

Catalyst

Newsletter from
Custommerce Service Excellence Foundation

Volume 2, Issue 3, March 2012

Custommerce Service Excellence Foundation is a not-for-profit organization striving to create a customer experience driven, globally competitive Indian economy.

www.custommerce.org

For Private Circulation only

Conceived and Incubated by Servion Global Solutions Ltd.

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Custommerce Service Excellence Foundation is fortunate to have Dr. A. Parasuraman (Parsu), the James W. McLamore Chair in Marketing (endowed by the Burger King Corporation) and the Director of Ph.D. programs at the School of Business, University of Miami as a Member of its Board of Directors. He had agreed to share his insights on Service Quality based on his 30 years of research in this field.

The talk was inaugurated by Mr. Bhaskar Bhat, Managing Director, TITAN Industries Limited. He talked about how manufacturing practices have been researched in the last 100 years and the need to do a similar exercise in understanding and improving service practices. Rightly, Dr. Parasuraman was introduced as the Father of Service Quality. He addressed CEOs and seniors executives on 1st March 2012 on the topic "Facts and Fallacies in Service Excellence".



Dr. A. Parasuraman, the Key Note Speaker delivering his address

He has written three books and over 100 articles in reputed journals.

Presented here are a few slides from his hour-long presentation to get a glimpse of his thoughts on this subject.



The Chief Guest, Mr. Bhaskar Bhat, Managing Director, TITAN Industries Limited being welcomed by Custommerce Chairman, Mr. Ramesh Venkateswaran (right)



Mr. Vinod Ganesh Ram, Chief Customer Officer, CDC CRM Solutions Pvt. Ltd. interacting with the keynote Speaker Dr. A. Parasuraman (right)

Importance of Superior Customer Service

"In the offline world ... 30% of a company's resources are spent providing a good customer experience and 70% goes to marketing. But online ... 70% should be devoted to creating a great customer experience and 30% should be spent on 'shouting' about it."

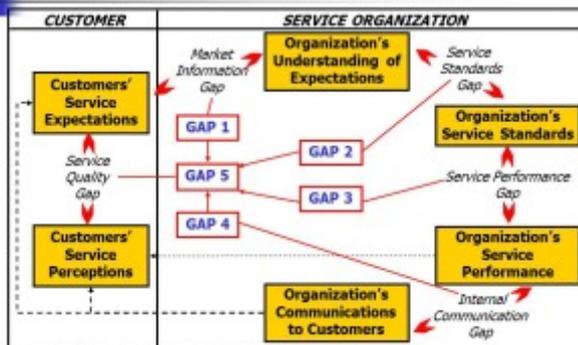
-- Jeff Bezos, CEO, Amazon.com

Parsu emphasised the need for superior customer service by quoting Jeff Bezos of Amazon. Amazon is one of the companies who spend little on advertising (shouting about their service) and commit more resources on delivering great customer experience.



Customerce Director, Mr. C.K. Sharma talks about CINDEX - the Customer Experience Index being developed by Customerce

Conceptual Model of Service Quality: GAPS Model



Parsu spent considerable time explaining the GAPS Model and the four gaps, namely, Market Information Gap, Service Standards Gap, Service Performance Gap and Internal Communications Gap. All these put together lead to the Service Quality Gap. He talked about the need to bridge these gaps as otherwise the company's resources like staff time and money spent will be wasted or misallocated. Market Information Gap could arise out of organization's lack of understanding of customer's service expectations. The Internal Communication Gap could arise due to the different departments in a company working as independent silos.



The invitees, Mr. Bijou Kurien, President & Chief Executive - Lifestyle, Reliance Retail Limited shares a thought with Mr. Sandeep Singh, Deputy Managing Director (Marketing), Toyota Kirloskar Motor Pvt. Ltd.

Fallacy vs. Fact

- **Conventional Belief:** Delivering excellent service is prohibitively expensive
- **Research-Based Insight:** Significant service improvements can be achieved without any net increase in costs

To illustrate this point he gave the example of a hotel giving a choice of pillow menu (pillow options) while giving poor service in the basic service expectations of hotel customers like giving a wake-up call or delivering breakfast on time. Instead of misallocating resources, service improvements can be achieved by proper allocation of resources in meeting customer's real expectations and delivering them right the first time.



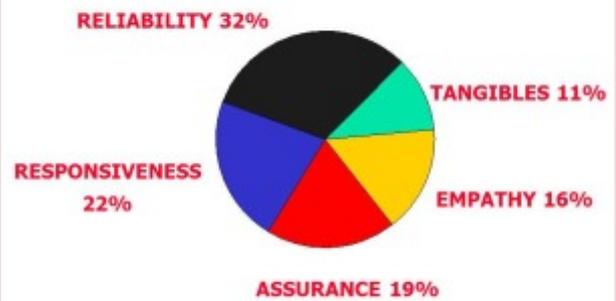
A view of the audience

Nature of Customer Expectations



There is a notion that customers are unreasonable and they make unreasonable demands. Research has proved that though customers would prefer a certain 'Desired Level of Service', they also have in mind 'Minimum Level of Acceptable Service' below which they are very unhappy and will start complaining to companies and their friends. Companies should at least try to operate within this 'Zone of Tolerance' though they may strive for higher levels of service delivery.

Relative Importance of Service Dimensions When Customers Allocate 100 Points



With respect to the different service dimensions, 54% is accounted for by just two factors, namely, 'Reliability' and 'Responsiveness'. The 'Tangibles' are a low 11%. This does not mean that tangibles are not important; but are taken for granted. Customers look for how consistently companies will deliver the service and in case there is a problem or there is a small additional request, will the company respond positively.

Determinants of Customers' Evaluation of a Service

- The *outcome* and the *process* of the service delivery
- Whether the service is *routine* or *nonroutine*

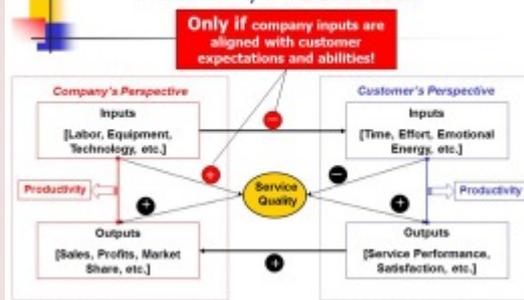
When the customers evaluate service, they not only look at the 'outcome' but also the 'process.' The process indicates how easily the outcome was achieved. This can be gauged from the statement customers make when they say that they have not been 'treated well.' This is even in transactions where customers have gone to buy tangible products like shirts or computers or jewellery.

An Important Implication of Technology Readiness

To be effective, the implementation of any technology-based service innovation has to take into account the technology readiness of its intended users (both employees and customers)

While implementing technology-based service innovation, one has to take into account the readiness of both employees and customers. The 'readiness' includes both 'capability' and 'willingness to use' though they may be capable. One example would be willingness to use ATM to withdraw cash or use credit cards for online shopping, though they may know how to use both these technologies.

The Dual Conceptualization of Service Productivity: A Closer Look



When companies evaluate 'Service Productivity,' very often they evaluate an output-input ratio from company's perspective. Companies will benefit if they view it from customer's perspective and this will help in aligning company's resources to reduce customer's effort, time and emotional energy leading to greater customer satisfaction.

The Value in Wowing Your Customers

HBR Blog - by Fred Reichheld - March 13, 2012

A friend of mine in Dallas loves the local Chick-fil-A restaurant. The reason? An employee named Jose once asked my friend's three-year-old to help with the mopping and proceeded to give the boy a ride around the restaurant on the mop. For my friend, this was a "wow!" experience, the kind of out-of-the-ordinary event that you want to tell people about and that inspires you to recommend the business that provided it.

One of my favorite examples of this happened at Rackspace, the managed hosting and cloud computing company. An employee on the phone with a customer during a marathon troubleshooting session heard the customer tell someone in the

background that they were getting hungry. As she tells it, "So I put them on hold, and I ordered them a pizza. About 30 minutes later we were still on the phone, and there was a knock on their door. I told them to go answer it because it was pizza! They were so excited."

I'd have been pretty excited, too, if I were that hungry customer. Another "wow!" moment.

Maybe you noticed something about these wows: They don't cost much. I call them "frugal wows." A company that brings a smile to the face of its customers in this manner builds a huge reservoir of goodwill and positive word of mouth at very little expense.

For the full blog, visit,

http://blogs.hbr.org/cs/2012/03/the_value_in_wowing_your_customers.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+harvardbusiness+%28HBR.org%29

Back to Basics

I was returning from Bangalore to Chennai by the Shatabdi Express after organizing and attending Dr.Parasuraman's talk on 1st March 2012.

I was happy with the train journey because the train departed on time and reached Chennai on time. The coach was clean, air-conditioned and had good upholstery. They gave a bottle of water and newspaper followed by coffee and break-fast. What impressed me the most was the ticket collector by name, Mr. Richard, who entered the compartment and made an announcement welcoming us and said that he is going to verify the tickets. He was well dressed in a coat, had a shave in the morning and wearing a polished pair of shoes. He spoke good English too. I shook hands with him and congratulated him on his good service.

On that day, Mr. Richard to me represented Indian Railways. The touch point was Mr. Richard. I was happy with this trip in the Shatabdi Express and I

had taken this train many times and my experience by and large, has been good. Today, it is a serious competition to airlines if you consider the total time from your home to your destination.

I was asking myself what is it that they have done well. They have delivered well on the basic service offering like clean coach, being on time, etc. with minor additions like newspaper and bottled water. They have consistently delivered this over a period of time. What customers look for is the basic service being delivered, consistently. Customers will be happy if other frills are added but not at the expense of the basic service. I was reminded of the statement made by Dr. Parasuraman during his talk "What good is the icing on the cake if the cake itself is not good?"

M. Venkatachalam

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An invitation

We welcome companies to become Corporate Members of "Custommerce Service Excellence Foundation" and strengthen the partnership towards Service Excellence.

For details, contact:

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Blog

Click on the following link and visit the recent blog posts on the Custommerce Blog:

The Customer Service Loudspeaker

<http://custommerce.blogspot.in/2012/03/customer-service-loudspeaker.html>

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