

Marketing Colleges and Universities in a Service Economy

(what your textbooks got wrong)

**Presented by
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Changes in the Service Sector

- 1) Shift in the Base of World Economies
- 2) Your customer's Expectations Are Shifted by Forces Outside Your Industry
- 3) Technology, Technology, Technology!

Shift in World Economies

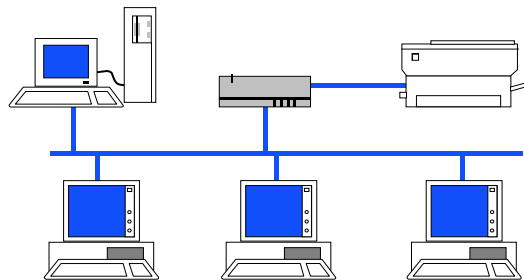
- Agricultural
- Industrialization
- Service

Your Customer's Expectations Are Shifting!

- Your customer expects your service to be:
 - Perfect
 - Immediate
 - Free

Opportunities Spring from Technology

- ✓ Creation of new or improved service
- ✓ More involvement of customers in operation tasks through self-service
- ✓ Creation of centralized customer service departments
- ✓ Recording customer information on easily accessible data banks



***“There are no such things as service industries.
There are only industries whose service
components are greater or less than those of other
industries. Everybody is in service.”***

Theodore Levitt

***“If you are not servicing the customer, you had
better be servicing someone who is.”***

Albrecht & Zemke

Differences Between Services and Packaged Goods

- Intangibility
- Inseparability
- Variability
- Perishability
- Trust is a key component
- The customer participates in the process

Criterion for Satisfaction Is Different

(1) Three Classifications

- Search
- Experience
- Credence

(2) Consumers use personal sources more frequently

(3) They rely on quality image

(4) Evoked set is smaller for services

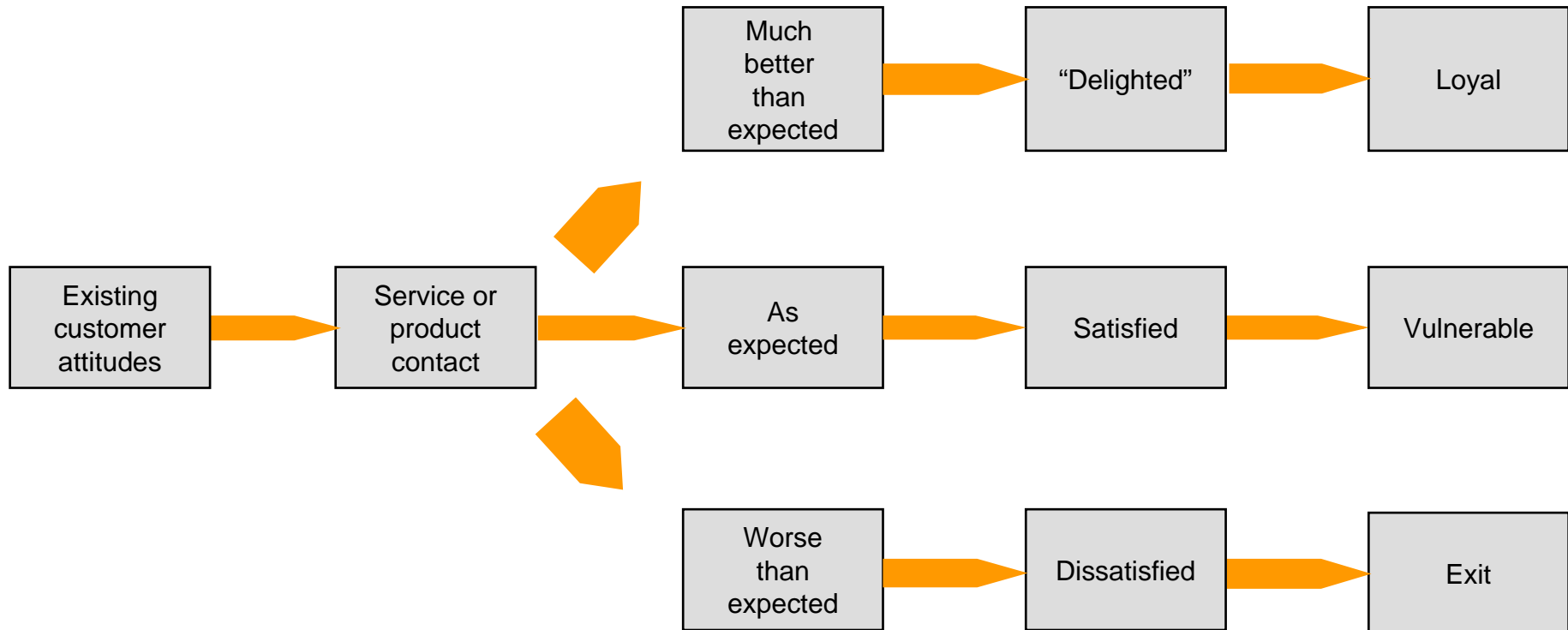
(5) The consumer is a competitor

(6) Emphasis on reduction of perceived risk

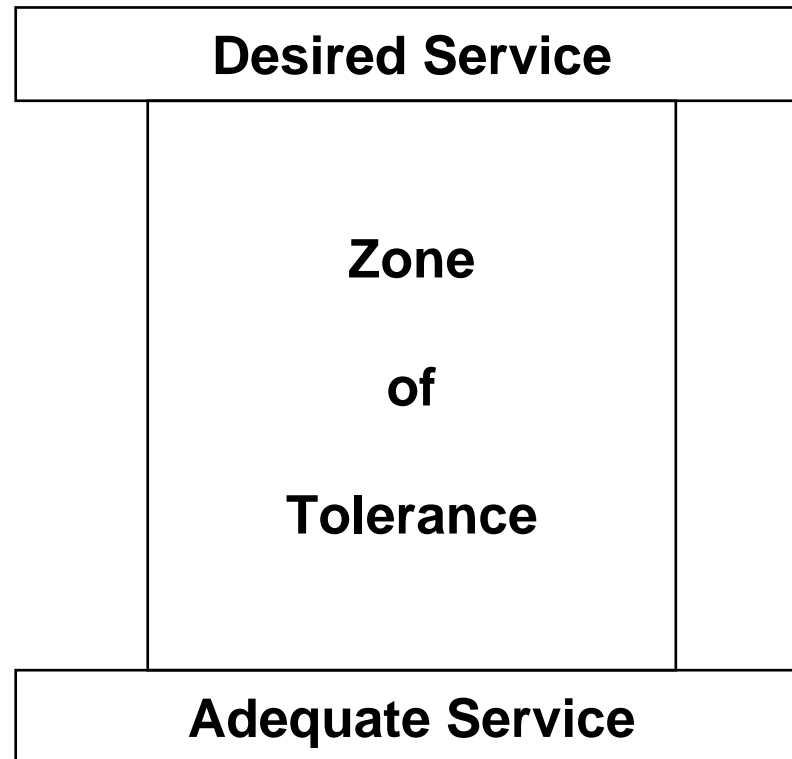
In the next decade customer satisfaction will surpass profits as the key performance measures.

(Study by Korn/Ferry International, Oct. 1996)

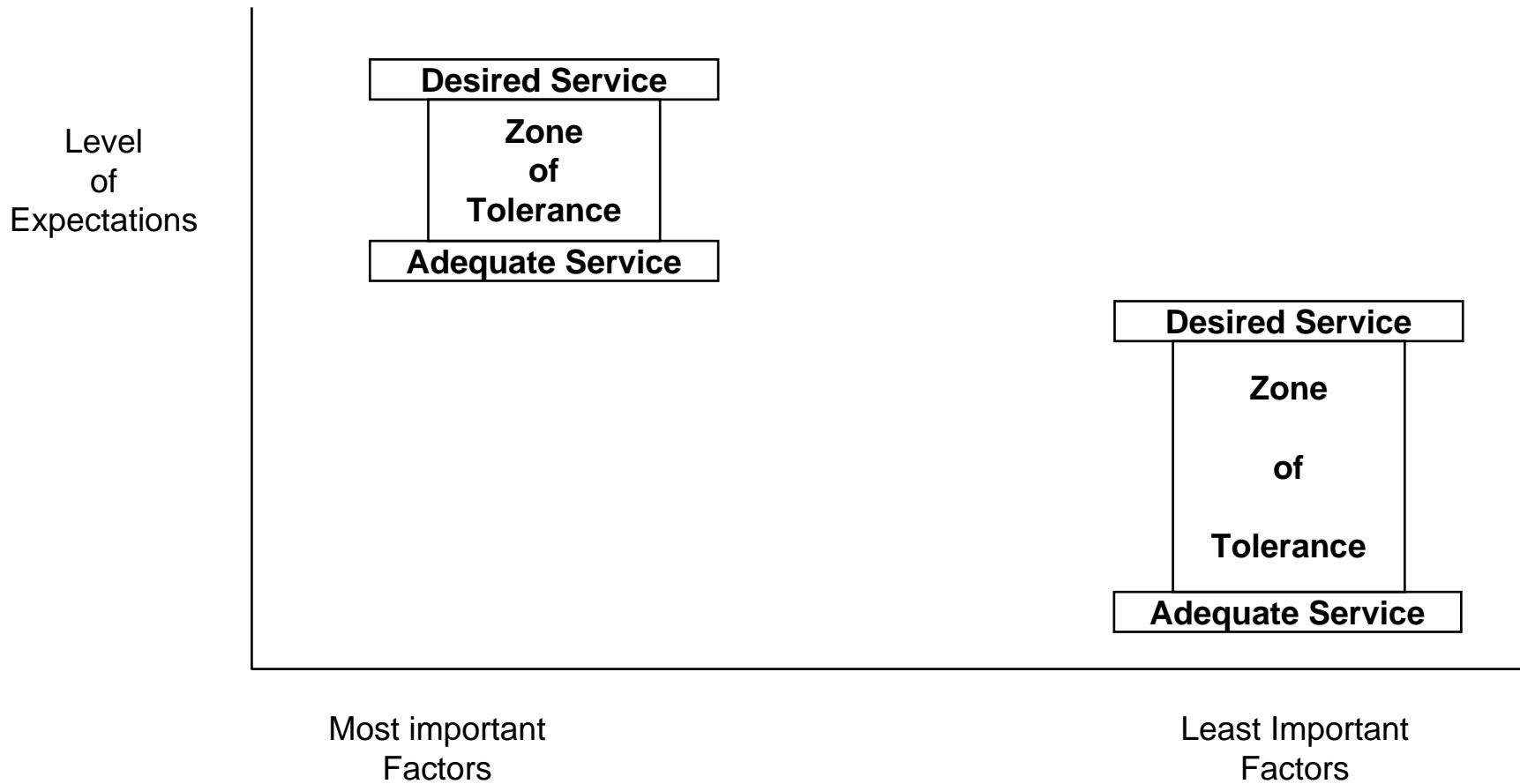
Performance–Attitude–Behavior Model



It is all about expectations!

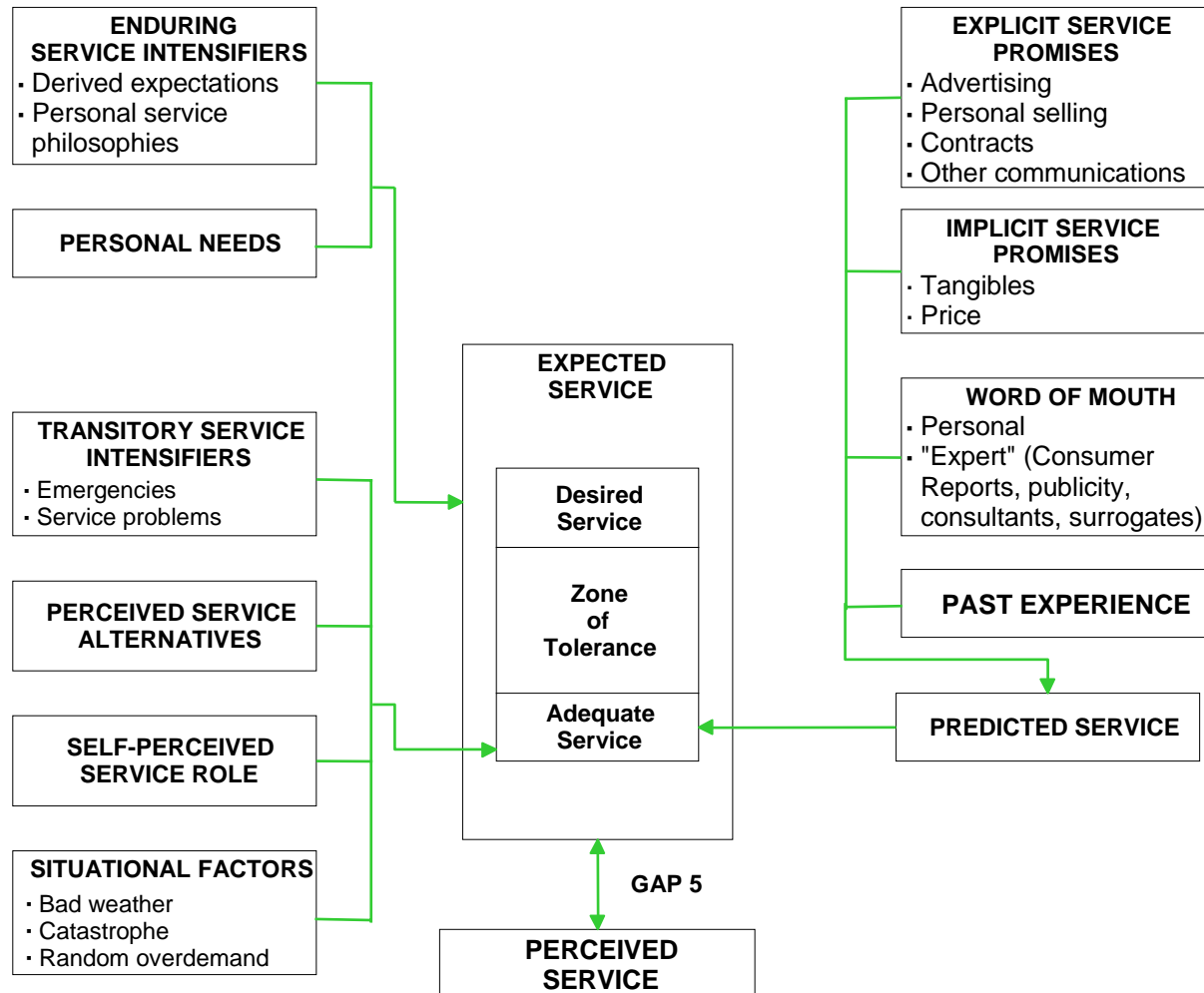


Source: Zeithaml & Bihner, 1996



Source: Berry, Parasuraman, Zeithaml, 1993

Nature and determinants of customer expectations of service



Ways Service Marketers Can Influence Factors

Controllable factors

Explicit service promises

Possible influence strategies

Make realistic and accurate promises that reflect the service actually delivered rather than an idealized version of the service.

Ask contact people for feedback on the accuracy of promises made in advertising and personal selling.

Avoid engaging in price or advertising wars with competitors because they take the focus off customers and escalate promises beyond the level at which they can be met.

Formalize service promises through a service guarantee that focuses company employees on the promise and that provides feedback on the number of times promises are not fulfilled.

Ways Service Marketers Can Influence Factors

Controllable factors

Implicit service promises

Possible influence strategies

Assure that service tangibles accurately reflect the type and level of service provided.

Ensure that price premiums can be justified by higher levels of performance by the company on important customer attributes.

Ways Service Marketers Can Influence Factors

Less Controllable factors

Possible influence strategies

Enduring service intensifiers

Use market research to determine sources of derived service expectations and their requirements. Focus advertising and marketing strategy on ways the service allows the focal customer to satisfy the requirements of the influencing customer.

Personal needs

Use market research to profile personal service philosophies of customers and use this information in designing and delivering services.

Transitory service intensifiers

Educate customers on ways the service addresses their needs.

Increase service delivery during peak periods or in emergencies.

Ways Service Marketers Can Influence Factors

Less Controllable factors

Perceived service alternatives

Self-perceived alternatives

Word-of-mouth communications

Possible influence strategies

Be fully aware of competitive offerings and, where possible and appropriate, match them.

Educate customers to understand their roles and perform them better.

Simulate word-of-mouth in advertising by using testimonials and opinion leaders.

Identify influencers and opinion leaders for the service and concentrate marketing efforts on them.

Use incentives with existing customers to encourage them to say positive things about the service.

Ways Service Marketers Can Influence Factors

Less Controllable factors

Past experience

Situational factors

Predicted service

Possible influence strategies

Use marketing research to profile customers' previous experience with similar services.

Use service guarantees to assure customers about service recovery regardless of the situational factors that occur.

Tell customers when service provision is higher than what can normally be expected so that predictions of future service encounters will not be inflated.

Source: Zeithaml & Bitner, 1996

Other's Definition

Quality = Zero Defects

– Deming

Conformance to specifications

– Crosby

“Attention to detail and exceeding customer expectations”

– Disney

The Customer's Definition

– Berry et al

- **Reliability**
 - Consistency
 - Dependability
 - Honor your promises

- **Responsiveness**
 - Willingness/readiness of employees to provide service
 - Timeliness of service

- **Competence**

- Possession required skills and knowledge
- Of contact personnel
- Of operational support personnel
- Research capability of firm

- **Access**

- Approachability and ease of contact

- **Courtesy**
 - Politeness
 - Respect
 - Consideration
 - Friendliness



- **Communication**
 - Keeping customers informed in language they understand
 - Listening to customers

- **Credibility**

- Trustworthiness
- Believability
- Honesty

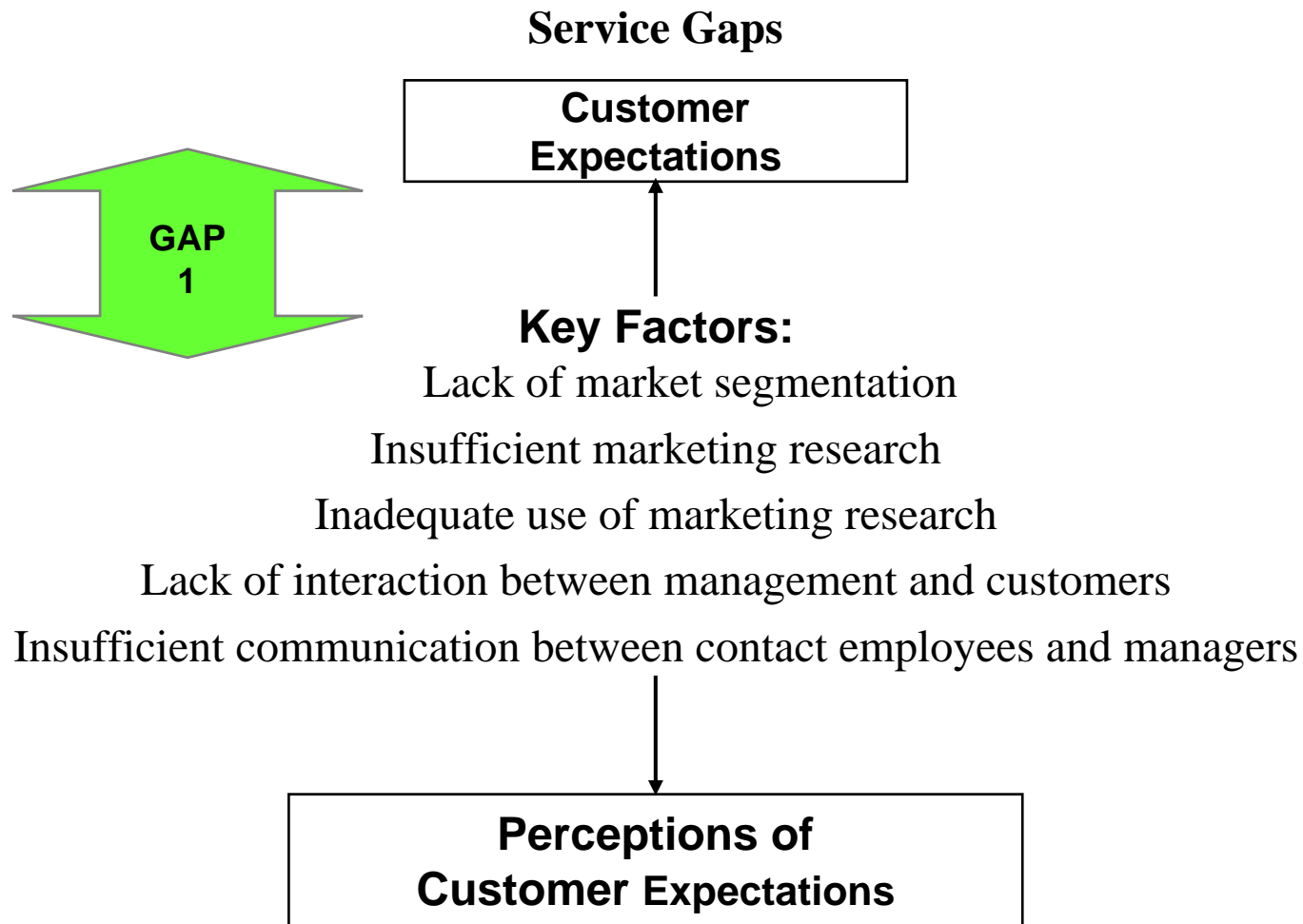
- **Security**

- Freedom from danger, risk or doubt
- Physical safety
- Financial
- Confidentiality

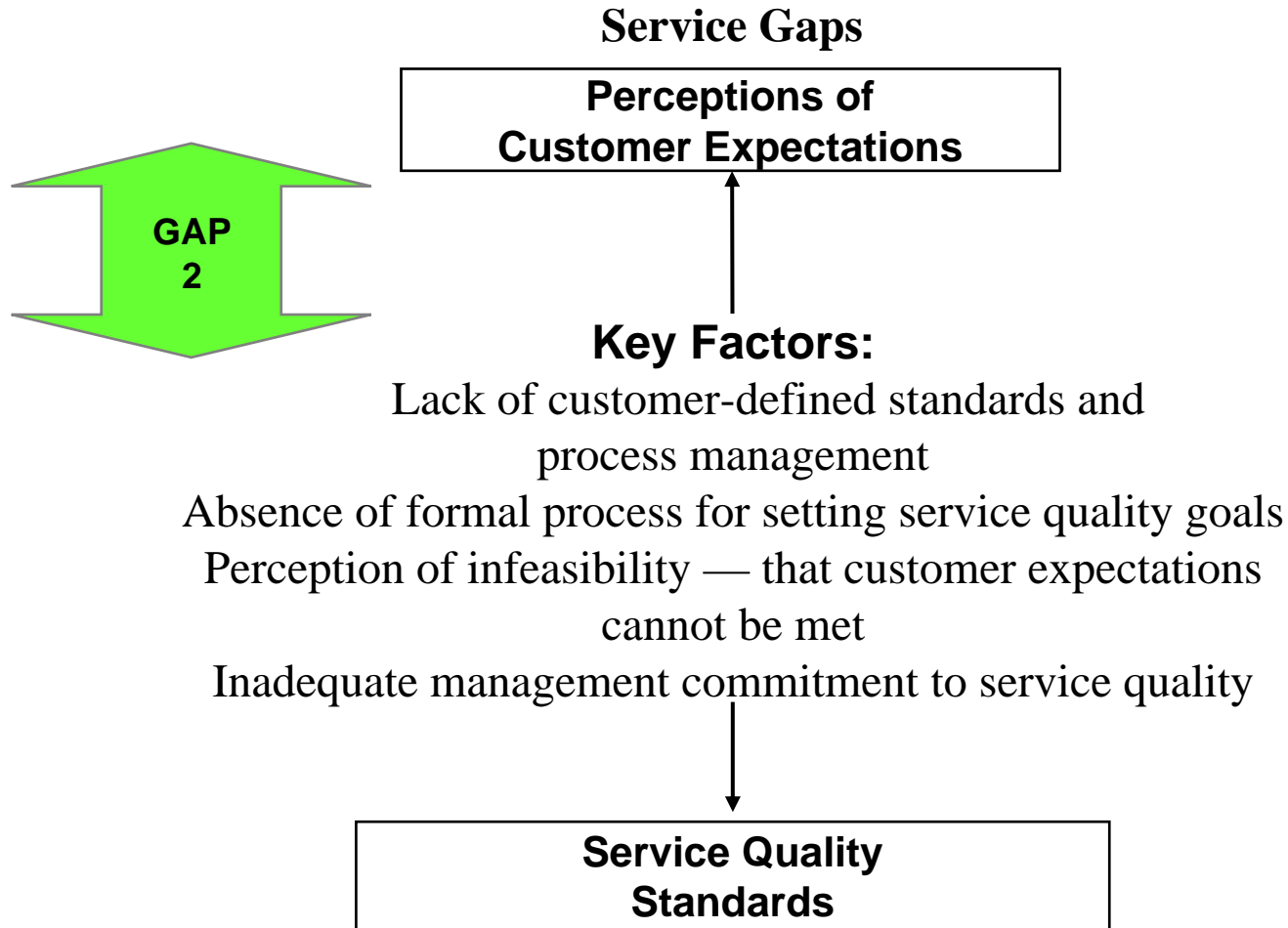
- Understanding the Customer
 - The marketing concept
 - Specific customer requirements
 - Individualized attention
 - Recognizing the regular customer

- Tangibles
 - Physical evidence of service
 - Facilities
 - Personnel
 - Other customers
 - Tools or equipment

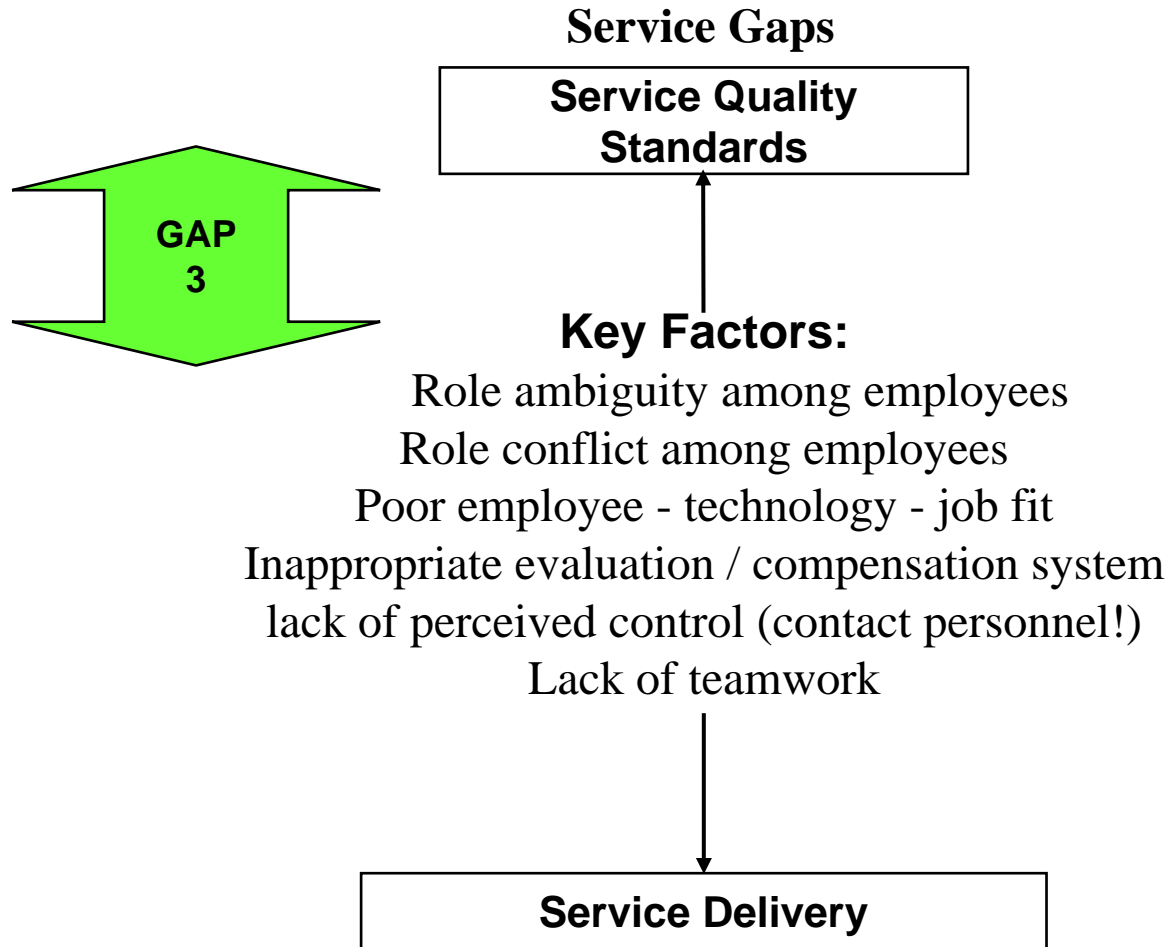
Breakdown in Service Quality



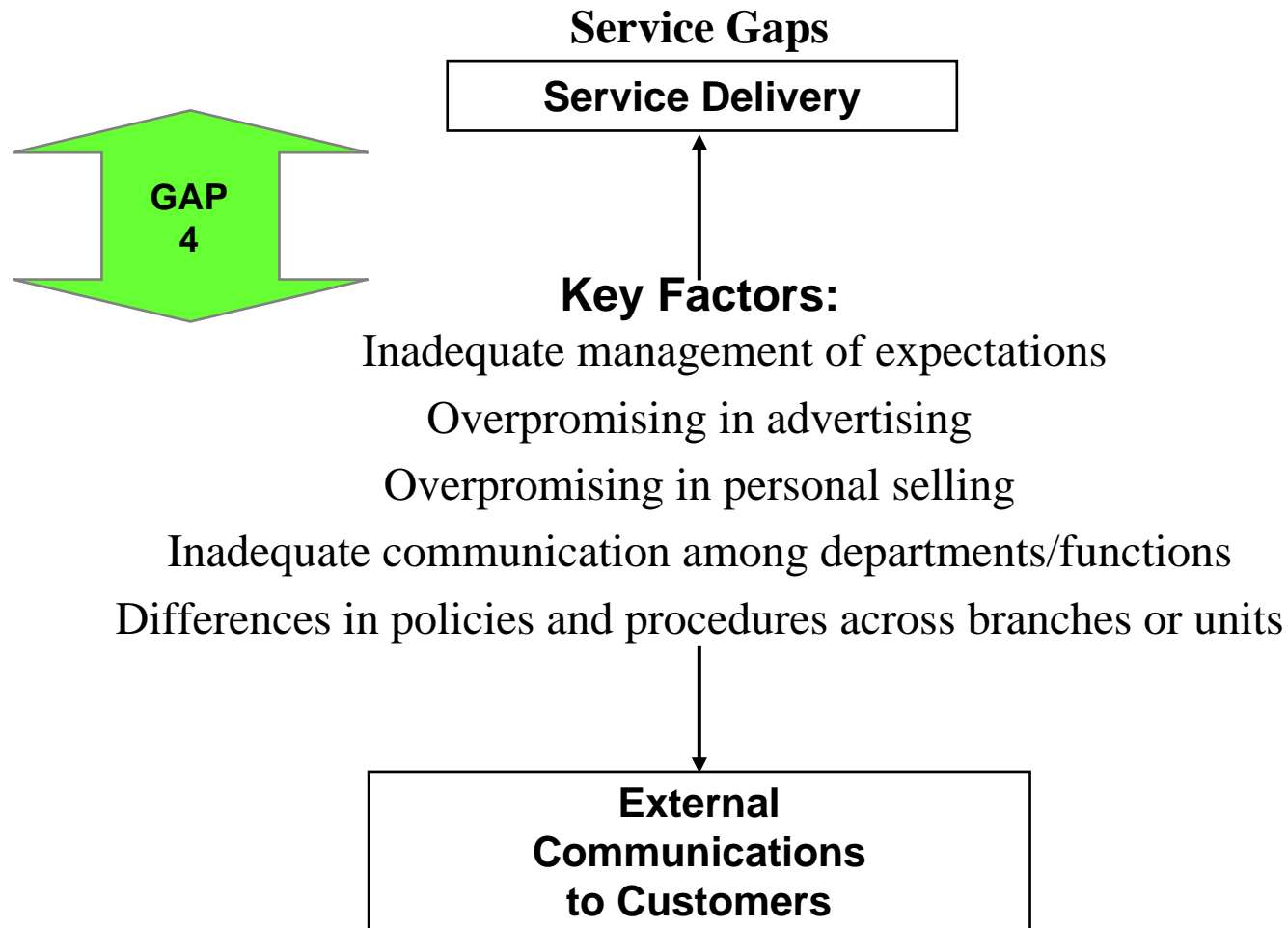
Breakdown in Service Quality



Breakdown in Service Quality



Breakdown in Service Quality



Service Recovery

Technical Assistance Research Programs, Inc.

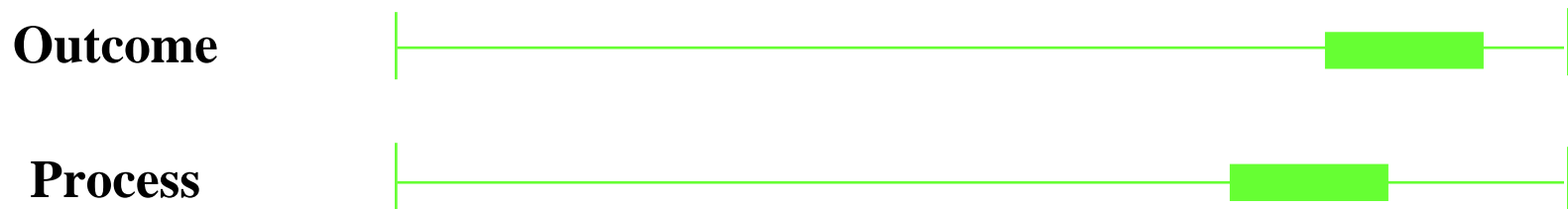
1. The average business never hears from 96% of its unhappy customers.
2. For every complaint received the average company has 26 customers with problems, 6 are considered “serious.”
3. Complainers are more likely than non complainers to do business again.
4. 54% to 70% of complainers will do business again if complaint is handled – 95% will if complaint is handled quickly.
5. Average dissatisfied customer tells 9 to 10 people about it – 13% tell more than 20 people.
6. Those who had complaints handled properly tell 5 people.

Zones of Tolerance for First Time and Recovery Service

First Time Service



Recovery Service



In Service Recovery Effects

- ✓ Do it very right the second time
- ✓ Recover quickly
- ✓ Make amends for the hassle factor
- ✓ Find the root cause
- ✓ Plan for future breakdowns

Thank you!