The service recovery model marketing essay



The above Quotes by leaders in the corporate world clearly emphasize on one very important dimension and task of marketing ie. Customer Satisfaction. Thus the main objectives of business is to provide customer satisfaction and retain customer loyalty. However things do go wrong sometimes such as defects in product, low quality and shortcomings in service delivery. There comes the concept of service recovery.

According to Zeithaml and Bitner, "Service recovery refers to the actions taken by an organization or service supplier in response to a service failure".

Seven tactics for service recovery:

Measure the Costs - Considering how much it costs to lose a customer, few recovery efforts are too extreme.

Break the Silence - Don't attend to just squeaky wheels; make an effort to actively inquire about problems.

Anticipate Needs for Recovery – Narrow the search for opportunities by identifying and monitoring certain problem-prone areas of an operation.

Act Fast – Service problems quickly escalate so identifying a problem is only fruitful if the company responds fast.

Train Employees – Good service companies rely on "standard operating procedures" for problems that come up from time to time.

Empower the Front Line – Training can give employees the perspective that service recovery requires, but the company must empower them to act.

The service recovery model marketing ess... - Paper Example

Page 3

Close the Loop – If a customer's complaint leads to corrective measures, the company should tell the customer about the improvement.

PROCESS OF SERVICE RECOVERY

The process of service recovery is as below:-

Acknowledgement: Acknowledge that problem has occurred.

Empathy: Understanding the problem from the customer's point of view.

Apology: Just saying sorry

Fix the problem: Fixing, or at least trying to fixing the problem for the customer.

Provide assurance: providing assurance that the problem has been/ will be sorted and should not occur again.

Provide compensation: Providing a refund, and/or a token and/or compensation, depending on the severity of the problem.

SERVICE RECOVERY-BRITISH AIRWAYS

British Airways Service Plan:

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Source: www. google. co. in/images

Summary:

British Airways gives equal amount of weightage to its core as well as augmented service. If it fails to provide with any of the above mentioned services to customers then it always comes up with a backup plan to make a https://assignbuster.com/the-service-recovery-model-marketing-essay/

successful recovery. With the increase in competition and the effect of macro factors on the airline industry British Airways took a step to make its service delivery better. BA has an existing network of customer relations offices, responding to passenger communications through channels such as phone, mail, e-mail and fax.

In 2003, British Airways completed a review of its operations across customer relations and identi¬ † ed a number of key issues and opportunities:

- The existing processes were complicated and lengthy
- Multiple customer databases were being created across the airline
- It was not possible to report on companywide service failures

To overcome these limitations it joined hands with Astute Solutions and came up with a new service recovery model.

The Service Recovery Model:

British Airways in collaboration with Astute Solutions implemented a new information system in order to Increase its service recovery efficiency. The model consisted of two phases and fulfilled certain important objectives of BA.

Phase 1:

By capturing customer issues across all communication methods,
ePowerCenter provided BA with a global view of all customer interactions
and service issues at a granular level. In addition, ePowerCenter enabled BA

to work with external and existing legacy information systems. Through a web-services interface, ePowerCenter was integrated with reservation systems, baggage tracking and operational customer databases, giving service representatives a complete view of customer information in real time.

Phase 2:

Upon completion of the ePowerCenter case and issue tracking implementation, the next step was to add and develop a passenger compensation solution for use across the BA airport network. On the occasions when a passenger's bag is lost or onward ¬, ight connection is missed, the airline is required to offer cash to cover the passenger's out of pocket expenses. In partnership with Travelex, Astute developed a compensation solution that fully integrated with the ePowerCenter platform, extending it from the contact centers out to BA's airport operations.

British Airways' strategy to improve service recovery was contingent on its ability to provide fast, efficient, and effective interactions. Astute's solution delivered BA's objectives and enabled the following:

- A uni¬ ‡ ed, highly scalable solution now handles over one million interactions per year for BA replacing its numerous, non-integrated systems
- Claims and other complex customer relations processes that sometimes took weeks to complete are now simpli¬ † ed and reduced to one hour or less an efficiency gain exceeding 1000%

- In place of a lengthy, manual process, BA airport teams can now issue compensation to customers on the spot when needed via a compensation card. The card is ready for use at thousands of ATM or Point of Sale (POS) locations worldwide, greatly enhancing recovery process
- Service quality greatly improved through the automation of work¬, ow between departments and regions
- BA now has the ability to allocate resources where they are needed most because it has real-time visibility into passenger experiences
- Because ePowerCenter's enhanced data collection and reporting capabilities provide the entire organization with an in-depth view of the passenger experience, BA can now enhance its product offering based on better information

Together, these organizations are enhancing service for millions of passengers around the world while raising the bar on what constitutes truly enhancing the customer experience.

Competitors/Fluctuation in share price:

In the airline industry the competition depends on the route that the airline is flying in. British Airways most common route is London Heathrow to New York JFK. Many airlines fly that route including Virgin Atlantic, American Airlines, and Delta Airlines. It is a very profitable route and global incidents have affected the demand of the sales in BA, thus affected the share price. It is shown in the diagram below: C: Usersniharika singhDesktopAssBA-share-price-graphic-001. jpg

Source: http://www. guardian. co. uk/business/2011/jan/21/ba-cabin-crew-new-tactica

Note: The benefits and the model in details will be explained in the presentation.

SERVICE RECOVERY: TOYOTA MOTORS

THE RECALL ISSUE

On that day, Mark Saylor, an off-duty California Highway Patrol officer, left his Lexus at the Bob Baker Lexus Dealership in El Cajon, California. The dealership loaned him a 2009 Lexus ES350 to use until his car had been serviced. Hours later, he was driving the Lexus along California Highway 125 when it accelerated on its own to 120 miles per hour. 32As the car sped down the highway, Saylor's brother in law, Chris Lastrella, called 911. He was heard saying:

"We're in a Lexus... and we're going north on 125 and our accelerator is stuck ... we're in trouble ... there's no brakes ... we're approaching the intersection ... hold on ... hold on and pray ... pray."

The Lexus slammed into a Ford Explorer at the intersection of Highway 125 and Mission Gorge Rd., went over a curb and through a fence before it flipped and caught fire, killing Saylor along with his wife Cleofe, 45, and daughter, Mahala, 13, and Chris Lastrella.

Over the past few years Toyota has been stuck in the call recall process due to faults in manufacturing and quality control which put the life of Toyota drivers at risk. Many Toyota cars were the part of the recall process with many of them having them having the same fault.

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Three separate but related recalls of automobiles by Toyota Motor Corporation occurred at the end of 2009 and start of 2010. Toyota initiated the recalls, the first two with the assistance of the U. S. National Highway Traffic Safety Administration (NHTSA), after reports that several vehicles experienced unintended acceleration. The first recall, on November 2, 2009, was to correct a possible incursion of an incorrect or out-of-place front driver's side floor mat into the foot pedal well, which can cause pedal entrapment. The second recall, on January 21, 2010, was begun after some crashes were shown not to have been caused by floor mat incursion. This latter defect was identified as a possible mechanical sticking of the accelerator pedal causing unintended acceleration, referred to as Sticking Accelerator Pedal by Toyota. The original action was initiated by Toyota in their Defect Information Report, dated October 5, 2009, amended January 27, 2010. Following the floor mat and accelerator pedal recalls, Toyota also issued a separate recall for hybrid anti-lock brake software in February 2010.

Following is the account of all cars involved in the recall process from 2009-2011:-

Sep 26, 2007 – US: 55, 000 Camry and ES 350 cars in "all-weather" floor mat recall.

Nov 02, 2009 – US: 3. 8 million Toyota and Lexus vehicles again recalled due to floor mat problem, this time for all driver's side mats.

Nov 26, 2009 – US: floor mat recall amended to include brake override and increased to 4. 2 million vehicles.]

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Jan 21, 2010 - US: 2. 3 million Toyota vehicles recalled due to faulty accelerator pedals (of those, 2. 1 million already involved in floor mat recall).

Jan 27, 2010 - US: 1. 1 million Toyotas added to amended floor mat recall.

Jan 29, 2010 - Europe, China: 1. 8 million Toyotas added to faulty accelerator pedal recall.

Feb 08, 2010 – Worldwide: 436, 000 hybrid vehicles in brake recall following 200 reports of Prius brake glitches.

Feb 08, 2010 – US: 7, 300 MY 2010 Camry vehicles recalled over potential brake tube problems.

Feb 12, 2010 – US: 8, 000 MY 2010 4WD Tacoma pick-up trucks recalled over concerns about possible defective front drive shafts.

Apr 16, 2010 – US: 600, 000 MY 1998-2010 Sienna minivans for possible corrosion of spare tire carrier cable.

Apr 19, 2010 - World: 21, 000 MY 2010 Toyota Land Cruiser Prado and 13, 000 Lexus GX 460 SUV's recalled to reprogram the stability control system.

Apr 28, 2010 – US: 50, 000 MY 2003 Toyota Sequoia recalled to reprogram the stability control system.

May 21, 2010 – Japan: 4, 509, US: 7, 000 MY 2010 LS for steering system software update

July 5, 2010 - World: 270, 000 Crown and Lexus models for valve springs with potential production issue.

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July 29, 2010 – US: 412, 000 Avalon's and LX 470s for replacement of steering column components.

August 28, 2010 - US & Canada: approximately 1. 13
million Corolla and Corolla Matrix vehicles produced between 2005 and 2008
for Engine Control Modules (ECM) that may have been improperly
manufactured.

February 8, 2011 – US: NASA and NHTSA inquiry reveals that there were no electronic faults in Toyota cars that would have caused acceleration issues. However, accelerator pedal entrapments remains a problem.

February 22, 2011 - US: Toyota recalls an additional 2. 17 million vehicles for gas pedals that become trapped on floor hardware.

MEDIA RESPONSE

When reporting of the August car crash in California showed a potential link with Toyota, the media became heavily involved. Much of the news coverage was critical of Toyota. One study found that 106 of 108 observed media mentions of Toyota during the August 2009-February 2010 period were negative in attitude toward the company.

A large portion of the coverage concerning the recall was spearheaded by the Los Angeles Times and proposed many questions as to the safety concerns of Toyota. A series of stories were published before the acceleration issues were widely known, and while the company was blaming mechanical problems, starting with defective floor mats, and driver error, the Times' reporting raised the possibility that safety issues went deeper than

that. What began as a simple series of stories quickly became syndicated in many publications nationwide, such as the Wall Street Journal, reaching an unprecedented audience. The Los Angeles Times' work was eventually named a finalist for the Pulitzer Prize in national reporting, drawing even more attention to Toyota's issues.

CUSTOMER RESPONSE

The car recalls made by Toyota in the past few years have consumer safety advocates questioning if the automaker is serious about fixing safety problems after some 9 million vehicles were recalled in 2009-2011 for unintended sudden acceleration. That recall prompted the government to levy a \$16. 4 million fine on the company – the largest ever for an automaker.

I am listing responses of some of the prominent consumer safety advocates-

"Their effort to install quality control offices won't help resolve the defects in their cars today," says Clarence Ditlow, executive director of the Center for Auto Safety, a consumer-safety group co-founded by Ralph Nader and based in Washington, D. C. "The real measures of preventing defects in the first place is more adequate testing and design."

He and other consumer advocates, including Joan Claybrook, president emeritus of Public Citizen, have also criticized Toyota for hiring Exponent, an engineering consulting firm, to evaluate reports of unintended sudden acceleration.

"[Exponent] is primarily hired to defend companies in product liability suits," says Ms. Claybrook. "They are not a credible source."

TOYOTA'S RESPONSE TO THE DEFECTS

1. Denial and Deception

Initially after the August 28th, 2009 car crash in San Diego, Toyota's response to potential issues with SUA was limited to a recall of all weather floor mats on September 29th, an entire month after the accident, and public apologies to the Saylor family. However, these apologies came across as matter of fact alongside apologies for sputtering sales with no definitive and collective action taking place. The first organized communication to Toyota owners occurred on October 30th, exactly two months after the accident. A letter was sent to owners notifying them of an unspecified upcoming recall to fix the issue, claiming floor mats were the sole source of the problem and that "no defect exists". In response to the letters, he NHTSA openly criticized the company for giving "inaccurate" and "misleading" statements, calling the proposed floor mat recall as an "interim" solution that didn't solve the underlying problem.

Toyota continued refuting claims by the Los Angeles Times and other media that a problem existed with their drive-by-wire electronic throttle system. The company took an active role in responding to media claims, which came across in some circles as overly defensive and aggressive, resulting in even more coverage and more attention to the issue. This all culminated with a letter written by Irv Miller to the Los Angeles Times on December 5 that reiterated the stance that floor mats were the root cause of the problem and

defended the NHTSA and its methodology in a recent investigation on the matter.

TOYOTA'S MECHANICAL FIX TO THE DEFECTS

Toyota responded first by announcing that it would make its brake override software fix, which allowed the brakes to override the accelerator pedal when both are applied, global in all vehicles by 2011.

February 1st, 2010, a full five weeks after the Texas crash, that Toyota announced that it had developed a fix for the accelerator pedals that could potentially stick in 2. 3 million vehicles.

On February 5th, President Toyoda apologized for the car recalls and promised to beef up quality control within the company.

MARKETING ACTIONS

Toyota launched a series of special television ads specifically created for the crisis that acknowledged the automaker had let down customers but emphasized that they were working "tirelessly to fix the problem."

The company also announced a "blueprint for fixes" in regards to the problems through newspaper ads, television spots and personalized letters to Toyota owners.

Toyota sought to reconnect with its customers. It began posting updates at Toyota. com regarding the recall and created a specific page dedicated to safety and recall information.

Toyota's top U. S. executive, Jim Lentz, also took a personal role in the efforts. Along with a personal apology posted to YouTube and the website, he held a live chat at Digg. com.

Other YouTube videos were posted that spotlighted real workers in the plants and dealerships demonstrating how the recall repairs would take place.

Realizing this on a local level, dealerships also took an active role in the rebound. Along with some dealerships staying open 24 hours to accommodate the demand for recall fixes, one dealership in El Monte, California took advantage of its surroundings and offered coffee, Subway sandwiches and even a shuttle service to a nearby movie theater if repairs were to last longer than three hours.

CONCLUSION

The biggest concern facing Toyota in the wake of their communications crisis is whether they can continue their dominance in the automotive industry on the back of a reputation for quality and dependability when these very qualities have been compromised. This issue played out both externally, through the extensive media coverage, and internally, through the trials and tribulations brought forth through a breakdown in communication within the company. The events that transpired revealed many weaknesses within the automotive giant, but also presented just as many opportunities. Given the culture of Japanese corporations and the great pride they take in efficiency, acknowledging imperfections in their company was a huge step.

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Service Recovery at Nokia Corporation. Mayank R Agiwal (Seat No. 30)

Nokia Corporation is a Multinational communication and information technology corporation headquartered in Keilaniemi, Espoo, Finland. The Nokia Corporation is engaged in manufacturing of mobile phones and portable IT devices. Nokia has sales in more than 150 countries also 123000 employees in 120 countries and is the world's second largest manufacturer of mobile phones after Samsung. Nokia produces mobile devices for every major market segment and protocol, including GSM and CDMA. In India Nokia started its business in the year 1994 and they set up a factory at Sriperumbudur in Tamil Nadu and is globally the second largest production site in Asia, after the China plant.

Nokia being one of the market leaders in Mobile Communication has always focussed on customer, relationship and trust. Building friendship and trust is the heart of Nokia Brand. Even the logo of Nokia shows their brand personality.

BL – 5C Battery Crisis at Nokia

Nokia Corporation has made connectivity truly ever- present. It has emerged as the world leader in mobile technologies and moved towards its vision of "Connecting People". Even after having a strong strategic growth and transformation, Nokia in the year 2007 had recalled about 46 million units of its BL – 5C model of mobile phone batteries which were manufactured

Industrial Co. Ltd. Due to complaints from its consumers about the overheating of the batteries. On August 13, 2007, Nokia issued a warning over its BL-5C batteries across the world, stating that these batteries may get overheated while charging. It said that about hundred such incidents of overheating had been reported globally but there were no reports of the batteries being associated with any serious injuries or damage to property.

Service Recovery by Nokia

One of the top and the most important priorities for Nokia was to handle the battery crisis in an intelligent manner so that is does not raise any questions to the brand name of the company and also the integrity of the company. The warnings issued by Nokia created a nation-wide panic among the consumers. The consumers checked their Nokia handsets and rushed to the nearest service centre. The Company clarified the problems relating to the batteries and also offered to replace the batteries free of cost to the consumers.

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The head of customer and market operations at Nokia, Mr. Robert Anderson said "By reacting swiftly and responsibly, and by being fully transparent, we believe that the consumers view Nokia as a responsible and a trustworthy brand".

The panic all over the nation in the minds of the consumers created havoc and also affected the brand image of Nokia. To overcome such problem and https://assignbuster.com/the-service-recovery-model-marketing-essay/

to appease the growing fear in the mind of the customers, Nokia through advertisements in various national newspapers and TV networks made it clear for the safety of the consumers it had issued a product advisory for the BL – 5C batteries and not a total recall of the product.

Nokia took all possible actions to ensure customer safety and satisfaction.

Nokia launched a customer service program to help customers and retailers recognize non original batteries. They also introduced the scheme of customers could check online by keying the battery number from the website of Nokia. The customers can check the status of their batteries by stating the 26 character battery identification number, the customers were even allowed to SMS the battery identification number specified by the company. If the battery was found defective and was eligible for replacement then the customers were to fill an online form where the new battery was dispatched to the consumer's registered address with a "postage prepaid" envelope to send the old defective battery back to the Nokia office address.

All these options were not enough because there were also some independent mobile service and buyers and because of that Nokia was unable to reach among all its consumers. To overcome this problem a toll-free telephone helpline was placed at each Customer Call Centre as well as the Nokia Priority Dealers. With the help of the toll-free number Nokia was able to reach the local customers easily. There were more than 150000 phone calls within a couple of days. All the batteries were sent to the CCCs and the RDs which came directly from the consumers.

The After Affects of the crisis was that during the 2nd quarter of 2007, Nokia sold 101 million mobile phones, which was around 29% increase from the previous year. Nokia continued to be the market leader even after the crisis this was because Nokia had a strong sense of Social Responsibility. This scheme was a big hit for Nokia and their customers were more than satisfied with the customer service. In the end instead of being a damage control exercise, it turned out to be Marketing and PR campaign for Nokia with even more word-of-mouth publicity was created.

Leading mobile operators in India, such as Bharti Airtel and Hutch, have come to support Nokia's efforts in facing this crisis. They appreciate the responsibility that it has taken over its fault in the matter and the fast solutions that it has started deploying. Nokia will have to suffer a major step backwards, in profits and brand credibility, one that it must accept in order to reconfirm its name's having always been linked to product quality.

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There were of course a few disgruntled customers who felt left out as they weren't eligible to avail a 'free' replacement of their batteries, but then that would be a few dissatisfied customers no matter what ever scheme or gimmick was tried.

But on the whole, since an overwhelming majority was happy in the end, that is more than enough to declare and state the scheme, operation and exercise as a success.

Nokia managed to prevent a mad scramble at their authorized service centre (ASC) network and causing an overload on their staff, by making this exchange scheme / offer available from the customers home/office itself, so this benefited the customers too from having to take time out specially to visit a Nokia ASC and then end up spend hours in a queue.

It was also important for the company to communicate clearly and transparently with its consumers. Nokia contended that it had acted swiftly and transparently in the best interests of its consumers and hoped to come out of such a crisis. Nokia won the hearts of the customers to successfully defuse the crisis that could have generated a bigger loss to the Company as well as its well built image. In the end both Nokia and its customers were happy.

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DELL COMPUTER: The Past, Present & Future

Dell is widely known for its innovative customer service and its mission is "
to be the most successful computer company in the world at delivering the
best customer experience".

DELL BUSINESS STRATEGY

Faster inventory turnover and reduced inventory turnover

Online support to assist customers

New technologies into product offerings

Service Overview of DELL

http://marketinomics.

com/wp-content/uploads/2011/08/ServiceRecoveryParadoxon.png

Dell provides the Laptop Tracking & Recovery Service and Remote Data Delete Service for selected entitled products.

The services are:

- Laptop Tracking & Recovery Service : It provides tracking & recovery services for Supported Products for the term indicated on invoice.
- Remote Data Delete Service: IT provides entitled customers with remote data delete service for entitled product for the term indicated on invoice.

Supported Products: This Service is available on selected Dell Precision

Laptops & Dell Latitude computer systems. Supported Product covered under this Service Description is identified on the Customer's Dell invoice.

A separate contract must be purchased by the customers for each of the Supported Product.

Detailed service steps & additional requirements for use of the Laptop

Recovery Service and Laptop Recovery Service with Remote Data Delete are
set forth on the Dell Online Portal at http://trackingandrecovery. dell. com .

The Service is provided by

Dell viz- a- viz third party service provider.

Support Procedures

Dell Pro Support Laptop Tracking & Recovery

Dell Pro Support Laptop Tracking and Recovery Service helps to protect data by enabling the customers to track mobile systems in the event system is lost or stolen; partnering with local law enforcement to attempt for recovery. The procedure is as follows:

Computer will ship with the Laptop Tracking and Recovery software agent and a persistence module embedded in the BIOS.

When a lost or stolen computer is connected to the Internet, the software agent then contacts the monitoring center to report the computer's location.

For systems with GPS technology, Laptop Tracking and Recovery has the ability to capture & report more detailed location information. It also provides the customers the ability to track laptops as they change hands or move around the organization.

Customers with Remote Data Delete Services

The service is enabled through a software based agent for the computer security and tracking, and a monitoring server.

Monitoring of all computers is provided through a monitoring center. In order to ensure about its functionality, there may be periodic updates to the software agent.

The service term begins from the date the Remote Data Delete Service is purchased for the term indicated on the invoice. All information provided by the software agent is archived, kept confidential, stored within a physically https://assignbuster.com/the-service-recovery-model-marketing-essay/

secure location & accessed only as required to perform this Service.

Customers are also able to access the account details of their computer, online, 24×7 through a secure socket layer, password-protected website located at http://trackingandrecovery. dell. com.

Customers can remotely set up the data delete request so that sensitive data on a stolen or missing computer is deleted the next time the computer calls in to the monitoring center. This will initiate an algorithm which starts the data removal. Once it is removed, data cannot be recovered by any means. When a Data Delete function is completed, a log file can be viewed in the Customer Center website, which confirms that all sensitive data has been deleted – helping rganizations comply with data protection laws and regulations. Customers may also utilize this service when a system has reached its end-of-life.

Customers with Remote Data Delete Services

- In order to provide Remote Data Delete services, the customer must install the Remote Data Delete software agent which is provided with the purchase of Remote Data Delete Services.
- Customer must agree to Remote Data Delete Software License Agreement which is found at

http://trackingandrecovery. dell. com.

- Customer must then activate the Service online at http://trackingandrecovery. dell. com & connect to the internet from time to time.

- The customer is also required to maintain the secrecy of any passwords used to access the service management web site, online and must keep passwords and other account activation material separate from the protected computer.
- Other Additional requirements for use of the Laptop Recovery Service and Laptop Recovery Service with Remote Data Delete are set forth on the Dell Online Portal at http://trackingandrecovery. dell. com. Customer must then review and comply time to time with such requirements to initiate a remote data delete request from Dell.
- Customers will ensure that they are comply with applicable data protection and privacy laws in regard to the provision of this service, including but not limited to any notification requirements to affected employees.

All Customers with Laptop Tracking & Recovery & Remote Data Delete Services

- Additional requirements for the use of the Laptop Recovery Service and Laptop Recovery Service with Remote Data Delete are set forth on Dell Online Portal at http://trackingandrecovery. dell. com .
- Customers must review and comply with such requirements so as to initiate a laptop recovery or remote data delete request from Dell.
- Customers will have to ensure that they are compliant with the applicable data protection and privacy laws in regard to the provision of this service, but not limited to any notification requirements to affected employees.