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## *People and Service: Customers*

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### Service and the Customer

A service organization has two potential types of customer: first-time buyers and repeat customers. The organization has an initial opportunity to impress first-time buyers through the quality of service. If suitably impressed, the customer may become a repeat customer. Repeat customers not only demonstrate loyalty, but also often act as unpaid advocates of the organization's service. Repeat customers, by definition, use a service for a second or subsequent time. They will have prior experience of the service quality of this organization, but perhaps also of the service provided by its competitors. Repeat customers are arguably in a powerful position. First, they have experience and knowledge, and possibly more than some novice employees providing service. Second, they bring high expectations to the service they now are experiencing. They are likely to expect that the current service will be comparable or higher than their earlier experiences of service (including that provided by competitors). This seems a reasonable expectation.

At its core, customer satisfaction rests solely on quality of service provision. Manufactured products can be reverse engineered and ultimately copied. Service quality is arguably the only way in which customers can be really satisfied.<sup>1</sup> In a service encounter, production (creation), consumption, and customer evaluation of a service are concurrent. Thus, frontline employees who provide service need to be adept at identifying consumer needs and expectations, and to be able to do this in real time. Frontline employees also need to be skilled in incorporating these observations into the *ongoing* creative processes of service delivery.

By its very nature service delivery relies on people and their personalities. As an interlocutor in the service process the customer plays a key role in helping construct and shape the service. The customer is an inescapable actor in service delivery and makes inputs to its quality. As any service provider instinctively knows, customers vary. Temperament, age, gender, and nationality are some key differentiating factors. Context is important. Sensitive providers of service look for contextual clues to help them deliver appropriate

service that satisfies customer expectations. One of the stated dimensions of customer expectations of service is responsiveness (i.e., responses appropriate to the context).<sup>2</sup> Other dimensions of customer expectations are tangibles, reliability, assurance, and empathy.<sup>3</sup>

Some customers can be impatient, hurried, and edgy (what French hoteliers refer to as *pressé et stressé*). Others may be relaxed and easygoing. Customer expectations may differ. Culture plays a part. People from different cultures seem to have differing concepts of quality and different tolerances of what is acceptable. Some nationalities seem culturally programmed to expect excellence (and to complain vociferously when it is lacking). Others grouse about quality, but under their breath or among their peers. Yet others accept lower levels of quality, perhaps for reasons of personal temperament or because it is culturally inappropriate (bad manners) to criticize and make a scene and complain. For evidence, one only need watch television news footage of passengers in lengthy queues for their airline flights to hear the differing responses.

Customers' perceptions and expectations of service quality differ over time. In general, first-time customers differ from repeat-purchase customers. First-time buyers may have incomplete information of the service and need "guiding through" the process. It is not unknown for first-time buyers to be intimidated, especially if there are many steps in the process or the service is delivered partially or wholly by means of technology. In the UK, when banks first introduced ATMs (automated teller machines), an employee stood outside the bank next to the machine to explain how it should be operated. This has happened throughout the history of technology introduction. The first motor vehicles and railway engines were preceded by a person holding a flag to warn others that the vehicles moved at an astounding speed of several miles per hour. The first person to be killed by a railway locomotive was William Huskisson. The tragedy happened on September 15, 1830, when he fell onto the tracks in front of an oncoming train on the adjacent track. The wheels severed Huskisson's leg, which bled copiously, and he died later the same day. When an organization introduces innovations, a key task for the organization's leader and managers is to educate the customer.<sup>4</sup> Once a particular technology becomes more widespread and more commonplace, it is no longer necessary to use a human to provide warning, instruction, or guidance in use.

It is not easy for service providers to provide consistently high levels of service quality. In informal observations, while we were writing this book, we became particularly sensitive to service and especially service quality. We have now lost count of the number of comments we have made to service providers about their inconsistent service quality. We are also becoming less and less surprised that the service we observe (both to ourselves and others) is inconsistent over time. Our personal experience and the personal experiences of others as reported to us exemplifies how a service can deteriorate over time, and quite quickly.

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## Reputation Matters

As part of the preparation for this book we have conducted informal interviews with a number of people who are regular users of services. Below we reproduce part of an interview that we conducted with a senior manager in a multinational agency. As a project leader, this person had an official budget to entertain incoming visitors to her organization. She also used her personal funds to treat her team members, usually on completion of a project. From her own professional and social life she had much experience in service. Below is a verbatim record of what she told us about one prestigious restaurant in an internationally famous hotel. The reputation of the hotel and one of its restaurants puts it on the must-do list for tourists and businesspeople alike.

We used to go to the restaurant there about once a month as a special treat or to celebrate. The location was great. The service was great. Everybody knew what they were doing and the attention to detail was excellent. You could ask any of the waiting staff a question [about the food] and they knew exactly how it was cooked and where the raw materials came from. After they got a new manager, they now push you to buy more. They even charge for the water now. And when you ask a waiter a question about the food, he has to go into the kitchen to ask the chef. And when he comes back to the table you can see he doesn't understand what he's been told. You ask another question and he needs to go off to the kitchen again. So we've stopped going there.

Intrigued by this story and familiar with the long-standing reputation of the hotel and its restaurant, one of the current authors (BH) booked a table to check its accuracy. Inviting a colleague to lunch would be a relatively simple way to confirm details of the story. The restaurant is in an iconic hotel in Bangkok. Rumors had been circulating for some time about a fall in service standards coupled with increases in prices (usually seen as smaller servings on the plate). The view from the restaurant's picture windows is indeed splendid. The restaurant hardware (décor, seating, crockery, cutlery, and tableware) is second to none. And yes, the service experience was more or less the same as told to us. Yes, the waiters pushed the product (suggesting the expensive dishes on the menu and the imported bottled water). Yes, the waiter needed to ask in the kitchen to answer questions about the food. Unfortunately, this is not an isolated case.

Many restaurants on several continents seem nowadays to "push product" and focus on maximizing the profitability per bill. In the hotel industry it is a well-known practice to try and maximize the expenditure (the spend) by each guest. Many top-rated establishments say they prohibit this, and some make a point of insisting that their employees are forbidden to follow this practice. Until fairly recently, maximizing customer spend usually

meant informing hotel guests of the hotel's facilities, such as the bar, room service, spa and leisure activities, and special events, such as an Italian night in the restaurant, poolside barbecues, a cultural performance, or live music. Through such events and activities hotel general managers like guests to spend their money in the hotel and try to dissuade them from going outside for their entertainment. Recent years have seen the practice of up-selling become more widespread and extend to restaurant service. For some time, *maitre d's* have been aware that a knowledgeable and persuasive sommelier can increase wine sales. Sometimes referred to as the sommelier effect, this relies on customers' needs to consult a perceived expert when they feel that their own knowledge is limited.<sup>9</sup> However, not all persuasive employees are experts in their field.

An additional dimension may come into play where service quality is in no doubt and there is concordance between service task, service standards, and service delivery. In such instances the emotional response of the customer becomes more important.

It has been suggested that only around 4 percent of unhappy customers complain, while the other 96 percent express their dissatisfaction by never returning.<sup>10</sup> So-called customer switching behavior has a negative influence on a company's ongoing operations with a concurrent negative effect on bottom-line profitability. When faced with many choices of venue, diners are not reluctant to try new places, nor are dissatisfied customers slow to give recommendations to their friends and acquaintances of their experiences, whether these are good, bad, or downright ugly. Customer complaints and switching behavior damage a company's reputation, often possibly permanently. As an isolated venue of service provision, cruise ships seem particularly prone to customer complaints about quality. In January 2014 passengers on a Caribbean cruise liner were struck with gastrointestinal illnesses. According to information on the U.S. Centers for Disease Control website ([www.cdc.gov](http://www.cdc.gov)), over 20 percent of passengers (622 passengers out of a total of 3,071) succumbed to this type of illness, while of the 1,166 crew members, 50 (4.29 percent) also became ill.<sup>11</sup>

In most large cities, the restaurant industry is extremely competitive. Industry data suggest that 40 percent of restaurants fail within one year of opening for business.<sup>12</sup> Restaurant owners and their employees may misdirect their effort attempting to attract new customers when greater financial rewards can be gained at a lower cost by retaining existing customers. Finding new customers is not easy, especially when an enterprise is new and has no reputation. Building a solid base of loyal customers often is a surefire recipe for success. These two types of business activity have been designated as transactional marketing and relationship marketing.<sup>13</sup> Transactional marketing seeks to attract new customers and tends to focus on elements of service delivered by employees categorized as operations staff. To attract first-time customers, novelty and newness can be emphasized as selling points that may include special introductory offers. The

express aim is to bring customers over the threshold to sample the services on offer. Some service organizations repeatedly conduct their marketing so that every announcement and campaign features a special offer. This is short-term corporate thinking. Relationship marketing focuses on the longer term and emphasizes the benefits for the customer by remaining loyal to the service provider. Loyalty programs, frequent user schemes, opportunities to upgrade, and use of executive facilities are examples of relationship marketing, albeit where the service-providing organization buys the customer's loyalty by offsetting profitability for investment in facilities (such as executive lounges). For their part, customers provide personal data in exchange for privileges such as discounts immediately or in the future. By definition, customers need to use the service more frequently (i.e., make more purchases) in order to gain special deals over time.

Transactional marketing is suitable for early stages of customer engagement, such as when an enterprise first opens for business or when services are offered to customers for the first time. Here the need is to publicize the business and its services and "get customers through the door." At this stage, short-term timeframes tend to be more effective than plans for long-term customer involvement. Trial and error can play a part to a certain extent. In relationship marketing, organizations tend to address customer issues for the longer term. Service provision to loyal customers is delicate and is easily broken. Emotional commitment by these customers based on established patterns of trust means that the service-providing organization should take care to educate customer-serving employees in managing different types of customers. This may be overly apparent when customers are differentiated by service standards, for example, by price, location, or membership of an exclusive coterie (such as a loyalty scheme, an "early bird" discount, or frequent user bonus). Often, exclusivity is clearly marked by a border, such as a change in décor in a department store (drapes, furnishings, and floor coverings will be different in the ready-to-wear and *haute couture* departments). Different classes on airlines are indicated by separate check-in desks and boarding priorities landside, and different facilities once passengers are through immigration and airside. For premium passengers there are executive lounges, and on the aircraft differently sized and colored seating and wider spaces, allowing fewer passenger and a less crowded cabin (space in an aircraft cabin is a sore point for passengers). Passengers holding first-class tickets board at their leisure; economy class passengers board by row number. It is said that in first-class air travel one makes friends, in business class one makes acquaintances, and in economy class one makes enemies. Once in the air, at the point of service delivery first-class passengers enjoy greater choice (selection of food and beverage), more space, and cabin crew who are more experienced than their colleagues in the other classes.

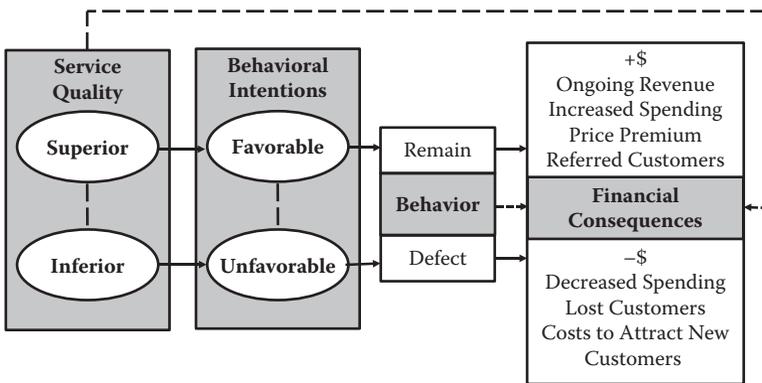
Finding first-time customers may be comparatively straightforward. An effective marketing campaign may draw in customers, especially if the venue is new or offers a novel experience. It is comparatively more difficult

to retain loyal customers. By definition, repeat customers have experienced the service encounter, have perhaps had opportunities to use alternative service offerings, and have reached a positive evaluation of the alternative service providers.<sup>14</sup> Word-of-mouth recommendations to friends tend to be a powerful incentive to potential customers. Word-of-mouth warnings (caveat emptor) are a powerful deterrent.<sup>15</sup>

### The Costs of Poor Service

A useful model and discussion of how poor service impinges on revenues and costs is contained in Zeithaml et al. (1996).<sup>16</sup> Their model is shown in Figure 4.1.

The figure shows four components: service quality, behavioral intentions, customer behavior, and financial consequences. Service quality is subdivided into superior and inferior quality. The customer's behavioral intentions can be favorable or unfavorable with related actions as either choosing to remain a customer or defecting to other service providers. For the service provider the consequences can be positive (+\$) or negative (-\$). Apart from these direct financial consequences, a service-providing organization may face other consequences. On the positive side, the organization may grow and prosper, in part supported by increased revenues, a customer base that remains stable or grows in size, and customers willing to pay price premiums to enjoy the services. On the negative side, the organization may deteriorate in its perceived quality and over time cease trading. Contributory factors for this may



**FIGURE 4.1** The behavioral and financial consequences of service quality. (From Valarie A. Zeithaml, Leonard L. Berry, and A. Parasuraman (1996), *The Behavioral Consequences of Service Quality*, *Journal of Marketing*, 60, 33.)

be a declining customer base attributable to customers defecting to other service providers or increased costs of advertising, marketing, and related publicity to attract new customers. There are also likely to be HR costs (such as for recruiting new employees, including advertising and routines of interviewing applicants) to replace staff. When competent employees join competitor firms, this is not good news. Another consequence of service quality is the enhancement or deterioration of the organization's reputation with its stakeholders (i.e., with customers, employees, and potential customers and employees in the industry).<sup>17</sup> Reputation is also known to affect the share price of listed companies.<sup>18</sup>

As can be seen from Vignettes 4.1 and 4.2, employees, especially those in leadership positions, have a key role to play in attracting and retaining customers. Employees who are proficient in giving good service tend to leave an employer whom they perceive tolerates a poor environment for service quality. As noted earlier, the interfaces between service tasks, service standards, and service delivery need to be in harmony. Where there is discord at these interfaces, the service experienced by the customer is likely to be deficient in some way. We recall enjoying an excellent dinner at a small restaurant in northern Sweden. The *maître d'* (the owner) was very attentive, the food exceptional, the atmosphere warm and friendly. The only thing that marred our full enjoyment of the experience was that our waitress persistently chewed gum, even while speaking with customers and taking orders. The hard-pressed *maître d'* seemed too busy to notice.

Customers tend to avoid organizations where the service encounter is inconsistent or less than expectations. Conversely, organizations that succeed in building a reputation for service excellence tend to have no shortage of applicants wishing to work there and, generally, customers in abundance. Competent employees who provide high-quality service are central to delivery of service to customers. In the eyes of some customers, this type of employee embodies the service encounter. This phenomenon can occur in so-called pure services where the service is a major component of the service encounter.<sup>19</sup>

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## Loyal Customers

Loyal or repeat-purchase customers have the benefit of prior experience. They may, for example, know the purchase process better than a novice service provider. This adjusts the balance of control in the service transaction. Customers making a repeat purchase may be doing so on the basis of an enjoyable earlier experience: an experience that they not only seek to replicate, but also to better with their next service encounter.

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### Vignette 4.1

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#### CUSTOMER SERVICE ENCOUNTER

Encouraged by its wide advertising in local media, we tried a new Italian restaurant in Bangkok. As we were some months into writing this book, we constantly sought examples of service excellence. We were not disappointed. The *maitre d'* was friendly, attentive, and knowledgeable. Table service was efficient, provided by a courteous waiting team. Throughout the meal service was timely. The various courses were delicious. Unobtrusive background classical music added to our dining pleasure. The décor was modern and tasteful. Someone had obviously invested heavily in this venture. We ordered cocktails. As the restaurant was quiet small, we could see these being prepared. Allowing customers to observe their service order being processed is a key component of a service experience, as it makes them feel part of the experience. Hence, many restaurants now have open kitchens. In terms of the Schmenner's (1995) model, it allows the customer to observe and assess service standards. The food menu arrived with the cocktails. When we appeared ready, the *maitre d'* took our order and read it back to us.

Overall, the whole dining experience was memorable. Not only were we delighted that the service encounter satisfied our upbeat expectations, but we also noted with interest that it fulfilled each of the three components of our service encounter: service task, service standards, and apparently the service delivery system. In terms of the task, we felt that our needs were attended to by both the *maitre d'* (who welcomed us into the restaurant and showed us to a table) and her waiting and kitchen personnel. We had not made a reservation, as the area contained many restaurants of various cuisines, styles, and prices. We knew the location well, as it was quite close to one of our offices, which we were using as our base of operations for our files and other documents for this book. The *maitre d'* offered us the drinks list in a timely manner (not immediately when we sat down, but not so that we were sitting expectantly at an empty table). Clearly, this person knew something akin to the 3-7-11 rule about restaurant service: greet the customer within three minutes and offer to take the order within seven minutes. If eleven minutes elapse and you've ignored your customer, he or she will leave and won't come back.

#### ANALYSIS OF THE SERVICE ENCOUNTER

We analyzed our service encounter from the perspectives of the three key components proposed by Schmenner (1995): service task,

service standards, and service delivery system. As the key person responsible for the service task, the *maitre d'* was an exemplar of her profession. In the opening moments of this service encounter we were each struck by her friendly approach and her attention to our requirements (e.g., table location, preprandial cocktails). She was knowledgeable about cocktail preparation and the menu, including that day's specials. We saw that in her supervisory role of the waiting staff she was observant but not overbearing: her staff carried out their tasks naturally without overt instruction. The staff managed to be efficient and pleasant but not a noticeably constant presence near diners' tables. Crowding the customer is an irritant that knows no bounds and seems to be done in some fine dining as well as in mid-range restaurants.

Courteous service was of a high order. Service standards were high, especially considering that the restaurant was relatively small (seating thirty diners at most) and moderately priced. It was obvious to us that service standards were shared by all employees. There were no obvious flaws in the service fabric. In our meal of several courses, each course arrived evenly paced with no apparent rush and no noticeable lassitude. Each course was well prepared and well presented on the plate. We asked for our compliments to be passed on to the chef and kitchen team. Throughout our meal there were other diners, building up over the space of one hour to around 60 percent of dining capacity. We overheard the favorable comments of other diners. As the restaurant was around six weeks from its opening night, it had a winning formula. Clearly it had a potential for a promising future.

While paying the bill we chatted with the *maitre d'* as we were keen to learn the secret of this success. Our discussion was most enlightening. She told us that she did not have any family connection to the hospitality or restaurant business but had become interested after watching cookery programs on television. She had worked in restaurants to support her studies and had received a small scholarship to study catering and hospitality at a Midwest college in the United States. While studying she had worked in a local restaurant as a waitress. She had been graduated for less than one year. On paying our bill we took a glance into the kitchen through the swinging doorway. Three people were on duty: a chef and two assistants. We noticed that the kitchen was immaculate, as spotless as the proverbial operating theater.

We left a generous tip. We attributed the success of this service encounter to three factors. First, leadership was in the hands of a trained and experienced professional who clearly had a passion for

her chosen craft. As such, she was an excellent role model for the rest of the team. Second, there was a smooth transition between the three key component parts of the service encounter, what Schmenner (1995) labels feedback and translation. As the saying goes, “You couldn’t see the join.” The three components of task, standards, and delivery were mutually supportive. The service task was executed to obviously high standards (shared by all employees), standards translated into effective food preparation (including taste, presentation, and timeliness), and the delivery system underpinned the service task so that customers were elated. Between ourselves, we discussed the idea of returning to ask permission to interview key employees and to incorporate their practical knowledge and wisdom into this book. With this in mind, we revisited the restaurant three weeks later.

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#### Vignette 4.2

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##### CUSTOMER SERVICE ENCOUNTER

Immediately upon entering we noticed that the restaurant had a different feel. For a start, although this was mid-evening, there were no other customers, no music, and no atmosphere. The ambiance was less friendly. Indeed, it was somewhat unwelcoming. We were not greeted on arrival and made our own way to a table. Waiting staff were standing around. We recognized no one from our earlier visit. As we were to discover, the service experience was also much less efficient. In fact, it was in shambles. We were to experience a living example of Murphy’s law, sometimes colloquially (and ironically) referred to as the fourth law of thermodynamics.<sup>5</sup> Murphy’s law states: “Anything that can go wrong will go wrong.” We had stumbled into a situation where the clueless seemed to be leading the careless, perhaps even the carefree.

We sat down and read through the menu. We noticed that there were breadcrumbs on the table (but no bread basket). As there were no other customers, we supposed that these must have been there since lunchtime. We touched a crumb or two and they were dry and brittle. This was a poor start. We asked a passing waiter to clean the table. The experience became progressively worse. The service was abysmal. The *maître d’* was clueless, the waiting staff clumsy to the point of embarrassment. This *maître d’* (different from our previous one) seemed incompetent even to run a bath let alone a

restaurant. We ordered; nothing was read back to us for checking. We asked the waiter to do this. There were three errors in the written order (we'd only ordered four dishes). We asked another server for a drinks menu. We thought it best not to trust anyone to make cocktails. Somewhat against our own better judgment we ordered a bottle of wine. At least the contents would be protected by a cork.

The waiter had difficulty first finding and then using a corkscrew, and while pouring wine into our glasses, spilled some wine on the tablecloth. We noticed that other tablecloths were wine speckled. Our courses arrived out of sequence. Appalled and fascinated in equal measure we began taking notes. We looked around for the hidden TV camera. We half expected an appearance of Basil Fawlty.<sup>6</sup> One of us walked outside and checked the restaurant name and the premises on either side. This was the same place as before, even if the experience was as different as chalk is from cheese.

Throughout the meal we needed constantly to remind the servers to bring bread, to bring condiments, and to top up our glasses of water. Having lost trust in the waiting staff, we kept the wine bottle well away from them and poured the wine ourselves. We didn't spill any. We reminded ourselves that this was not a hole-in-the-wall place, but a moderately expensive place. We eventually got through the meal. At least the kitchen crew knew their job, so the service delivery component functioned well. We declined to order dessert or coffee. We checked and rechecked the bill. We paid. We did not leave a tip. We took a glance into the kitchen; it was still immaculate. No change there it seemed. Again, the whole experience was memorable, but this time for all the wrong reasons.

What was the cause of this service fiasco? A different *maitre d'* was on shift. Poor leadership at the senior level had a knock-on effect throughout the whole process and beyond. We recalled a quotation from Jan Calzon's *Moments of Truth*: "The right to make mistakes is not equivalent to the right to be incompetent, especially not as a manager."<sup>7</sup> We asked to speak with the *maitre d'*, who had singularly ignored us throughout our meal. We enumerated what had gone wrong, gave our comments as customers, and offered suggestions for improvement. We were listened to politely, but without comment or apology. We had the impression that our customer views were regarded as both unwelcome and an irrelevance. Four pairs of customers who'd arrived after us were receiving the same poor service. We heard them, as we had done, reminding the staff to bring components of their meal (so much for practice makes perfect). We at least did not consider our suggestions irrelevant.

We asked after the earlier *maitre d'* and were informed that she'd left to work in another restaurant. No surprises there, then.

### ANALYSIS OF THE SERVICE ENCOUNTER

We adjourned to a different restaurant to reflect on our experience. We used the same framework as before to make sense of our service experience.<sup>8</sup> Obviously, this time around it had been a "chapter of accidents." What was the cause of this service fiasco? Noticeably, except in the kitchen, there was a marked change of personnel. Indifference seemed to have replaced professionalism, and laziness seemed to have replaced self-esteem. Leadership was poor (i.e., nonexistent). The interfaces between task, standards, and delivery were shaky at best. As we'd discovered, the link between quality and service delivery (food preparation and cooking) retained its original gloss. A customer seldom sees service delivery and may only notice when things go wrong. In service-intensive industries such as the hospitality industry, the customer experiences the quality of service delivery at some time after the point of contact with the service task. Even so, customers may not experience service delivery in its entirety. Unless their stay is for longer than an average time period, hotel guests may not experience all of the amenities on offer. Lifestyle preferences may preclude some service users from a full range of services: vegetarians do not experience the steak, and carnivores may not opt for the vegetarian meals. Guests who prefer to be less active are likely to avoid the fitness room and the tennis court.

In our second service experience at this restaurant it was fairly obvious that the critical mismatches were between service delivery and service task, and between the service task and service standards. In detail, the readiness of the public space (the restaurant) did not match the readiness of the private space (the kitchen). Ironically, the public space was of a lower order of readiness than the private space, which the customer usually doesn't see. This was evidenced by the quality of food, which suggested that the kitchen team were up to their service task, while the quality of the serving staff (including the *maitre d'*) was below standards. The mismatch of quality at the key interfaces between task, standards, and delivery made a noticeable difference. While there seemed to be competent leadership and professional skills behind the kitchen door, such skills were not evident "front of house." We reminded ourselves that at the end of our first visit we'd made plans to return with colleagues and overseas visitors. We'd asked for a number of

the restaurant's business cards, and over the following few days, we'd handed these out to friends with glowing recommendations. After the second encounter we advised these same friends that we'd made a mistake. We decided that we'd return to some of our usual venues for hosting dinners for our incoming visitors.

To keep our sense of perspective, we asked a colleague to critique the service in a new restaurant she tried. The restaurant had been open for less than one month.

The restaurant is difficult to find as it's near the end of a small road off the main road. We'd got a map off the Internet but needed to phone the restaurant to check. After making a U-turn we got there eventually. The restaurant is in a renovated traditional-looking house, and they've made a good job of the interior design. The owners are French and Italian, and they're both very friendly. They greeted and welcomed us. As appetizers we were served Prosecco and olives (the large ones that are delicious). The restaurant was not crowded, but it had a "buzz." The cutlery and crockery were in keeping with the stylish décor. The food was mainly Italian. They had a degustation of around seven courses, but we thought that was a bit too much. The food was cooked well and there was enough on the plate that you didn't feel hungry at the end. Everybody was friendly, but at times a bit overenthusiastic. The prices were reasonable, and at other places you'd get less for the price. We thought this was good value for money. Would we go there again? Yes, for sure.

This critique seemed to address all of the concerns that diners have when going to a restaurant for the first time. The first task is finding the place. While some new openings are accompanied by much hype apart from an Internet presence, this restaurant seemed to take a low profile. Making a phone call to check location and directions is an indication of a customer's time investment in the decision (some first-time customers may have just given up). Once at the venue, the welcome (a moment of truth) is important. For these diners, the restaurant owners seemed to do this well. The ambience outside and inside set a high standard: the renovated traditional building, the friendly welcome, the large olives, the "buzz." From this beginning the service and the food also needed to be of a comparable high quality. As the critique indicates, this was the case. Food quality (preparation and cooking) and price gave these customers what they considered to be value for money. They expect to turn this first visit into repeat business for the restaurant.

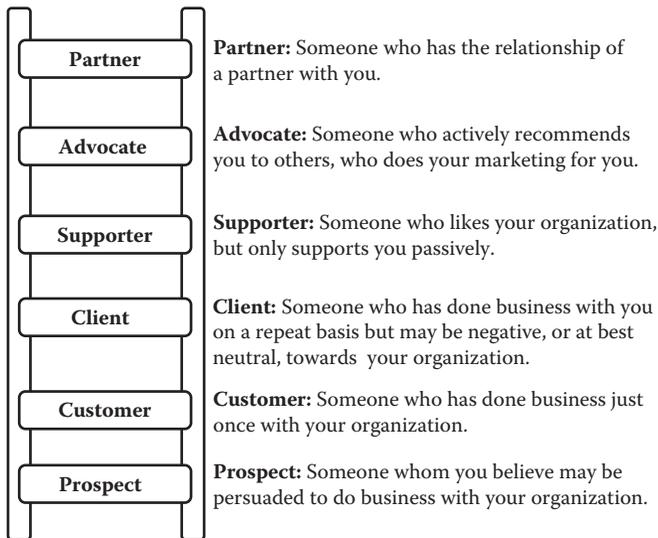
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Curasi and Kennedy (2002) identify and categorize five levels of repeat customers and loyal customers.<sup>20</sup> In this classification, detached loyalists have a low commitment to the service provider but are prevented from defecting to other service providers due to high switching costs. Another category, purchased loyalists are locked in to the service provider by loyalty schemes (such as frequent user programs).<sup>21</sup> Designing such programs to lock in customers seems to make business sense, as they prevent customers from defecting to other service providers.

Satisfied loyalists are categorized as reasonably satisfied and (at least at present) have no cause to defect to another service provider. This type of customer has moderate to high levels of commitment, such that while there may be many alternative service providers who can satisfy this customer's needs, there are no current or pressing reasons to switch service providers. Occupying the highest level of the Curasi and Kennedy (2002) typology are apostles. These customers have an emotional attachment to the service providers, and service providers often have an emotional attachment to these customers. Even though there are likely to be many alternative service providers, such customers have high commitment. Commitment needs to be bidirectional: from service provider to customer and from customer to service provider. Apostles tend to be advocates of the service they receive and make positive recommendations to friends.<sup>22</sup>

According to Adrian Payne, customers can attain a higher level of development than advocating the service quality to others. This can be shown as one rung of the loyalty ladder (see Figure 4.2).

The loyalty ladder shows progressive rungs in a customer's relationship with a service-providing organization.<sup>23</sup> This relationship begins when the customer is a prospect approaching the service for the first time. The customer-service provider relationship increases in intensity until the customer is a "partner" who is part of the organization and is actively involved in shaping the service. At this stage the customer contributes to the added value (customer benefits) gained from using the service. Intermediate rungs on the loyalty ladder are as a client, supporter, and advocate. As the customer relationship develops, the organization and its frontline employees need to be aware of the changing parameters of the relationship. Customers who are prospects may perhaps be shopping around, and thus have little initial emotional attachment to the service provider. Customers who become advocates and partners show a greater level of emotional attachment to the service provider. Trust is a key part of this emotional investment, and needs to be reciprocated by the service provider. For example, advocates publicize the service they receive to others, and thereby put their own reputation at stake. We were somewhat premature in recommending to friends and colleagues service that we experienced only once (refer to Vignettes 4.1 and 4.2).



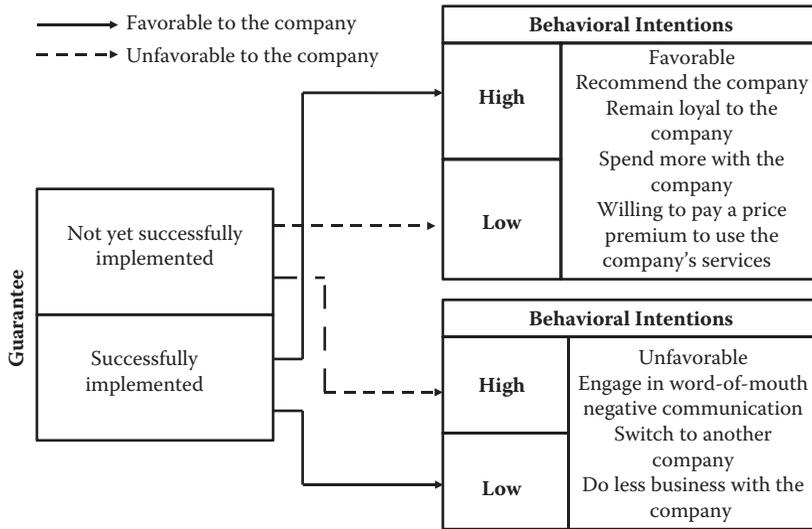
**FIGURE 4.2**

The customer loyalty ladder. (From Adrian Payne (1994), *Relationship Marketing: Making the Customer Count*, *Managing Service Quality*, 4(6), 29–31.)

A customer progressing through the rungs of the loyalty ladder should be entitled to expect different levels of service quality. By extension, the customer is also in a position to assess the quality of the organization. Customers who enjoy the service experience can become loyal customers. Some may even become ambassadors and advocates of the organization and publicize the organization to friends and acquaintances, detailing the favorable and unfavorable behavioral responses made by customers in response to promises made by service personnel.<sup>24</sup>

A customer's behavioral intentions toward the relationship with the service provider can be either positive or negative. A model of these behavioral responses is shown in Figure 4.3.

Both types of behavior affect the service-providing organization. Positive behavior patterns generate higher revenues from this type of customer through his or her own purchases and the purchases of others to whom he or she recommends the service. Conversely, customers with a propensity toward negative behaviors reduce their own spending with the service-providing organization. Such customers (if they remain so) also do not recommend others to use the service and may criticize the organization. Over time, reduced numbers of customers threaten the survival of any organization. When service provision is a major component of an organization's business model, then the threat becomes more severe. As the title of a recent book suggests, it's all about service.<sup>25</sup>

**FIGURE 4.3**

Effect of service guarantees on customers' behavior patterns (hypothesized model). (From Jay Kandampully and Liam Butler (2001), *Service Guarantees: A Strategic Mechanism to Minimise Customers' Perceived Risk in Service Organisations*, *Managing Service Quality*, 11(2), 117.)

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## Endnotes

1. See, for example, discussions in Steven A. Taylor and Thomas L. Baker (1994), *An Assessment of the Relationship between Service Quality and Customer Satisfaction in the Formation of Customer's Purchase Intentions*, *Journal of Retailing*, 70(2), 163–172; Valerie A. Zeithaml, Leonard L. Berry, and A. Parasuraman (1996), *The Behavioral Consequences of Service Quality*, *Journal of Marketing*, 60, 31–46; Matthew L. Meuter, Amy L. Ostrom, Robert I. Roundtree, and Mary Jo Bitner (2000), *Self-Service Technologies: Understanding Customer Satisfaction with Technology-Based Service Encounters*, *Journal of Marketing*, 64, 50–64.
2. A. Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry (1985), *A Conceptual Model of Service Quality and Its Implications for Future Research*, *Journal of Marketing*, 49, 41–50.
3. A. Parasuraman, Valarie A. Zeithaml, and Leonard L. Berry (1985), *A Conceptual Model of Service Quality and Its Implications for Future Research*, *Journal of Marketing*, 49, 41–50.
4. Steven H. Stepanek (1980), *Educate Your Customers to Appreciate Your Service*, *Business Horizons*, 23(4), 21–22.
5. Somewhat predictably, Murphy's law is said to have originated in the U.S. military around the end of WWII. Some histories give Murphy's law an earlier provenance. Fingal's law is a development of Murphy's law and states: "Anything that can go wrong will go wrong"—at the worst possible moment.

6. Basil Fawlty is the main character in the British comedy series *Fawlty Towers* about a hotel where the service is faulty (hence the title of the program). The program was first broadcast in 1975 and quickly became a byword for poor service, especially in hotels and restaurants. John Cleese (of *Monty Python* fame) played Basil Fawlty as a class-conscious officious bore who bullies his staff but who is in turn bullied by his wife. John Cleese also wrote the script for the program together with his then wife Connie Booth (who plays a waitress in the program).
7. Jan Carlzon (1987), *Moments of Truth*, Cambridge, MA: Ballinger Publishing, pp. 83–84.
8. Roger W. Schmenner (1995), *Service Operations Management*, Eaglewood Cliffs, NJ: Prentice Hall International, p. 19.
9. Melissa Manske and Glenn Cordua (2005), Understanding the Sommelier Effect, *International Journal of Contemporary Hospitality Management*, 17(7), 569–576. Also see John Hall, Larry Lockshin, and G. Barry O'Mahony (2001), Exploring the Links between Wine Choice and Dining Occasions: Factors of Influence, *International Journal of Wine Marketing*, 13(1), 36–53.
10. See, for example, Jerry Plymire (1991), Complaints as Opportunities, *Journal of Services Marketing*, 5(1), 61–65; Beatriz Moliner Velázquez, María Fuentes Blasco, Irene Gil Saura, and Gloria Berenguer Contrí (2010), Causes for Complaining Behaviour Intentions: The Moderator Effect of Previous Customer Experience of the Restaurant, *Journal of Services Marketing*, 24(7), 532–545; Joocho Kim and Soyoung Boo (2011), Influencing Factors on Customers' Intention to Complain in a Franchise Restaurant, *Journal of Hospitality Marketing and Management*, 20(2), 217–237.
11. [http://www.cdc.gov/nceh/vsp/surv/outbreak/2014/january21\\_explorer\\_seas.htm](http://www.cdc.gov/nceh/vsp/surv/outbreak/2014/january21_explorer_seas.htm).
12. Ray Arora and Joe Singer (2006), Customer Satisfaction and Value as Drivers of Business Success for Fine Dining Restaurants, *Services Marketing Quarterly*, 28(1), 89–102. See also Ruth N. Bolton and Tina M. Bronkhorst (1995), The Relationship between Customer Complaints to the Firm and Subsequent Exit Behaviour, *Advances in Consumer Research*, 22, 94–100.
13. Adrian Payne (1994), Relationship Marketing: Making the Customer Count, *Managing Service Quality*, 4(6), 29–31.
14. Noel Siu, Tracy Zhang, and Cheuk-Ying Yau (2013), The Roles of Justice and Customer Satisfaction in Customer Retention: A Lesson from Service Recovery, *Journal of Business Ethics*, 114(4), 675–686.
15. Alex M. Susskind (2002), I Told You So! Restaurant Customers' Word-of-Mouth Communication Patterns, *Cornell Hotel and Restaurant Administration Quarterly*, 43(2), 75–85. Also see Ute Walter, Bo Edvardsson, and Åsa Öström (2010), Drivers of Customer Service Experiences: A Study in the Restaurant Industry, *Managing Service Quality*, 20(3), 236–258.
16. Valarie A. Zeithaml, Leonard L. Berry, and A. Parasuraman (1996), The Behavioral Consequences of Service Quality, *Journal of Marketing*, 60, 33.
17. Gary Davies, Rosa Chun, and Michael A. Kamins (2010), Reputation Gaps and the Performance of Service, *Strategic Management Journal*, 31(5), 530–546. See also Shih-Ping Jeng (2008), Effects of Corporate Reputations, Relationships and Competing Suppliers' Marketing Programmes on Customers' Cross-Buying Intentions, *Service Industries Journal*, 28(1), 15–26; Kavita Srivastava and Narendra

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18. See, for example, John M. Hannon and George T. Milkovich (1996), The Effect of Human Resource Reputation Signals on Share Prices: An Event Study, *Human Resource Management*, 35(3), 405–424.
  19. Michael R. Solomon, Carol Surprenant, John A. Czepiel, and Evelyn Gutman (1985), A Role Theory Perspective on Dyadic Interactions: The Service Encounter, *Journal of Marketing*, 49(1), 99–111.
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  21. Byron Sharp and Anne Sharp (1997), Loyalty Programs and Their Impact on Repeat-Purchase Loyalty Patterns, *International Journal of Marketing*, 14(5), 473–486; Mark D. Uncles, Grahame R. Dowling, and Kathy Hammond (2003), Customer Loyalty and Customer Loyalty Programs, *Journal of Consumer Marketing*, 20(4), 294–316; Jorna Leenheer and Tammo H.A. Bijmolt (2008), Which Retailers Adopt a Loyalty Program? An Empirical Study, *Journal of Retailing and Consumer Services*, 15(6), 429–442.
  22. See Adrian Payne (1994), Relationship Marketing: Making the Customer Count, *Managing Service Quality*, 4(6), 29–31.
  23. Adrian Payne (1994), Relationship Marketing: Making the Customer Count, *Managing Service Quality*, 4(6), 29–31.
  24. Jay Kandampully and Liam Butler (2001), Service Guarantees: A Strategic Mechanism to Minimise Customers' Perceived Risk in Service Organizations, *Managing Service Quality*, 11(2), 112–120.
  25. Ray Pelletier (2005), *It's All about Service: How to Lead Your People to Care for Your Customers*, Hoboken, NJ: John Wiley & Sons.