be accredited to the brand name. But what actually determined a good service encounter? One must look further and concentrate on the extended P's, namely People, Physical Evidence and Processes.

The personnel on the phone and the friendly delivery staff certainly contributed towards a good service encounter. The staff taking my order were clearly well trained and well informed, providing me information on the latest deals and being polite. The process was a high determinant of a happy service encounter. The Pizza was delivered within thirty minutes; failure to do so may have meant unhappy hungry customers who would not have been willing to repeat purchase from Domino's Pizza. Indeed the three minute wait I needed to endure on the phone nearly left me hanging up and not

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completing the service encounter. The physical evidence is not really relevant to this service encounter. It can be seen that the fast process, polite personnel, product and place (convenience) contributed greatest to a happy service encounter from the 7p's perspective.

SERVQUAL will now be used to determine if there were any differences between perceptions and expectations and if so whether this difference (if it was positive) contributed to a happy service encounter. SERVQUAL can only be defined in a consumers mind; it is a psychological difference between perceptions and expectations.

The SQ can be measured using Parasuraman et al.'s (1985) Gap's Model. The Gap's model is made up of five so called 'gaps'. Firstly, the knowledge gap is the difference between what customers want and managers think customers want. In this case as customers, we wanted a tasty pizza delivered to our door within a reasonable time at a reasonable cost. We got everything we wanted, thus it would appear that there was no knowledge gap. However being put on hold for three minutes could be seen as a slight knowledge gap which may have been detrimental to Domino's pizza. This knowledge gap could have been caused by the manager not hiring enough or enough productive staff.

The standards gap is the gap between management's perception of customer expectations and actual results for the service delivery. In this case there is probably a positive gap. Although Domino's pizza stated the pizza would be delivered within thirty minutes we didn't actually believe it. Thus

the actual delivery outweighed our expectations and can be seen as a positive gap.

Gap 3 - Delivery gap

The promises of a delicious pizza and a fast delivery were fulfilled and thus we were happy and didn't have any quarms. From the above it can be seen there were little if any gaps between our expectations and what was delivered and this clearly heavily contributed to a happy service encounter.

The customer satisfaction Kano Model will be now be used to determine how Domino's Pizza satisfied us. Kano uses three types of relationships between attributes and the levels of customer satisfaction they generate. We must determine which attributes account for the largest proportion of customer satisfaction. The first type of attribute is the must have attributes. These are expected by the customer, all our must haves were met by Domino's Pizza. The "linear satisfier" attributes keep the customer satisfied, the "delighter" attributes are not expected or required, but help create customer satisfaction and can make the difference in brand choice for a consumer especially in competitive markets.

The convenience, speed of delivery and tastiness of the pizza could come under the heading of linear satisfiers. The polite personnel over the phone and great offers provided on the phone can be seen as delighter types of attributes and most contributed to my happiness on dealing with Domino's Pizza, further it was these "delighter's" which have made me want to repeat purchase from Domino's in the future.

From using the relevant theories it can quite clearly be seen that the main determinants of a good service encounter which Domino's Pizza offered was the speed of the delivery, the special offers that ensured the price of the pizzas were less than first expected and the freshness of the pizzas which can be related to the speed of delivery. Thus, a manager working in the take-away service industry should ensure that his /her staffs are well trained and informed to not only take peoples orders over the phone but to answer people's queries and provide information on ongoing special offers. A manager should also ensure there is an efficient distribution process so the delivery is undertaken as quick as possible.

The service encounter that Domino's Pizza offered delighted me and my friends as customers, further I would be very happy to order from them again and recommend them to others. Therefore Domino's Pizza have provided a good service encounter.

My next service encounter I will mention is my orthodontist appointment with my local NHS hospital Northwick Park. I was referred to the orthodontist by my dentist, who advised that I needed braces. I thus made an appointment for 9: 00am on the 24/09/2009. I was pretty unhappy with this particular service counter for a number of reasons. Ultimately I was unhappy that I needed to wait an hour and fifteen minutes for my appointment after arriving prompt at 9: 00am meaning me missing my train back to university. I was also upset because my actual appointment was rushed only lasted ten minutes, thus not all my queries were answered sufficiently. I would rate this service encounter at a two.

I will again look towards the 7p's when analysing why and how bad service's was encountered by myself. Firstly, the price for my appointment was free and therefore started my service encounter on a good note. The place of my appointment was however quite inconvenient for me as it meant me coming back from university especially for the appointment. The actual service was rushed and incomplete, this made me dissatisfied with the service. The process was slow and very inefficient which contributed heaviest to my dissatisfaction of the service encounter.

As a customer I would have ideally preferred an NHS orthodontist to be located nearer my university for convenience, furthermore, I sought after a brief waiting time and a productive and effective appointment which would fully answer my questions. I got none of these things and thus there most certainly was a knowledge gap. This knowledge gap could be decreased through an efficient process, a more thorough appointment and a local NHS orthodontist for my convenience. My expectation pre appointment was that I would need to wait about twenty minutes for my appointment which I was happy to do and that I would be provided an appointment lengthy enough to ensure all my queries were answered. My expectations were not met at all and therefore clearly there is a negative standards gap.