

Service Marketing-Customer's Expectations and Delight

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I. Introduction

Marketing of services is a relatively new phenomenon in the domain of marketing, having gained in importance as a discipline only towards the end of the 20th century.

Services marketing first came to the fore in the 1980's when the debate started on whether marketing of services was significantly different from that of products so as to be classified as a separate discipline. Prior to this, services were considered just an aid to the production and marketing of goods and hence were not deemed as having separate relevance of their own.

The 1980's however saw a shift in this thinking. As the service sector started to grow in importance and emerged as a significant employer and contributor to the GDP, academics and marketing practitioners began to look at the marketing of services in a new light. Empirical research was conducted which brought to light the specific distinguishing characteristics of services.

By the mid 1990's, Services Marketing was firmly entrenched as a significant sub discipline of marketing with its own empirical research and data and growing significance in the increasingly service sector dominated economies of the new millennium. New areas of study opened up in the field and were the subject of extensive empirical research giving rise to concepts such as - the product-service spectrum, relationship marketing, franchising of services, customer retention etc.

Services marketing is a sub-field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refer to both business to consumer (B2C) and business to business (B2B) services, and includes marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services. Services are (usually) intangible economic activities offered by one party to another. Often time-based, services performed bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labour, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

Importance of Marketing of Services

- **A key differentiator:** Due to the increasing homogeneity in product offerings, the attendant services provided are emerging as a key differentiator in the mind of the consumers. Eg: In case of two fast food chains serving a similar product (Pizza Hut and Domino's), more than the product it is the service quality that distinguishes the two brands from each other. Hence, marketers can leverage on the service offering to differentiate themselves from the competition and attract consumers.
- **Importance of relationships:** Relationships are a key factor when it comes to the marketing of services. Since the product is intangible, a large part of the customers' buying decision will depend on the degree to which he trusts the seller. Hence, the need to listen to the needs of the customer and fulfill them through the appropriate service offering and build a long lasting relationship which would lead to repeat sales and positive word of mouth.
- **Customer Retention:** Given today's highly competitive scenario where multiple providers are vying for a limited pool of customers, retaining customers is even more important than attracting new ones. Since services are usually generated and consumed at the same time, they actually involve the customer in service delivery process by taking into consideration his requirements and feedback. Thus they offer greater scope for customization according to customer requirements thus offering increased satisfaction leading to higher customer retention.

Importance of customer expectations

Customer **expectations** are beliefs about service delivery that serve as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to

services marketers. Knowing what the customer expects is the first and possibly most critical step in delivering good quality service. Being wrong about what customers want can mean losing a customer's business when another company hits the target exactly. Being wrong can also mean expending money, time and other resources on things that do not count to the customer. Being wrong can even mean not surviving in a fiercely competitive market.

Characteristics of Service Marketing

Marketing of Services has emerged as an important sub discipline of marketing in its own right. It has evolved phenomenally to emerge as a major field of study with far reaching implications in today's increasingly service driven economies. It is then, only natural, to wonder what is the future course that this field of study is most likely to take.

At first glance, one can see that there are as yet many opportunities available for Services Marketing to evolve and gain in relevance as the role of the service economy continues to expand. A large chunk of Third World economies are now beginning to move into the service domain. The role and share of the service sector in these economies is growing with an increased monetization of services

However, there are several challenges also. There has been a change in the basic nature of services. Services, today, can no longer be described according to the parameters of - intangibility, heterogeneity, inseparability and perishability. These changes are detailed below:

1. **Intangibility:** While services maybe intangible, the process of delivery and even the customer experience of the service is not necessarily so. Thus while service providers focus on pre purchase behavior they often fail to pay attention to customer experience during the process of service delivery, the nature of output (which may manifest in an observable physical change) or the learning outcomes of the delivery process.
2. **Heterogeneity:** Heterogeneity of services is also not applicable to the services domain today. Across sectors and industries we see an increased pressure for standardization of services. This is being achieved in some instances through automation such as through ATM's and vending machines. Even in cases where automation is not possible there is greater focus on standardizing the service delivery process by way of service scripts and strict adherence to service cycles. For example, most fast food outlets and quick service restaurants follow the & steps of the service cycle that starts with greeting the customer (using standard phrases) through to saying good bye.
3. **Inseparability:** Even this criterion does not hold true for all services rendered. Inseparability implies that the production and consumption of services is simultaneous. Thus, consumers need to be present and/or involved in the production process. In reality however, there are several services that are separable. Example: insurance, repair and maintenance where production happens prior to consumption and the customers need not necessarily be present at the time the service is rendered. The same is witnessed in the phenomenon of outsourcing of services.
4. **Perishability:** even though this is true for a lot of services, there are several notable exceptions. In today's information era there are several information based services that can be recorded and saved in electronic media and reproduced on demand. Moreover, for greater clarity in this regard it is necessary to have a distinction between the perishability of productive capacity, of customer experience and of the output.

Customer Needs and Expectations

Customer needs comprise the basic reason or requirement that prompts a customer to approach a service provider. For instance, a person visits a restaurant primarily for the food it serves. That is the customer's need. However, the customer expects polite staff, attentive yet non intrusive service and a pleasant ambience. If these expectations are not properly met the guest would leave the restaurant dissatisfied even if his basic requirement of a meal being served has been met. Thus knowing and understanding guest expectations is important for any service provider.

Customer Satisfaction, Dissatisfaction and Delight

Based on the quality of the service experience a customer will either be satisfied, dissatisfied or delighted. Knowing a customer's expectation is instrumental in developing a strategy for meeting and exceeding customer expectations.

1. **Customer Dissatisfaction:** This is a situation when the service delivery fails to match up to the customer's expectations. The customer does not perceive any value for money. It's a moment of misery for the customer.
2. **Customer Satisfaction:** In this case, the service provider is able to match the customer's expectations and deliver a satisfactory experience. However, such a customer is not strongly attached to the brand and may easily shift to a competing brand for considerations of price or discounts and freebies.

3. **Customer Delight:** This is an ideal situation where the service provider is able to exceed the customer's expectations creating a Moment of Magic for the customer. Such customers bond with the brand, are regular and loyal and will not easily shift to other brands.

Meeting and Exceeding Customer Expectations

Exceeding customer expectations is all about creating that extra value for the customer. The hospitality industry specializes in creating customer delight.

Example, most 5 star hotels maintain customer databases detailing room order choices of their guests. So if a guest has asked for say orange juice to be kept in the mini bar in his room, the next time that he makes a reservation at the hotel, the staff ensures that the juice is already kept in the room. Such small gestures go a long way in making customers feel important and creating customer delight.

Another novel way of exceeding guest expectations is often demonstrated by travel companies. Since, they usually have details on their customers' birthdays, they often send out an email greeting to their guests to wish them. This not only makes an impact on the guest but also helps to keep the company acquire 'top of the mind recall' with the guest

Customer Delight

Some management consultants urge service companies to 'delight' customers to gain a competitive edge. The delight that they refer to is a profoundly positive emotional state that results from having one's expectations exceeded to a surprising degree. One author describes the type of service that results in delight as 'positively outrageous service' – that which is unexpected, random, extraordinary and disproportionately positive.

A way that managers can conceive of delight is to consider product and service features in terms of concentric rings. The innermost bull's-eye refers to attributes that are central to the basic function of the product or service, called musts. Their provision is not particularly noticeable, but their absence would be. Around the musts is a ring called satisfiers: features that have the potential to further satisfaction beyond the basic function of the product. At the next and final outer level are delights, or product features that are unexpected and surprisingly enjoyable.

These features are things that consumers would not expect to find and they are therefore highly surprised and sometimes excited when they receive them. For example, a student may consider the musts to consist of lecturers, rooms, class outlines and lectures/seminars. Satisfiers might include lecturers who are entertaining or friendly, interesting lectures and good audiovisual aids.

A delight might include a free textbook for students signing up for the course.

Delighting customers may seem like a good idea, but this level of service provision comes with extra effort and cost to the firm. Therefore, the benefits of providing delight must be weighed. Among the considerations are the staying power and competitive implications of delight.

Staying power involves the question of how long a company can expect an experience of delight to maintain the consumer's attention. If it is fleeting and the customer forgets it immediately, it may not be worth the cost. Alternatively, if the customer remembers the delight and adjusts his or her level of expectation upward accordingly, it will cost the company more just to satisfy, effectively raising the bar for the future.

II. Conclusion

Service industries growth has been characterized by focusing on customer service which hereto pushed the product companies too to reorient themselves to look at the customers first. The concept of 'Customer Is The King' has come about thanks to the Service industry. Technology not only helped the service industries to scale up their business operations, it helped bring about standardization in the operations and service delivery mechanisms. Exceeding customer expectations is all about creating that extra value for the customer. Today we believe that the service industry is in a mature stage. Competition in Service industry is tougher than the product industry simply because one is dealing with intangible services and customer experience as well as perceptions which can be highly subjective.