Service and relationship quality

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Exchange versus the relationship perspective in the marketing process
(Sheth & Parvatiyar, 1995)

<table>
<thead>
<tr>
<th>Process</th>
<th>Outcome</th>
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</thead>
<tbody>
<tr>
<td>Value-distribution</td>
<td>Value-creation</td>
</tr>
<tr>
<td>Exchange-perspective</td>
<td>Relationship-perspective</td>
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</tbody>
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On defining marketing
Managing customer relationship

Different definitions and meanings!
The Customer decide!
Adopting a Service logic for marketing
Grönroos, 2006

- Consumptions of goods a black box for the goods marketer
- Services – consumption and production partly simultaneously
- Value-in-use – value emerges for the customer when goods and services DO SOMETHING FOR THEM, the value-creation is done by the consumers.

On defining marketing
Customer value

"Value-in-product" Value-in-use

<table>
<thead>
<tr>
<th>Service logic</th>
<th>Goods logic</th>
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<tbody>
<tr>
<td>Nature of offering</td>
<td>Value-supporting process</td>
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<tr>
<td>Perspective</td>
<td>Value-supporting resource</td>
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<tr>
<td>Business logic</td>
<td>Process</td>
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<tr>
<td>Customer’s role</td>
<td>Facilitate processes that support customer’s value creation</td>
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<tr>
<td>Firm’s role</td>
<td>Co-producer and co-creator of value</td>
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<td></td>
<td>Make goods as resources available to customers for their use</td>
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<td></td>
<td>Provide resources (goods)</td>
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[Diagrams and tables as per the document content]
Service logic?
Always being present IN goods and services at the customer’s side!

Generic characteristics of services

- Processes consisting of activities or series of activities.
- Produced and consumed simultaneously (to some extent)
- The customer participates as a co-producer in the service production at least to some extent.

The role of marketing
The product marketing triangle

FIRM
Marketing/sales staff

Enabling promises
Continuous product development

Keeping promises
Product features

PRODUCT
MARKET

Making promises
External marketing
Sales

The service marketing triangle

FIRM
Full time marketers and salespeople

Enabling promises
Continuous development
Internal marketing

Keeping promises
Interactive marketing
Part-time marketers and customer-oriented technologies and systems

PROCESS
CUSTOMERS

Making promises
External marketing
Sales

Value-in-use vs quality
Disney definition of Service Quality

Attention to detail and exceeding our guests’ expectations.

Our guests are considered to be VIPs - very important people and very individual people too. What contributes to Disney’s success is people serving people. It is up to us to make things easier for our guests.

Each time our guests return they expect more.

That is why attention to detail and VIP guests treatment is extremely important to the success of the Disney Corporation.

What is quality?

• Q is the integrating concept between production orientation and marketing orientation, between technology and customer satisfaction” (Gummesson, 1990)
• Q is what customers perceive (Grönroos, 2007)
• Q is not in the object or subject, but in the relation between the two (Pirsig, 1987)

• Relative rather than absolute
• Dynamic rather than static
• Contextual rather than “objectual”
Percieved quality

A balance between the customers expectations and experiences

Percieved quality
(Grönroos, 1983)

4Q-model of offering quality
(Gummeson, 2000)
How is service quality perceived?
(British airways)

Generally valid – heart of customer perceptions:

• Care and concern
• Spontaneity (!)
• Problem solving
• Recovery (!)
The service offer (Cowell, 1984)

<table>
<thead>
<tr>
<th>Tangible</th>
<th>Intangible</th>
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</thead>
<tbody>
<tr>
<td>Controllable</td>
<td></td>
</tr>
<tr>
<td>Not controllable</td>
<td>Desirable</td>
</tr>
<tr>
<td>Anticipated</td>
<td></td>
</tr>
<tr>
<td>Not anticipated</td>
<td></td>
</tr>
</tbody>
</table>

Seven criteria of good perceived quality

- Professionalism and skills (outcome)
- Attitudes and Behaviour (process)
- Accessability and Flexibility (process)
- Reliability and Trustworthiness (process)
- Servic recovery (process)
- Serviscape (process)
- Reputation and Credibility (imagery-related)

Quality in a relationship framework (Holmlund, 1997)
The gap analysis model of service quality
(Zeithaml et al. 1990)

Timing of service recovery in a relationship framework—critical acts and episodes (Grönroos, 1999)

- Administrative recovery (passive approach)
  - Complaints handled in a separate sequence after the main service sequence – customer left by himself
  - Emotional effects not addressed!

- Defensive recovery (active approach)
  - Complaints handled in the main service sequence, but still leaving the customer with the problem
  - Emotional problems managed in a better way - neutral

- Offensive recovery (proactive approach)
  - Immediate recovery as part of the episode where the failure occurs
  - Emotional problems likely to be diminished

Lessons of quality and quality management research

- Q is what customers perceive
- Q can not be separated from the service process (the production and delivery process)
  - Q is produced in a series of "moments of truth" of service encounters or buyer-seller interactions
- Everyone contributes to customer perceived quality
- As co-producers in service processes customers have to be managed as a quality-producing resource
- Q has to be monitored throughout the organization by the whole organization
- External marketing (communication) has to be integrated into quality management
- Recovery process is central for customer’s perceived quality
The satisfaction/repurchase function

Zone of indifference

Terrorists Customer satisfaction

Unpaid salespeople

The mechanisms behind profitable customers (Storbacka et al, 1994)

Customer perceived quality

Perceived Value (1)

Perceived sacrifice

Customer commitment

Perceived alternatives

Customer satisfaction (2)

Relationship strength (3)

Share of customers

Relationship length (4)

Relationship revenue

Customer relationship profitability (5)

Perceived Value (1)

Bonds

Critical episodes

Episode configuration

Relationship costs

Quality: a vicious or a virtuos circle (Normann, 1983)

Economic problems

Transfer to other companies in peripheral media

Exclusion customers

Unpaid customers

Eccentric sales persons

Cutting down on peripherals

Excellence in core service retained

Good results

Appreciation from customers

Excellence in core service retained

Good spirit

Appreciation from customers

Stafﬁn experience feeling of achievement and appreciation

Marginal savings

In quality

Bad social climate

Irritated customers

Excellence in core service retained

Excellence in core service retained