
Chapter 11

Managing service processes

Chapter Objectives

After working through this chapter, you should be able to:

- Understand the importance of managing service processes from a hospitality marketing perspective
- Evaluate dimensions of service quality in a hospitality context
- Identify the principal reasons for service failure
- Use service blueprinting to map a hospitality service process
- Understand why, when and how customers complain about their hospitality experiences
- Explain service recovery strategies for hospitality companies.

Introduction

Although managing the service process is the responsibility of operations management, marketing managers need to understand the principles of service processes. Customer satisfaction is dependent upon the hospitality operation delivering the promise that pre-encounter marketing has communicated. The key marketing role of managing demand is made significantly easier when the service process consistently delivers the experience and quality customers expect. However, when the service process fails to deliver, marketing the hospitality property and the hospitality brand becomes much more difficult.

In this chapter we will discuss the importance of managing service processes effectively, and then introduce the concept of service blueprinting, which is a customer-focused tool for specifying service standards, and the SERVQUAL 'gaps' model of service quality. We will also review the crucial role of service recovery when a customer complains about the service received.

The importance of managing service processes

In Chapter 1 we discussed the special characteristics of services (SIPIVISH) that present challenges in marketing the hospitality business and managing the service process. To recap, some of the key issues include:

- **Intangibility** – since the hospitality product is intangible, customers cannot be certain about the quality of the service they will receive until it has been consumed.
- **Inseparability** – in virtually all hospitality services, customers are present whilst the product is produced. More importantly, customers are themselves an essential component of the product and the physical environment. Customers are therefore part of the product/service, and help to shape the experience of other customers.
- **Seasonality** – all hospitality services have busy and quiet periods. The service process can be stressed, and fail, during extreme periods of demand. When the operation has too many customers, the service process can fail to cope with the demand, resulting in customer dissatisfaction. When the operation has too few customers, a vital ingredient of the hospitality product – atmosphere – can be missing, resulting in customer disappointment.
- **Variability** – the intangibility, inseparability and seasonality contribute to the variability that customers experience when consuming the hospitality product. Variability – the lack of standardization in service outputs – is endemic in hospitality services; it confuses customers and creates uncertainty.

A crucial issue for hospitality businesses is to try and deliver a consistent service quality through managing service process effectively. The culmination of these factors presents challenges for hospitality service operations.

Understanding processes

Processes can be classified in a number of ways that help you to understand their importance from a customer perspective: vertical and horizontal; front-office and back-office; primary and secondary.

- *Vertical processes* are those that are located entirely within a function or department. For example, the food production process resides totally within the operations department. *Horizontal processes* are cross-functional. The new service development process might involve sales, marketing, operations and general management.
- *Front-office processes* are those that customers encounter. The check-in/check-out and complaints management processes are examples. Back-office processes are hidden from customers, as in, for example, the procurement process. Some processes straddle both front and back offices.
- A distinction can be made between primary and secondary processes. *Primary processes* have major cost or revenue implications for companies. For example, the human resource management process in hospitality companies contributes significantly to the cost base of the business. *Secondary processes* have minor cost or revenue implications. Customers may also have a different perspective on what is important: they typically do not care about back-office processes, but about the processes they touch. In hospitality, these include the reservation process, the processes encountered during the meal experience, and the billing process.

It is important to identify the important processes from a customer perspective, and design these processes so that they contribute to customer satisfaction and customer retention. It is not just front-office processes that have an impact on customer experience; the same is true of back-office processes. If procurement people do not know the quality requirements of the marketing offer to customers, they may source inputs of too high or too low a quality. Similarly, if operations people are not aware of the quality expectations of customers, they may create service encounters that are unacceptable. Clearly a major concern for hospitality marketers is that front-office and back-office processes should work together to create service experiences that meet or exceed customers' expectations, especially in terms of quality.

Case study 11.1 illustrates an unusual way of making the service process transparent to customers in a luxury restaurant.

Case study

11.1 A table for two in the kitchen!

Whilst many hospitality managers are nervous about customers seeing what goes on behind the scenes – and especially what goes on in the kitchens – one of England's most innovative hoteliers, Eric Marsh, actually encourages customers to dine in the kitchen! Since a 1980 refit, there has been a table for two customers in a corner of the main kitchen at the Cavendish Hotel. Eric believes that if customers want to see the back of house operation, they can.

Originally the chefs were apprehensive at the thought of customers watching every aspect of the food production process in an award-winning hotel restaurant, whilst the customers, who still dressed up for dinner, were not quite sure what to expect. However, the truth is that the chefs enjoy the opportunity to perform, and the customers enjoy the excitement of watching the fine cuisine being cooked along with the frisson at the service encounter when the kitchen is busy. Today the table is booked a couple of times each week. This novel approach sends a powerful signal to customers about the high quality of the kitchen management service processes at the Cavendish. It has also generated an enormous amount of media publicity, and is an interesting example of tangibilizing the intangible.

Service quality

People can view service quality from a variety of different perspectives, according to the context of the situation.

- Transcendental quality implies innate excellence, which consumers know or sense but cannot always define. It is normally associated with artistic experiences of the highest quality; in hospitality, when the service experience exceeds the consumers' highest expectations, it is a perfect occasion. Since transcendental quality is an ephemeral concept, it cannot be measured and is difficult to incorporate into service quality specifications.
- Production- (or operations-) based quality focuses on delivering service quality standards as defined in the Standard Operating Procedure manuals typical of chain hotel organizations. Operational quality is regarded as high when service outputs comply with the defined service standards. However, a production focus can sacrifice crucial customer needs and wants in the goal to be more efficient.
- Product-based quality views quality from an objective and measurable perspective. It takes a narrow product-based focus. For example, fillet steak is assumed to be better quality than sirloin, according to technical product specifications. Because product-based quality fails to consider additional perspectives (for example, the customer's), it is not helpful to the marketer.
- User-based quality does take a consumer perspective, and in particular recognizes that different consumers will have different approaches to evaluating service quality standards.
- Value-based quality takes the customer's perspective, and recognizes the relationship between quality, price and value.

A budget hotel can deliver poor value for money if the perceived quality is below expectations for the price charged, while a luxury hotel can deliver excellent value for money if the perceived quality is above expectations for the price charged.

Dimensions of service quality

Delivering service quality has become a topic of major importance for both academia and industry. Measuring service quality is complicated, because service performance

Table 11.1 The Five Dimensions of Service (Source: Parasuraman *et al.*, 1985, reproduced by kind permission of the American Marketing Association)

<i>Dimension</i>	<i>Definition</i>
Reliability	The ability to perform the promised service dependably and accurately
Empathy	The caring, individual attention given to the customer
Tangibles	The appearance of physical facilities, equipment, employees and communication materials
Responsiveness	The willingness to help customers and provide prompt service
Assurance	The knowledge and courtesy employees, and their ability to convey confidence and inspire trust

is not easily defined. Consumers judge service quality on many different factors, and their own disposition can significantly influence their evaluation of the service process. Parasuraman *et al.* (1985) suggested that customers evaluate service quality across five dimensions: reliability, empathy, tangibles, responsiveness and assurance (see Table 11.1).

Reliability

Pre-encounter marketing makes a promise to the customer, and customers therefore expect the hospitality business to deliver on the promise. Customers expect the product, service quality and price to match the promise. When companies deliver on the promise, they are considered to be reliable; when they do not, consumers consider them unreliable. Sometimes promises are specific to individual customers; sometimes they are segment-specific.

Empathy

In this context, empathy means treating customers as individuals and providing them with personalized service. Companies that are able to make customers feel important score highly on service quality. In hospitality, a smaller, independent operator can generally empathize with a customer more easily than a branded chain operation.

Tangibles

In Chapter 10 we discussed the physical environment and its impact on customers. Tangibles represent the physical environment in this model of service quality.

Responsiveness

Responsiveness refers to how efficiently companies respond to customers. During the hospitality service process customers will naturally ask lots of questions (how is the dish on a menu prepared? where are the washrooms? what time is check-out?), perhaps mention minor problems, and possibly even complain. How the service process system (and in particular the customer-contact employees) demonstrates willingness to help customers influences the customer's perception of service quality.

Assurance

This dimension refers to employees' courtesy and product knowledge. In hospitality, customers expect the employees to be polite and to know what job they are meant to be doing. When employees are polite and knowledgeable, customers have more confidence that the company can deliver its marketing promise. Assurance is all about employees inspiring customers to trust the company. Of course when employees are rude customers are offended, and when the employees clearly do not know how to deliver the hospitality service, customers understandably lose confidence in the company's ability to deliver.

Although this approach has been criticized for having either too few or too many service dimensions, consumers clearly judge service quality using a variety of process criteria as well as outcomes criteria. Process criteria are concerned with *how* a service is delivered; outcome criteria are concerned with *what* is delivered. For example, a meal that is exquisitely prepared and badly served would be high on outcome and low on process quality.

The 'gaps' model of service quality

Parasuraman *et al.* (1992) also proposed an integrated model of service quality that explains why companies can fail to deliver the service customers expect. The model identifies four 'gaps', which are the principal reasons for service failure.

Gap 1: Management not knowing what customers expect

Hospitality managers often think they know what customers want, and develop the marketing offer on the basis of their own interpretation of customer service expectations. For example, some independent hoteliers have aspirations for their restaurant operations that are considerably higher than the needs and wants of their customers. Poor (or no) marketing research into customer expectations can cause this misunderstanding. Effective marketing research, which should include both customer and employee perspectives, will identify the service expectations of the target market. When managers actually know what customers expect, they can then start to formulate an appropriate offer to match customer expectations.

Gap 2: Service quality standards do not match customer expectations

Assuming that management actually understands customer expectations, the second service gap focuses on the design of the service quality process. The design of service quality standards should match the customers' expectations; however, less professional hospitality companies do not set formal service standards, and can have ambiguous, reactive approaches to service systems design. More professional hospitality companies can create formal service specifications that have been developed from an operations perspective, and fail to take into account the customers' perspective. Sometimes the service system becomes internalized, and customer focus can be lost. Management needs to think creatively to overcome these service design problems and ensure that service quality matches customer expectations.

Gap 3: Service-performance gap

Even when management has designed an effective service process system that is capable of delivering an offer that matches customer expectations, the actual service

delivery can still fail. This type of service failure can be attributed to the human resource function in the hospitality business (poor recruitment, poor training, and poor reward policies); technology problems (reservation system down, faulty TV); the special characteristics of services (SIPVISH); and the customer's own mood. The role of customer-contact employees in delivering a quality service is discussed in Chapter 12.

Gap 4: Delivering the service promise

Gap 4 is the gap between what the service system (both people and technology) delivers, and the promises made in advertising, PR and sales communications to customers. In Chapter 9 we discussed the importance of pitching promotional messages appropriately. If the hospitality marketer makes undeliverable promises, the customer will be disappointed. From a customer's perspective, it is crucial for the company and employees to keep promises. This includes customer-contact employees during the service encounter, who in their many dealings with customers inevitably make promises. Breaking a promise to a customer leads to customer disappointment.

Closing the gaps

When gaps 1–4 are closed, the company will be promising and producing service experiences that are based on meeting clearly understood customer expectations. Service quality gaps can be a major cause of customer dissatisfaction. *Hospitality managers who want to close the service quality gaps and improve customer satisfaction need to analyze the actual service delivery against customer expectations for each gap.*

Service blueprinting

A key concern is to design the service processes that deliver the desired quality performance. Shostack (1981) developed a pictorial method for designing service processes, called service blueprinting, which helps to analyze the performance of the service process. Borrowing flowcharting techniques from manufacturing industries, a service blueprint is a map that provides a specification of how a service is (or should be) delivered.

In hospitality new-product development, a service blueprint is used to establish all the various elements involved during the customer's visits to the premises whilst consuming the hospitality product. From the moment the customer arrives to the moment he or she leaves, all the actions that the customer and/or employees carry out are mapped on a diagram (see Figure 11.1). The actions are listed under the following headings:

Physical evidence	Represents the facilities and equipment used in delivering the service
Customer	All the activities/actions taken by the customer.
Contact employees	Visible front of house employee actions and invisible front of house employee actions
Support processes	The back-of-house service support systems that help the front-of-house employees deliver the service

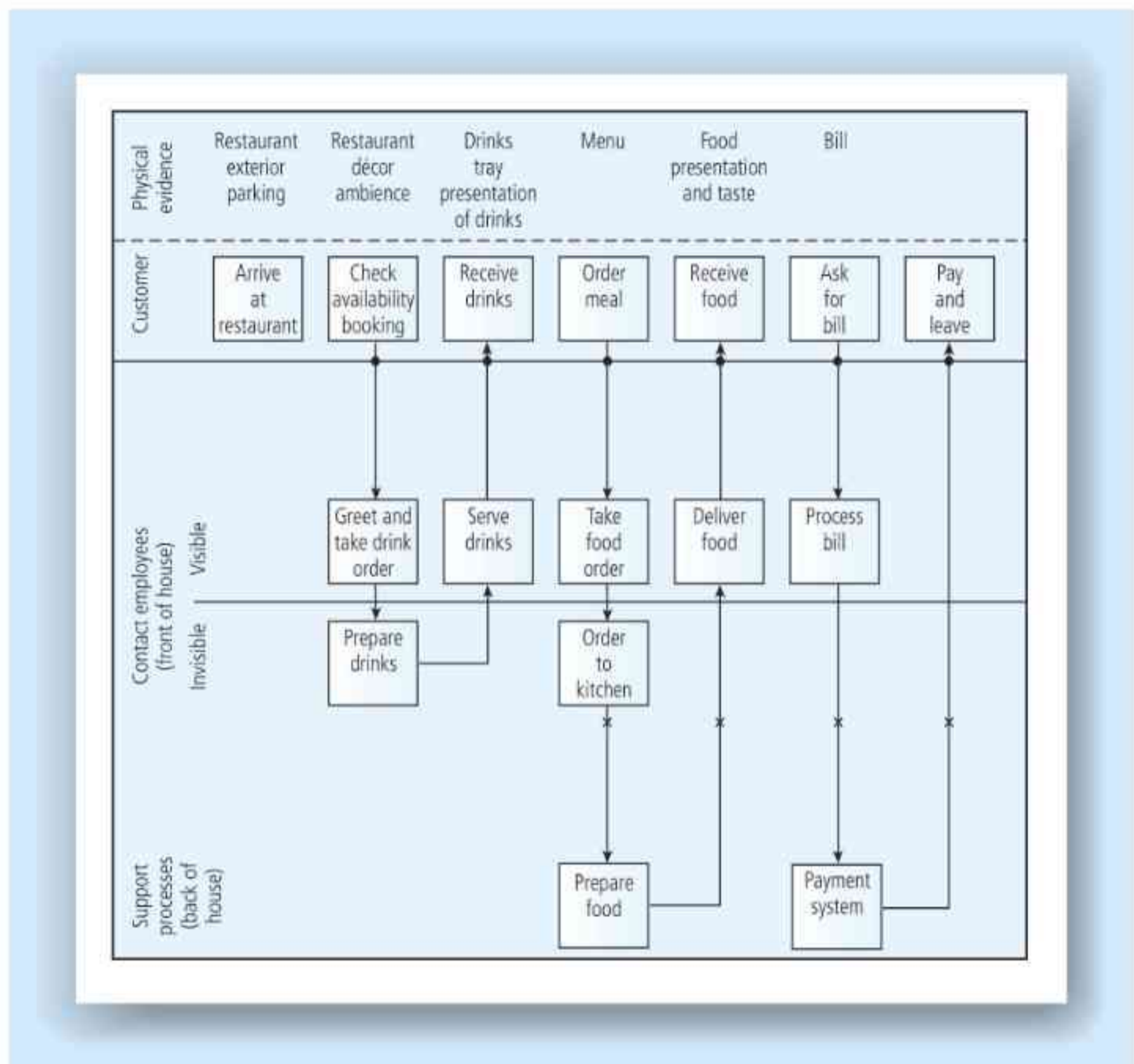


Figure 11.1 Mapping a restaurant service, customer service encounter; x internal service encounter

The service blueprint map has three horizontal lines, which separate the various types of activities. The first horizontal line divides customers and front-of-house employees, and is called the *line of interaction*. Where a vertical line crosses this horizontal line (for example, when the customer checks a restaurant booking with the greeter), then a service encounter between the customer and a front-of-house employee has taken place.

The second horizontal line is called the *line of visibility*; this separates those front-of-house employee activities that the customer can see from those that can't be seen. For example, the restaurant order-taker walks out of the customer's sight and into the kitchen with the order. In the kitchen, the front-of-house employees are invisible to the customer.

The third horizontal line is called the *line of internal interaction*. Where the vertical line crosses the line of internal interaction, these are internal service encounters.

By actually mapping the service process from a customer's perspective, management can strive to match service performance to the customers' expectations. Indeed, the crucial point about a service blueprint map is that although the service process is analyzed from the customer's perspective, both the employees' role and the service process can be evaluated at the same time. If you study Figure 11.1 and read this simplified version of a blueprint map from left to right, you follow the

service delivery from the customer's perspective. To look at the service from the customer-contact employees' perspective, read the horizontal lines above and below the line of visibility. In this way, the front-of-house employees' role can be evaluated and employees' job descriptions can be devised. The blueprint can also be used in training to show employees how their role links to other employees and functions in the organization. To review key elements of the overall service process, the blueprint map can be analyzed vertically. For example, the efficiency of the kitchen (back-of-house) service system is crucial in delivering a quality restaurant service. By critically examining the service encounters at the line of internal interaction, potential fail-points or bottlenecks in the system can be identified and eliminated. Sometimes the fault can be attributed to kitchen production problems, and sometimes the fault is the front-of-house service staff efficiency. The blueprint map enables management to understand why the failure or bottleneck has occurred, which helps with establishing strategies to correct the problem.

A blueprint map can also be used to redesign an existing service. The first step is to map the current service process, and the second stage is to establish the desired service performance. The next stage involves comparing what actually happens with what the company wants to deliver, and identifying discrepancies. Finally, a solution will be proposed and mapped out on a new blueprint.

The benefits of blueprints can be summarized as follows (Gummesson and Kingman-Brundage, 1991):

- Service process weaknesses are identified and can be the focus of improvement schemes
- The interdepartmental linkages are made transparent
- They help employees to understand their own role within the entire service process
- They help to facilitate internal marketing.

Complexity and divergence in hospitality services

The service process can also be defined in terms of its complexity and its diversity (Zeithaml and Bitner, 2003). The level of service complexity refers to the number of steps and sequences that need to be carried out to perform the service – the fewer steps, the lower the service complexity. A person working on a hotdog stand has a very small number of actions to perform to serve a hot dog, so a hotdog stand has a lower level of complexity. Conversely, a full-service hotel has a very large number of activities and processes involved in catering for many different customers, and therefore has a higher level of complexity.

The level of diversity refers to the degree of tolerance allowed in delivering the service process. Some service processes are highly standardized and consequently have a very low degree of diversity; the service process for making a hot dog has a lower degree of diversity because it is a relatively standardized process. Some services can be considered as unique performances because of the artistic skills required to deliver the service; for example, live entertainment in pubs and restaurants, where each time the musicians perform, is a unique event. This type of service process has a higher degree of diversity.

Every service process can be analyzed on both its level of complexity and its level of divergency. Figure 11.2 provides an example of a customer using a hotdog stand, a full-service hotel, live entertainment and a gourmet restaurant. A gourmet restaurant has a complex service process because of the wide range of ingredients

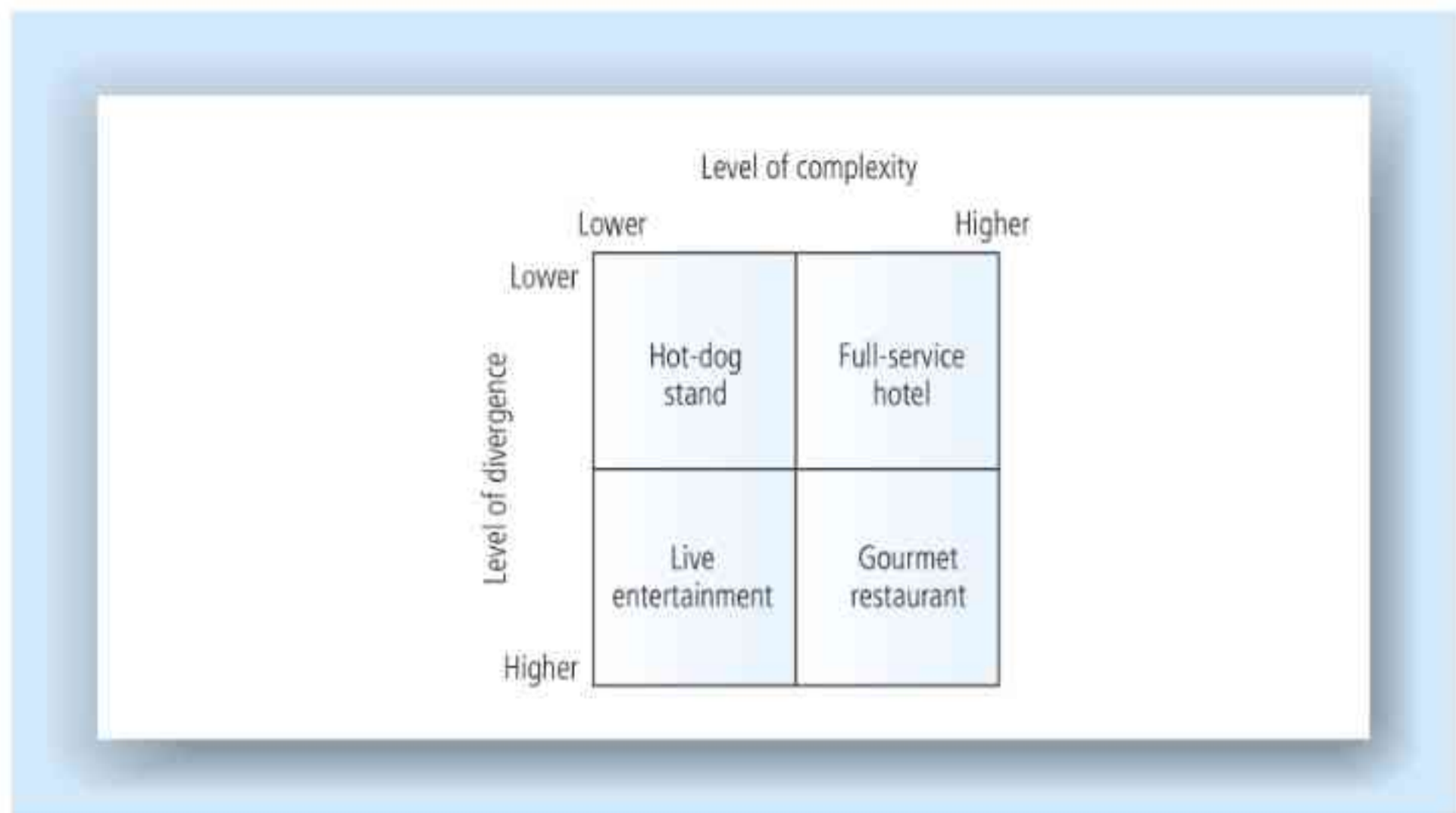


Figure 11.2 Complexity and divergence in hospitality services (source: adapted from Zeithaml and Bitner, 2003)

and cooking skills required to produce a gourmet meal. There is also a higher degree of divergence, as each meal created can be considered an individual performance by highly skilled chefs.

Service process strategies

By mapping the service process using blueprinting, a company can establish the levels of complexity and divergence in its service operations. The service process can be changed either to increase or decrease the levels of complexity and divergence. There are four alternative strategies:

- 1 *Complexity reduction strategy.* To reduce the complexity of a service process, the number of steps and sequences used to produce the service are reduced. This might mean specializing in specific customer segments and narrowing the marketing offer. The reduction in complexity should improve consistency and cost control. However, such a strategy risks alienating customers who enjoyed the service standards of a more complex operation, and they might transfer their loyalty and patronage to a competitive establishment.
- 2 *Increased complexity strategy.* Increasing the complexity of the service process means adding more activities to the existing service and providing customers with an enhanced marketing offer. By providing customers with additional services, the company should be able to generate additional revenue and/or enhance customer satisfaction. However, increased complexity might create service quality problems and increase costs, and some customers may not be interested in paying more for the new offer. McDonald's has recently introduced a raft of new products, making the offer much more complex and introducing a level of operational complexity that franchisees have found challenging.
- 3 *Divergence reduction strategy.* Reducing the level of divergence in the service process implies a greater standardization of the services. With a higher level of standardization, there should be increased productivity and cost reductions

through economies of scale. This type of service process strategy is linked to a volume orientation and mass-marketing approach. From a customer perspective, the advantages include greater consistency and reliability in the service quality. However, some customers may resent the changes and react negatively to the standardized service offer.

- 4 *Increased divergence strategy.* Increasing divergence allows for greater customization in the service offer. This is a niche positioning strategy, which in hospitality could be linked to a human resource empowerment strategy where employees are encouraged to respond to customers' individual needs and wants. However, increasing divergence can mean less control and could be linked to greater fluctuations in service quality. A customization strategy implies higher prices to cover the additional costs of an increased divergence strategy.

Reasons for service failure

Service failures occur when the service provided does not match the customer's expectation of the service promised in the pre-encounter marketing mix. Typical hospitality service failures include the following:

- Facilities and services that have been promoted in Marcom collateral are not available
- The physical environment is disappointing (damaged furniture, tired décor, poor hygiene standards, inappropriate music, atmosphere not welcoming)
- The service is slower than expected
- The standard of cooking is poor (overcooked/undercooked food, too much/too little seasoning, food served at the wrong temperature)
- Employees who do not care or, even worse, are rude to customers.

Obviously some service failures are relatively minor for the customer, whilst others are very important. Dissatisfied customers, with serious complaints, can litigate against hospitality companies. The characteristics of the product, the type of occasion, the price charged, the nature and seriousness of complaints, and the personality of the customer all influence how customers complain. Consumers have been categorized into passives, voicers, irates, activists and terrorists, depending upon their propensity to complain (Singh, 1990).

Passives

Not all customers complain about the service, even when they have justifiable reasons for doing so. Some customers believe that it is simply not worth the trouble to complain, and that perhaps the employees (and the company) do not really care about their service problems. Other customers do not know how to complain; this can be a problem for international visitors, who might not be familiar with the cultural norms when traveling in a foreign country. Passive customers are unlikely to tell others about their experience.

Voicers

Unlike passive people, some consumers believe that actually complaining is a positive action for both the customer and the company. They think that complaining helps

the company to improve its service, and they give the company the opportunity to recover from the service failure. Voicers can develop a positive attitude to the company, if it responds appropriately to the complaint.

Irates

Irate customers will tell their friends and relatives about the service failure and spread negative word-of-mouth. They may have complained to the company, but not necessarily. They are likely to switch to a competitor.

Activists

Some people like to complain, and even enjoy the confrontation either with service employees at the time of the incident, or later by correspondence. Activists are more likely to complain to third parties, and they may become unreasonable in their demands for compensation. They are vociferous, telling as many people as they can about their poor treatment.

Terrorists

A tiny minority of customers who complain can become obsessed with what they believe to be the company's inadequate response to their complaint. These alienated individuals publicize the service company's failings in newspaper advertisements. They encourage other unhappy customers to complain, and by generating considerable amounts of negative publicity in the media, can damage the company significantly. Companies like McDonald's and Starbucks have suffered from this type of publicity. Today the Internet provides low-cost opportunities for terrorist customers to set up anti-company websites to publicize their complaints to others.

Activity 11.1 Starbucks and the coffee terrorist

Read the following account of an incident, and then answer the question.

A customer bought a defective cappuccino-maker from Starbucks and, whilst returning to obtain a replacement, decided to buy another one as a gift for a friend. During the second service encounter, the customer claimed that the employee was rude and forgot to give him half-a-pound of free coffee, which he was promised. Then the cappuccino-maker that was purchased as a present for a friend also turned out to be faulty.

The customer demanded that Starbucks replace the gift with the most expensive cappuccino-maker, which costs \$2000 more than the original. Although the customer threatened to publicize his complaint, Starbucks refused his request – so the customer took out a full-page advert in the *Wall Street Journal* explaining his complaint and encouraging other customers also to complain. The media took up the story, which generated a huge amount of negative publicity for Starbucks.

- What should the company have done to avoid this minor incident becoming a major public relations disaster?

(source: Zeithaml and Bitner, 2003, p. 192)

When and how customers complain

Customers can complain to the company and third parties using a variety of approaches.

Concurrently

When a customer complains at the same time as the service failure occurs, this allows the customer-contact employees to respond and attempt to rectify the problem. From both the company's and the customer's perspective, this is the most opportune moment to solve the service failure. It allows the customer to explain the nature of the complaint in more detail. In hospitality services, this can include customers pointing out the defects in the quality of food, or the lack of cleanliness in a bathroom. It also allows management and the customer-contact employees the opportunity to apologize to the customer immediately and to take appropriate corrective action. If the remedial action works the customer's initial disappointment can be turned into a positive incident, and customer loyalty can even be enhanced.

Subsequently

Customers can telephone, email, text or write letters of complaint. With the passage of time, even a few days, a customer can feel more strongly about the service failure. The details of the critical incidents can be magnified, especially if the complainer enjoys embellishing the description of the events. However, since the customer has contacted the company and provided details of the complaint, there is still the opportunity for the company to retrieve the situation and win back the customer.

Third-party complaints

Finally, the unhappy customer can contact other organizations, typically consumer affairs bodies or legal entities. Local or national governments, consumer protection bodies, tourist boards, motoring organizations, hotel and restaurant guide books all respond to customers' complaints by discussing the problems with the management of the hospitality business concerned. Normally a hospitality company will agree a course of action with the third party, and respond to the complaint satisfactorily.

Unhappy customers can also record the evidence of their dissatisfaction by taking photographs, or filming the situation on a camcorder. In extreme cases the customers can give the evidence to the media, which ensures extensive negative publicity about the complaint for the company. There are also examples of customers suing hospitality companies for damages caused by unsatisfactory service. This type of negative publicity is extremely damaging to the business' reputation, and could even lead to a collapse in customer confidence, with disastrous consequences for the company (see Case study 11.2).

11.2 Restaurant failure due to negative publicity and word-of-mouth

An Oxford restaurant, the Gousse d'Ail, went into receivership, and the owner blamed the bad publicity from a food critic's negative review (Gill, 2001). Jonathan Wright bought a popular restaurant called The Lemon Tree, invested in a major refurbishment program, and turned it into a quality French-style operation. Bookings were slow during the opening phase, partly because of the high prices and partly because of the location. However, when a highly critical article in the *Sunday Times* by a well-known food critic, A. A. Gill, received a lot of local comment, fewer and fewer customers patronized the restaurant. The poor reputation spread, and a few months later the business collapsed.

Negative word-of-mouth

Unfortunately there will always be customers who do not enjoy the service and who will not communicate their dissatisfaction to the hospitality company. This means that the company does not have the opportunity to apologize and is not able to respond to the problem. These customers tell their family, friends and acquaintances about the 'poor' service; and create a difficult situation because of the power of negative word-of-mouth criticisms. Hospitality companies do not normally know who spreads negative gossip, and are not really able to respond.

Service recovery strategies

Given the inevitability of service failure, all hospitality companies should have a service recovery strategy. The more professional companies are acutely aware of the importance of handling customer complaints effectively, and have procedures that are included in employees' training programs. Service recovery strategies include the following.

The zero defects strategy (or do it right first time)

The concept of zero defects is borrowed from manufacturing, and is linked to Total Quality Management (TQM). The key principle is to design out every potential problem before it can occur. The special characteristics of services make the adoption of a zero defects strategy difficult to implement for a hospitality company; but the idea of TQM is to create a service culture within the company of 'doing it right first time'. By working to reduce operational service failures, perhaps by service blueprinting, companies can reduce the incidence of customer complaints.

Encourage complaints!!!

This might at first sound strange; but if a company can improve customer service by learning effectively from a complaint, then encouraging customers to complain can improve sales and service quality. Many hospitality companies provide customer

comment cards and questionnaires to encourage customer feedback. This helps those customers who want to make comments. Unfortunately, most companies do not respond to the critical comments from customer feedback and lose the opportunity to create a positive dialogue with the unhappy customer. Responsive companies write and thank customers for their observations, and respond appropriately to the comments; such a response can turn a critical customer into a potentially loyal customer. Unfortunately, negative comment cards and questionnaires can be deliberately 'lost' by employees who do not want to be disciplined if they are responsible for the customer complaint. A key issue regarding encouraging customers to complain concerns unit managers who do not want to be seen as having a poor complaints record, even though a positive attitude to encouraging complaints could mean that their unit is actually providing a better service than units with a lower level of complaints.

Treat customers fairly

Customers have a sense of 'fairness'. Following their complaint, customers look for three types of fairness from the company (Tax and Brown, 1998):

- 1 *Outcome fairness* refers to the tangible result the customer expects to receive after a complaint. Hospitality companies use a range of compensation options when customers complain, including apologies, replacing a menu item, providing a complimentary drink, providing a room upgrade, reducing charges or offering complimentary accommodation/meals, depending upon the type of complaint. Most customers expect fair compensation in respect of the magnitude of the complaint. If the outcome is 'fair', the customer at least feels that the company took the complaint seriously. However, when companies refuse to offer compensation, or the compensation offered is regarded as 'unfair', then the unhappy customer will be disappointed or even angry.
- 2 *Procedural fairness* refers to the company's policy and procedures for handling complaints. When a problem arises, customers ideally want the first employee they talk to to be able to sort out the problem or find someone who can. Procedural fairness links to the company's policy and processes on responding quickly and efficiently to the complaint. Customer-contact employees and front-of-house management need to find out what the customer's problem is, apologize, and take prompt, courteous and efficient action to provide a solution. This can significantly reduce or eradicate the complaint during the moment of truth.
- 3 *Interactional fairness* refers to customers expecting employees and management to treat them politely and honestly. Customers want companies genuinely to care about their problem. This might seem to be commonsense, but some hospitality companies do not provide training in customer care and do not allow front-line employees to take decisions. Some employees lie to customers and to management, and do not take customer complaints seriously. When customers feel they are unfairly treated because of the response from the customer-contact employees, they are more likely to defect to competitors.

Learning from customer complaints

Analysis of the pattern of customer complaints provides important clues to sources of service failure. If customers consistently complain about a certain problem, then management can develop solutions to the problem, reduce customer complaints

and improve customer satisfaction. By using customer complaint data, the service process and marketing offer can be much improved.

The recovery paradox

It has been shown that customers who experience a service failure, complain, and then are extremely satisfied by the response from the company, can become even more loyal than customers who have enjoyed good service and not had cause for complaint. The recovery paradox demonstrates that an effective service recovery strategy can redeem a potentially disastrous situation, and turn customers with complaints into loyal customers. Excellent service recovery demonstrates two dimensions of service quality – empathy and responsiveness – that are less visible when service is delivered right first time.

Professional complainers

Hospitality companies are aware that some customers like to complain about the service in the hope of obtaining compensation. Companies like Hampton Inns record the details of customers who complain on dubious grounds in the CRS database. If these customers want to book again, they are informed at the time of booking that any complaints may not receive compensation. Tour operators that normally compete will sometimes share data on customers who are serial complainers.

Conclusion

Designing the service process to deliver what customers expect from the hospitality offer is a crucial component of encounter marketing. Companies need to develop a deep understanding of customer expectations to ensure that the service process delivers satisfaction. However, in the hospitality business there will always be some customers who complain, so companies must have a service recovery strategy to respond to complaints. Indeed, managing complaints effectively can turn dissatisfied customers into very loyal customers.

In this chapter, we have explained:

- How processes can be categorized as vertical or horizontal, front-office or back-office, and primary or secondary
- The importance of managing service processes to deliver customer satisfaction
- The five dimensions of service quality – reliability, empathy, tangibles, responsiveness and assurance
- The gaps model of service quality, which can explain the gap between customer expectations and customer perceptions of service quality after the service performance
- How to map a hospitality service using blueprinting
- The complexity and divergence in service process strategies
- The reasons for service failure in a hospitality context

- The characteristics of customers who complain – passives, voicers, irates, activists and terrorists
- When and how customers complain
- The role of service recovery strategies
- The importance of auditing service process strategies to ensure conformance to brand standards.

Now check your understanding by answering the following questions:

Review questions

- 1 Discuss the role of service process management in hospitality from a marketing perspective
- 2 Evaluate the gaps model of service quality, using examples from the hospitality industry
- 3 Map a hospitality service process that you know either as an employee or as a customer, evaluate the service from the view of a customer, and make recommendations to improve service quality
- 4 Discuss the reasons for service failure in the hospitality business, and suggest what companies should do when a customer complains.

References and further reading

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