

# Customer Expectations & Customer Service


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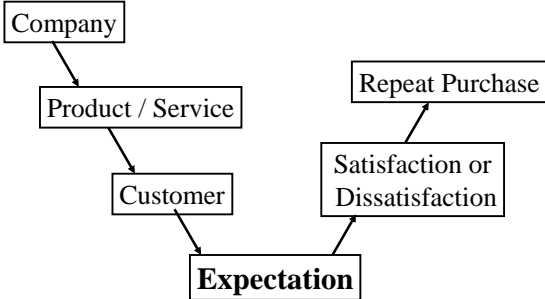
## Aims of Session

- To explore what makes a customer loyal
- To understand the notion of internal and external customers
- To explore various methods of customer research
- To understand the importance of customer service criteria
- What is meant by 'Customer Service'
- The components of Customer Service Delivery
- The pre and post-transaction elements of CS
- What is meant by 'SERVQUAL'



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## The Customer is Queen



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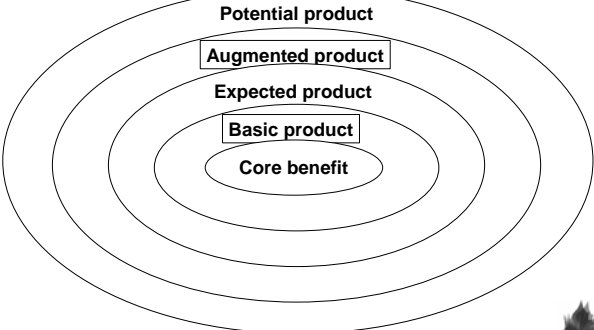
    graph TD
      Company --> Product_Service[Product / Service]
      Product_Service --> Customer
      Customer --> Expectation
      Expectation --> Satisfaction_Dissatisfaction[Satisfaction or Dissatisfaction]
      Satisfaction_Dissatisfaction --> Repeat_Purchase[Repeat Purchase]
      Repeat_Purchase --> Expectation
  
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Shukla, P. (2001), "The Customer is Queen," in Organisational Challenges, Upinder Dhar, Ed. New Delhi: Excel Books.




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## Product and Brand Levels



**Potential product**  
**Augmented product**  
**Expected product**  
**Basic product**  
**Core benefit**



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## Definition of a Customer

- 'A customer is a person who becomes accustomed to buying from you. This custom is established through purchase and interaction on frequent occasions over time. Without a strong track record of contact and repeat purchases, this person is not your customer; he or she is your "buyer". A true customer is "grown" over time.

Jill Griffin: Customer Loyalty: How to Earn It, How to Keep It.



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## Loyal Customers

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- Make regular repeat purchases
- Purchases across product and service lines
- Refers others
- Demonstrates an immunity to the pull of the competition

Reichheld, F. (1996), "Learning from customer defections," Harvard Business Review, March-April 1996, pp56-69.

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## Internal Customers

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- Needs Theory
- Incentives Theory
- Expectancy Theory
- Staff empowerment
  - Knowing what to do
  - Knowing who can help
  - Managerial support

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## External Customers

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- Customers vote with their feet:
  - 96% of dissatisfied customers never complain
- But:
  - 90% of them will not return in the future
  - ONE unhappy customer will tell at least NINE others
  - 13% of unhappy customers will tell at least twenty others

Source: USA White House, Office of Consumer Affairs

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## Customer Research

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- Segmentation & targeting
- Positioning customer service and support
- Perceptual mapping
- How much do we charge?
- Communications with the customer
  - Impersonal communications
  - Personal communications
- Customer Satisfaction Indexes
- Techniques for understanding customers
  - Focus Groups
  - Questionnaires
  - Surveys
  - Interviews
  - Secondary information
- The Lifetime Value

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## Customer Service

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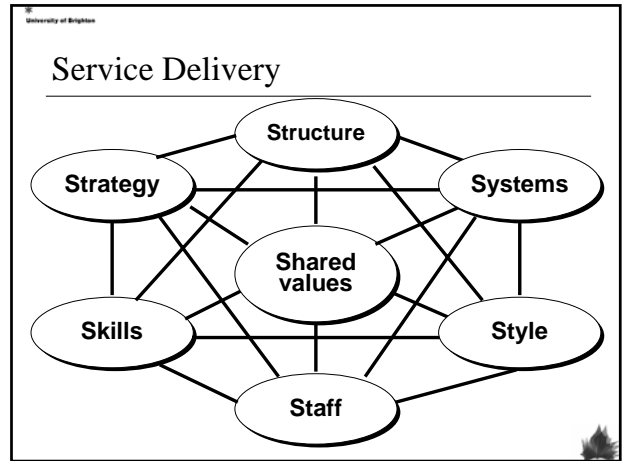
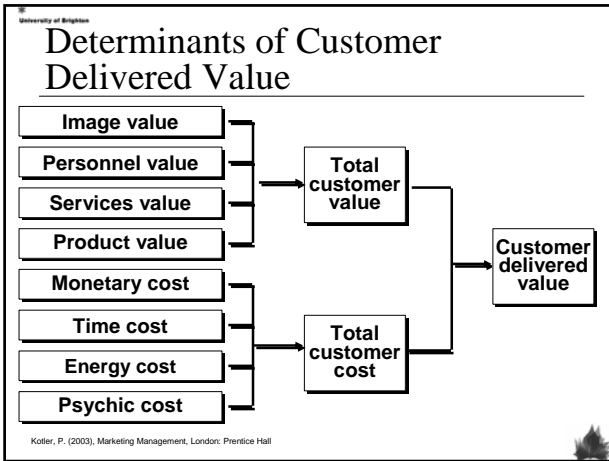
<ul style="list-style-type: none"> <li>■ The Product                     <ul style="list-style-type: none"> <li>■ Price</li> <li>■ Installation?</li> <li>■ Product reliability</li> <li>■ Ease of servicing</li> <li>■ Product lifetime</li> </ul> </li> <li>■ Support                     <ul style="list-style-type: none"> <li>■ Customer training</li> <li>■ Documentation</li> <li>■ Advice/problem solving</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ The Service                     <ul style="list-style-type: none"> <li>■ Service price</li> <li>■ Time to fix</li> <li>■ Spares availability</li> <li>■ Maintenance contracts</li> <li>■ Flexibility of response</li> </ul> </li> <li>■ Process                     <ul style="list-style-type: none"> <li>■ Ease of contact with Co.</li> <li>■ Staff attitudes</li> <li>■ Staff appearance</li> <li>■ Customer Confidence</li> </ul> </li> </ul>
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## Key Elements of Customer Service

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<ul style="list-style-type: none"> <li>■ Time between order to delivery</li> <li>■ Reliability</li> <li>■ Emergency deliveries</li> <li>■ Stock availability</li> <li>■ Ordering convenience</li> </ul>	<ul style="list-style-type: none"> <li>■ Advice given to customers</li> <li>■ Invoicing/credit terms</li> <li>■ Customer contact</li> <li>■ Responsiveness to complaints</li> </ul>
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- ### Pre-transactional Elements
- Pre-contract
    - Advertising
    - Technical Information
    - Written Policy
    - System Flexibility

- ### Transactional Elements
- Personal Contact
    - Sales Call
    - Presentation/Demonstration
    - Order Placement
  - Pre-delivery
    - Document Processing
    - Inventory Policy
    - Order Assembly
    - Transportation

- ### Post-transactional Elements
- Delivery
    - Receiving/Installation
  - Post-delivery
    - Product Performance
    - Product Support
    - Implementation/Training

- ### SERVQUAL
- Reliability
    - Reproducibility of service
  - Responsiveness
    - Speed of service, courtesy, competence
  - Assurance
    - Communication and credibility, trustworthiness
  - Empathy
    - Does the service provider understand your needs?
  - Tangibles
    - State of staff, building, equipments

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## SERVQUAL battery

- **Reliability**
  - Providing services as promised.
  - Dependability in handling customers' service problems.
  - Performing services right the first time.
  - Providing services at the promised time.
  - Maintaining error-free records.
- **Responsiveness**
  - Keeping customers informed about when services will be performed.
  - Prompt service to customers.
  - Willingness to help customers.
  - Readiness to respond to customers' requests.
- **Assurance**
  - Employees who instill confidence in customers.
  - Making customers feel safe in their transactions.
  - Employees who are consistently courteous.
  - Employees who have the knowledge to answer customer questions.

Parasuraman, Zeithaml, and Berry (1994) - Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria - Journal of marketing 70 (3) Fall, 201-230

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## SERVQUAL battery

- **Empathy**
  - Giving customers individual attention.
  - Employees who deal with customers in a caring fashion.
  - Having the customer's best interest at heart.
  - Employees who understand the needs of their customers.
  - Convenient business hours.
- **Tangibles**
  - Modern equipment.
  - Visually appealing facilities.
  - Employees who have a neat, professional appearance.
  - Visually appealing materials associated with the service.

Parasuraman, Zeithaml, and Berry (1994) - Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria - Journal of marketing 70 (3) Fall, 201-230

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## SERVQUAL Measurement

$Q = P - E$

Q: the quality of the service  
P: the perception of the delivered service  
E: the client's expectations of the service

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graph LR
    A[Expected Service] <-->|Gap analysis| B[Perceived Service]
  
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