

Module (IV)

Customer Relations and Services

28 June 2018

Key Topics



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- Customer Services
 - The nature of the customer services
 - Parasuraman's five service dimensions – "RATER"
 - Service Triangle
- Customer Relations
 - Company policies on customer service
 - Parasuraman's Gap Model of Service Quality

Definition of Service



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- Any act of performance that an organization offers an intangible product to a customer that does not result in the ownership of something and it may or may not involve with a physical product.

The Nature of Services

Goods	Services	Implications on the Provision of Customer Service
Tangible	Intangible	<ul style="list-style-type: none">• Most services cannot be seen, touched, held, or put on a shelf
Separable	Inseparable	<ul style="list-style-type: none">• For most services, the production and consumption of the service occur simultaneously
Standardised	Heterogeneous/ Variability	<ul style="list-style-type: none">• It is hard for a service organization to standardize the quality of its service performance
Non-perishable	Perishable	<ul style="list-style-type: none">• Most services cannot be produced or stored before consumption. They exist only at the time of their production

Hospitality Service



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Product-service mix

- Tangible products and intangible customer services
- Tangible features can be easily imitated by competitors
 - Food and drinks
 - Physical facilities and amenities
- The customer services offered can differentiate itself from competitors
 - The qualities of staff
 - The way they deliver the service to customers

What is Customer Service?



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- Customer service is an act of taking care of the customers' needs by providing and delivering professional, helpful, high quality service and assistance before, during, and after the customers' requirements are met.

Why is Customer Service Important?



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- Customers nowadays are more sophisticated
- A lot of choices in when, where and how for customers to buy their goods and services
- Only satisfied customers would consider revisit the organization, unless there is no other choices

Also,

- It is a lot more costly, five to ten times as much, to find a new customer than to retain an existing one

Implication of Losing Customers



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- Lost sales and revenue
- Lost feedback and no opportunity to improve
- May become an opportunity for the competitor

The Cost of Losing a Customer

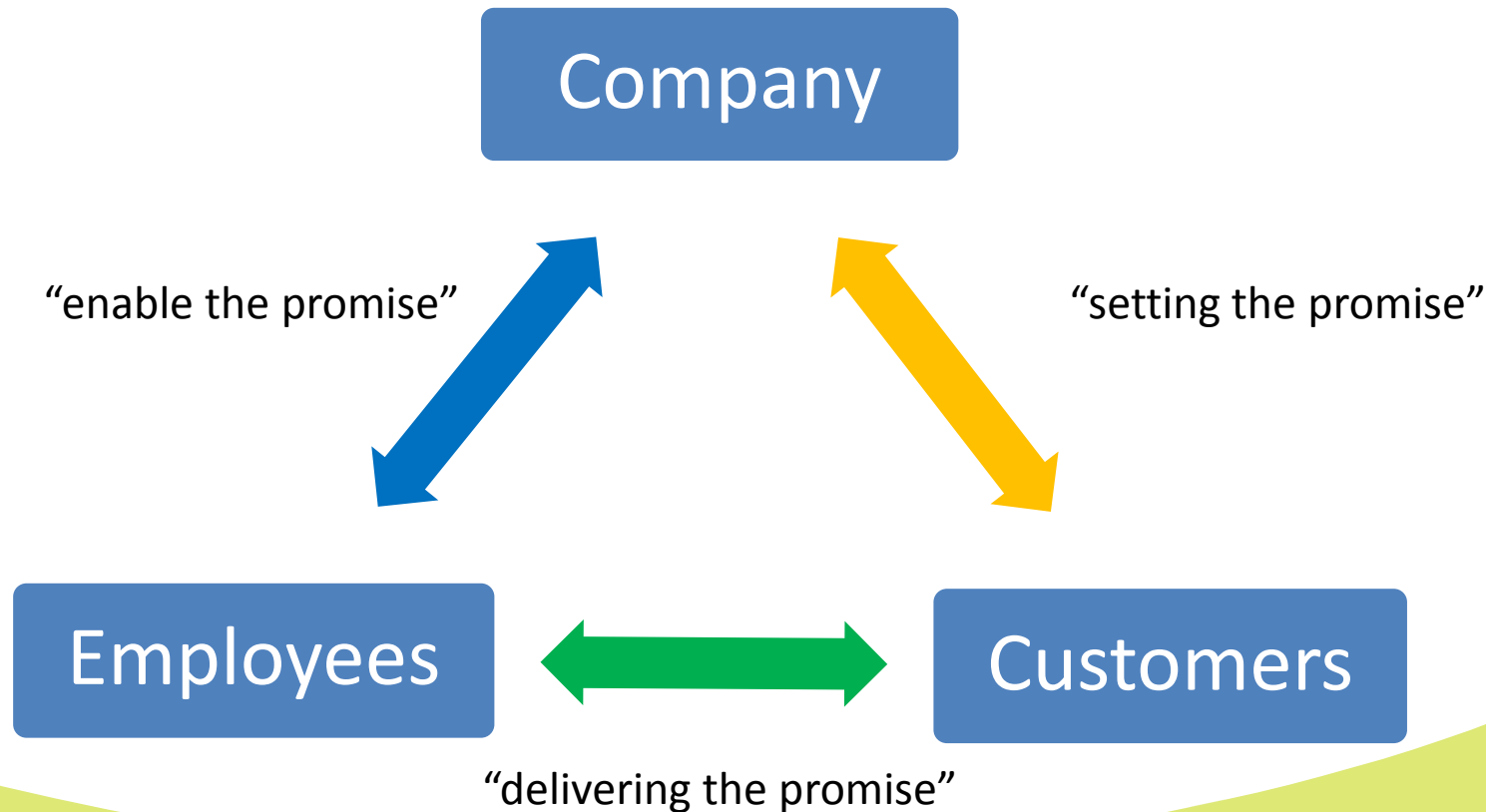


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Supplementary reading:

- The True Cost of Losing a Customer
 - By Aaron Pederson
 - Infographic, 2017-10-12
 - <https://www.linkedin.com/pulse/true-cost-losing-customer-aaron-pedersen>

Service Triangle



Source: Adapted from Mary Jo Bitner,
Christian Gronroos, and Philip Kotler

Setting the Promise



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- Traditional marketing communications
- Sales and promotion
- Advertising
- Internet and web site communication
- Understanding customer needs
- Managing expectations

Delivering the Promise



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- Service delivery
- The Customer Experience
- Face-to-face, telephone & online interactions
- Customer interactions with sub-contractors or business partners
- The “moment of truth”

Enable the Promise



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- Hire the right people
- Train and develop people to deliver service
- Employee empowerment
- Support systems
- Appropriate technology and equipment
- Rewards and incentives

Moments of Truth

- These are guest encounters
- Every hospitality organization has thousands of “moments of truth” every day
- Some of them include:
 - A customer calls the restaurant for a table reservation
 - A waiter takes an order
 - A waiter presents the food and drinks to the customer
 - A waiter brings the check
 - A customer leaves the restaurant

What is RATER?

- The RATER framework evolved from the SERVQUAL study designed by psychologists A. Parasuraman, Valarie Zeithaml, and Leonard L. Berry in 1988
- The RATER framework is used to study customer relations and service improvement
- It is used for businesses to better understand, meet, and exceed customers' expectations

Parasuraman's Five Service Dimensions – “RATER”



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- Reliability
- Assurance
- Tangibles
- Empathy
- Responsiveness

Parasuraman's Five Service Dimensions – “RATER” (Cont'd)

- **Reliability:** Do you deliver as promised?
- **Assurance:** Does your organization inspire trust and confidence?
- **Tangibles:** Does your company present itself professionally?
- **Empathy:** Are your team members understood and empowered to solve problems?
- **Responsiveness:** Does your team address queries within the expected time frame?

Reliability Dimension

The ability to complete the service:

- On time
- Consistently
- Error free every time
- As promised

Reliable Company



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- Have well-trained and knowledgeable staff
- Handles complaints and problems sincerely
- Provides services as promised
- Performs services right at the first time

Activity 1

- 快運取消下周18航班 飛日韓3000客受影響
 - 頭條日報 2017-09-30
 - <http://t.cn/RB3K9FW>
- 香港快運東京返港3度延誤共21小時 旅客通宵撲酒店
 - 星島日報 2016-01-28
 - <http://t.cn/RB3Nx6>

Question:

- How reliable is HK Express in these two incidents?
 - Our Commitment, HK Express Website
 - https://www.hkexpress.com/en-hk/Community_Care/Our_Commitment

Supplementary Readings



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- 伺服器秊檔網上服務一度癱瘓 國泰認衰致歉
 - 東網 2018-06-03
 - <http://t.cn/RB36rph>
- [空頭機票]凱富旅行社被停牌 旅議會接60宗投訴
 - 頭條日報 2017-12-20
 - <http://t.cn/RB3KcXJ>
- 活龍蝦換成死蝦食客險變「水魚」
 - 星島日報 2016-01-28
 - <http://std.stheadline.com/yesterday/loc/0128ao08.html>

Assurance Dimension



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- The knowledge and courtesy of employees and their ability to inspire trust and confidence
- Employees are expected to be the experts of the service they're delivering

Supplementary Readings



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- McDonald's Faces Declining Sales In Asia After China Food Scandal
 - By Trefis Team Contributor, Great Speculations
 - Forbes, 2014-09-13
 - <https://www.forbes.com/sites/greatspeculations/2014/09/11/mcdonalds-faces-declining-sales-in-asia-after-china-food-scandal/#24d5075e6de1>
- 員工蹲後巷以路邊積水洗碗 大馬餐廳道歉：新來的不懂
 - 頭條日報 2018-06-05
 - <http://t.cn/RB39Tba>

Assurance Dimension (Cont'd)



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- Companies must communicate their expertise and competencies to the customers
- By communicating competencies, one can help manage customer expectations
- Hire knowledgeable staff and give them training for updates

Communicating Expertise and Competencies



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- Display industry certifications on patches, badges or buttons worn by employees
- Include certification logos on emails, letters & reports
- Put certifications into posters, newsletters & handouts

International Standards and Quality Awards



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International Organization for Standardization	
https://www.iso.org/home.html	
Six Sigma Awards	
https://www.isixsigma.com/community/awards-and-standards/	
Malcolm Baldrige National Quality Award	
https://www.nist.gov/baldrige/baldrige-award	

Awards for Quality Service in Hong Kong



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	<p>Quality Tourism Scheme, Hong Kong Tourism Board</p> <p>http://www.discoverhongkong.com/eng/plan-your-trip/qts-scheme/index.jsp</p>
	<p>Hong Kong Q-Mark Service Scheme, Hong Kong Q-Mark Council, Federation of Hong Kong Industries</p> <p>www.qmark.org.hk/en/q_mark_service.html</p>
	<p>Hong Kong Management Association Quality Award</p> <p>www.hkma.org.hk/qa/app_pro_chart.htm</p>

Tangibles Dimension

- Appearance of physical facilities, equipment, personnel, and communication materials
 - Attractiveness of the physical facilities
 - Neat and professional appearance of staffs
 - Modern-looking and well-maintain equipment
 - Appealing materials associated with the service

Supplementary Readings:



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- Etiquette & Engagement: Tasteful
 - The Ritz Carlton Leadership Center, 2016-01-22
 - <http://ritzcarltonleadershipcenter.com/2016/01/etiquette-engagement-tasteful/>
- Teachable Moment: Cleanliness
 - The Ritz Carlton Leadership Center, 2016-09-08
 - <http://ritzcarltonleadershipcenter.com/2016/09/teachable-moment-cleanliness/>

Tangibility: Smell

Supplementary Reading:

- Smells Like Vacation
 - By Cynthia Drescher, Places
 - Furthermore by Equinox, 2016-10-21
 - <https://furthermore.equinox.com/articles/2016/10/hotel-scents>

Example in Hong Kong:

- Langham Hotel Hong Kong

Empathy Dimension



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- The ability to experience another's feelings as one's own
- Provide caring individualized attention to the customers

Example: Airport Hotels



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- A lot of customers at airport may have long flights or cancelled flights
- Staff acknowledge the customers' difficulty, show concern and their understanding can enhance the guest experience

Example: Flexible Menu

- People often have food preferences, allergies or other dietary restrictions
- Customers are getting used to being able to make desired changes to their meal
- Restaurants need to have a flexible menu
 - Be able to offer alternatives choices
 - Be aware of potential allergens
 - Be prepared for substitutions for menu items
 - Have healthy alternatives available like fresh and organic items

Supplementary Reading



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- 機場美食廣場優化 全日營業
 - 東網 2018-05-04
 - www.orientaldaily.on.cc/cnt/news/20180504/00176_084.html

Go the Extra Mile for your Customers



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- Learn the names of regular customers and make them feel appreciated and acknowledged
- Learn the customers preferences and make suggestions that seem sincere and unique
- Actively communicate with your customers

In digital world

- Have an active presence on social media
- Respond to negative reviews and customer disputes directly and honestly

Go the Extra Mile for your Customers: Four Seasons Whistler's Way



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- Build Customer Loyalty And Command A Premium: The Four Seasons, Nordstrom Way
 - By Micah Solomon, Contributor
 - Forbes, 2015-07-01
 - <https://www.forbes.com/sites/micahsolomon/2015/07/01/charge-more-money-command-more-customer-loyalty-lessons-from-four-seasons-and-nordstrom/#1a1f8db93334>

Responsiveness



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- Willingness to provide prompt service to customers
- Willing to help customers
- Never be too busy to respond to customer requests

Case Study: Service at the Swimming Pool – The Four Seasons Hotel



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- All guests are welcome at the entrance of the pool by two staff
- All guests will be seated
- Two staff accompany each guest to prepare his chair, setting up towels, mattress protection
- Each guest will receive a welcoming tray with water and towels

Case Study: Service at the Swimming Pool – The Four Seasons Hotel (Cont'd)



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- Attentive staff constantly follow-up the amenities of each guest, even when the guest is away from his/her chair
- Every second hour, staff will bring some free cookies, ice-creams, ice drinks to each guest
- Immediate attention to departing guests and quick cleanup of abandoned seats

Question

Why does The Four Seasons Hotel do all these?

Case Study: Service at the Swimming Pool – The Four Seasons Hotel (Cont'd)



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Objectives of the service:

- To Maintain Reliability
 - Control the usage of the pool, so that the pool is always ready for guests' use
- To Maintain Assurance
 - Assure the facility is safe to use and in its best condition
- To Maintain Tangibility
 - Protect the exclusivity, tidiness and aesthetic of the pool environment

Case Study: Service at the Swimming Pool – The Four Seasons Hotel (Cont'd)



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Objectives of the service (Cont'd):

- To Perform Empathy
 - Let guest feel being pampered, treated like VIP
 - Understand the guests' need and serve the extra refreshment and amenity timely without the request of the guests
- To Maintain Responsiveness
 - Attentively standby the pool for customer services

Service Quality



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- Service quality is a comparison of perceived expectations of service with perceived performance
- If the service provided meets customers' expectations, then the customer is satisfied
- If the service provided is not up to customers' expectations, then the customer is dissatisfied
- Dissatisfaction arises due to "Gaps" that arise in customer service

What are the Reasons for Service Failure?

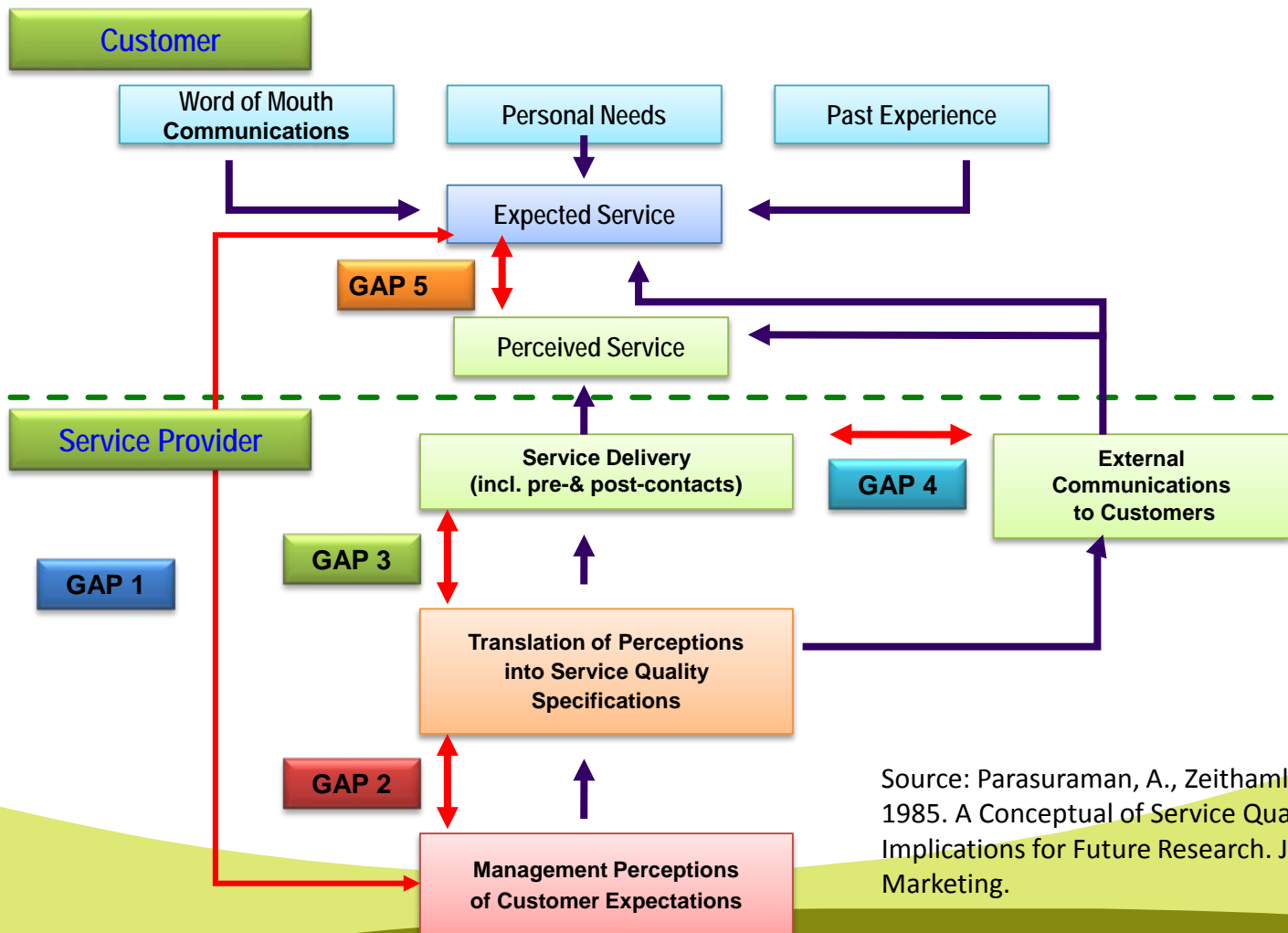


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Supplementary Readings

- 容記小菜王爆懷疑食物中毒個案
 - 東網 2018-05-12
 - http://orientaldaily.on.cc/cnt/news/20180512/00176_072.html
- 筆下風雲：香港勝在懂變通
 - By 程萬里
 - 東網 2018-04-17
 - http://www.orientaldaily.on.cc/cnt/news/20180417/00184_005.html
- 九龍香格里拉拉空調未恢復正常
 - 東網 2018-06-22
 - http://www.orientaldaily.on.cc/cnt/news/20180622/00176_071.html

Parasuraman's Gap Model of Service Quality



Source: Parasuraman, A., Zeithaml, V.A., Berry L.L. 1985. A Conceptual of Service Quality and its Implications for Future Research. Journal of Marketing.

Gaps in Service Quality:

Gap 1: The Knowledge Gap

Customer Needs and Expectation



Management Definition of the Needs and Expectation

Problem:

- Not knowing what customers expect

Reasons:

- Lack of interaction between management and customers
- Insufficient communication between employees and management
- Insufficient marketing research about customers
- Lack of market segmentation
- Focus on transactions rather than relationships

Gaps in Service Quality:

Gap 1: The Knowledge Gap (Cont'd)



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Measures to improve:

- Learn what customers expect
- Improve market research
- Enhance communication between management and its employees
- Reduce management levels

Understanding the Customers



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- Etiquette & Engagement: Concise
 - The Ritz Carlton Leadership Center, 2015-10-30
 - <http://ritzcarltonleadershipcenter.com/2015/10/etiquette-engagement-concise/>

Gaps in Service Quality:

Gap 2: The Service Design and Standard Gap

Management Perception of Customer Expectations



Translation of Perceptions into Service Specifications

Problem:

- Not selecting the right service design standards

Reasons:

- Poor service design
- Inappropriate physical evidence
- Unsystematic new service development process
- Failure to connect service design to service positioning
- Absence of process management to focus on customer requirement

Gaps in Service Quality:

Gap 2: The Service Design and Standard Gap (Cont'd)



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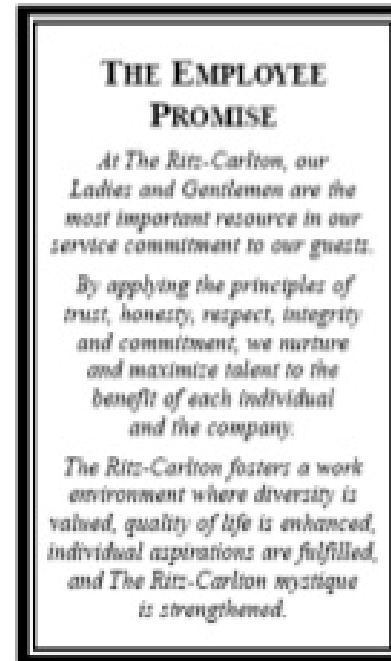
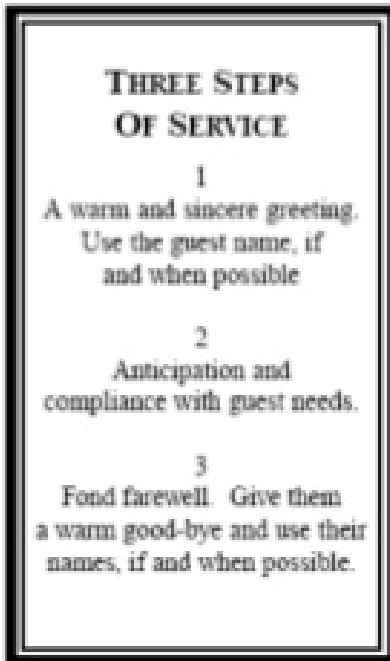
Measures to Improve:

- Establish the proper service quality standards
- Set specific goals
- Standardise service delivery tasks
- Investigate possibilities regularly to satisfy customers' needs
- Top management commitment to quality
- Enhance communication between top management and frontline staff about the goals and standards

Example: The Gold Standards at The Ritz Carlton



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Gold Standards

The Ritz Carlton website

www.ritzcarlton.com/en/about/gold-standards

Gaps in Service Quality:

Gap 3: The Service Performance Gap

Translation of Perceptions into Service Specifications



Execution of Service Specifications

Problem:

- Difference between specified standard and service staff's actual performance on these standards

Reasons:

- Ineffective recruitment
- Lack of empowerment, perceived control and teamwork
- Role ambiguity and role conflict
- Inappropriate evaluation and compensation systems
- Failure to match supply and demand
- Customers lack knowledge of their roles and responsibilities

Gaps in Service Quality:

Gap 3: The Service Performance Gap (Cont'd)



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Measures to Improve:

- Ensure service performance meets standards
- Enhance communication
- Hire right people for the right job with appropriate training
- Build teamwork and empowerment
- Provide appropriate and reliable technology and equipment
- Educate customers to their role in service

Supplementary Reading



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- How Ritz-Carlton And Four Seasons Empower Employees And Uphold Customer Service Standards
 - By Micah Solomon , Contributor
 - Forbes, 2013-10-28
 - <https://www.forbes.com/sites/micahsolomon/2013/10/28/four-seasons-and-ritz-carlton/#2a4430274d22>

Supplementary Reading



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- Four Seasons' Customer Service: Consulting The Systems Behind The Click Of A Hotel Door
 - By Micah Solomon , Contributor
 - Forbes, 2013-11-17
 - https://www.forbes.com/sites/micahsolomon/2013/11/17/secret_shopping_four_seasons/#79028f2d3f38

Gaps in Service Quality:

Gap 4: The Communication Gap



Problem:

- Not matching performance to promises made by the company

Reasons:

- Not managing customers' expectation through all forms of communication
- Exaggerated promise to customers
- Insufficient communication between departments
- Insufficient information to service staff

Gaps in Service Quality:

Gap 4: The Communication Gap (Cont'd)



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Measures to Improve:

- Avoid over-promising
- Reinforce internal communication
- Manage customers' expectations by letting them know what is or is not possible
- Ensure advertising content accurately reflects those service characteristics

Gaps in Service Quality:

Gap 5: Customer Satisfaction Gap



Problem:

- Difference between customers' expectation on service and the customer perceptions of the service provided

Reasons:

- Perception gap recognises that the customers do not always correctly understand what the service has done to them
- Depend on the size and direction of the four gaps (Gap) associated with delivery of service

Company Policies on Customer Service



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- Mandarin Oriental Hotel Group's mission statement:

Our mission is to completely delight and satisfy our guests. We are committed to continual improvement, to making a difference every day and to being the best.

Mission and Guided Principle, Mandarin Oriental Hotel Group Corporate Website
<https://www.mandarinoriental.com/about-us/mission/>

Company Policies on Customer Service (Cont'd)



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- Shangri-la Hotels & Resorts Mission Statement:

To delight our guests every time by creating engaging experiences straight from our heart.

Vision and Mission, Shangri-la Hotels and Resorts Corporate Website

<http://www.shangri-la.com/corporate/about-us/shangri-la-culture/our-vision-mission/>

Service Culture of Four Seasons (Cont'd)



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Supplementary Reading:

- Service Culture
 - Four Seasons Hotels and Resorts Homepage
 - https://www.fourseasons.com/about_four_seasons/service-culture/

Supplementary Video:

- We are Four Seasons
 - <https://youtu.be/lzq78MlkT2s>

Service Failure and Service Recovery



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- Even with the best quality intentions, service failures do occur
 - Employees make mistakes
 - Systems break down
 - Customers may not know how to participate in the process
- Customers who do complain give a firm the chance to correct problems, restore relationship with the complainer, and improve future satisfaction for customers

Why Customers Do or Don't Complain



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Why Do Customers Complain?

- To correct an undesirable situation
- An emotional release from frustration
- To regain some measure of control
- To get sympathy
- To test for consensus
- To create an impression of being intelligent

Why Don't Customers Complain?

- Don't think it will change anything
- Don't know who to complain to
- May accept part of the blame themselves
- Doubt their own subjective evaluation
- May lack of expertise
- May feel uncomfortable in a face-to-face exchange

Service Recovery



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A process that:

- Identifies service failure
- Effectively resolves customer problems
- Classifies their root causes

Supplementary Reading



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- For Customer Service Week (CSWeek): 26 Ways Customer Service Can Misfire
 - By Micah Solomon, Contributor
 - Forbes, 2015-10-05
 - <https://www.forbes.com/sites/micahsolomon/2015/10/05/for-customer-service-week-26-ways-your-customer-service-can-go-bad/#639f17411594>

QTSA e-learning Platform



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QTSA e-learning Platform

<http://elearn.qtsa.com>

Q&A Session

~ Thank you ~