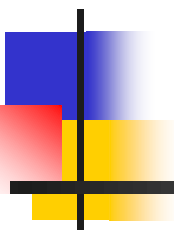


# Achieving Marketing Excellence through Superior Service and Technology



---

Professor A. "Parsu" Parasuraman  
University of Miami  
Coral Gables, Florida, USA

*Presentation to NTU Students  
May 2012*

BONUS SUPPLEMENT: E-TAILING'S FUTURE



# BusinessWeek

**Mutual Funds**

How to avoid a big tax bill



**Wall Street**  
Will tech's bubble keep expanding?

**Dot-coms**  
The search for new business models

**Managed Care**  
Employers seek a new solution

## WHY SERVICE STINKS

Companies know just how good a customer you are—and unless you're a high roller, they would rather lose you than fix your problem.



October 23, 2000



## Jeff Bezos, CEO, Amazon.com:

---

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

- *Quoted in BusinessWeek*



---

# *What is Service Quality?*



# From Customers' Perspective...

---

- Service quality results from a comparison customers' service expectations with their actual service experience
- Their service experience frequently falls short of their expectations

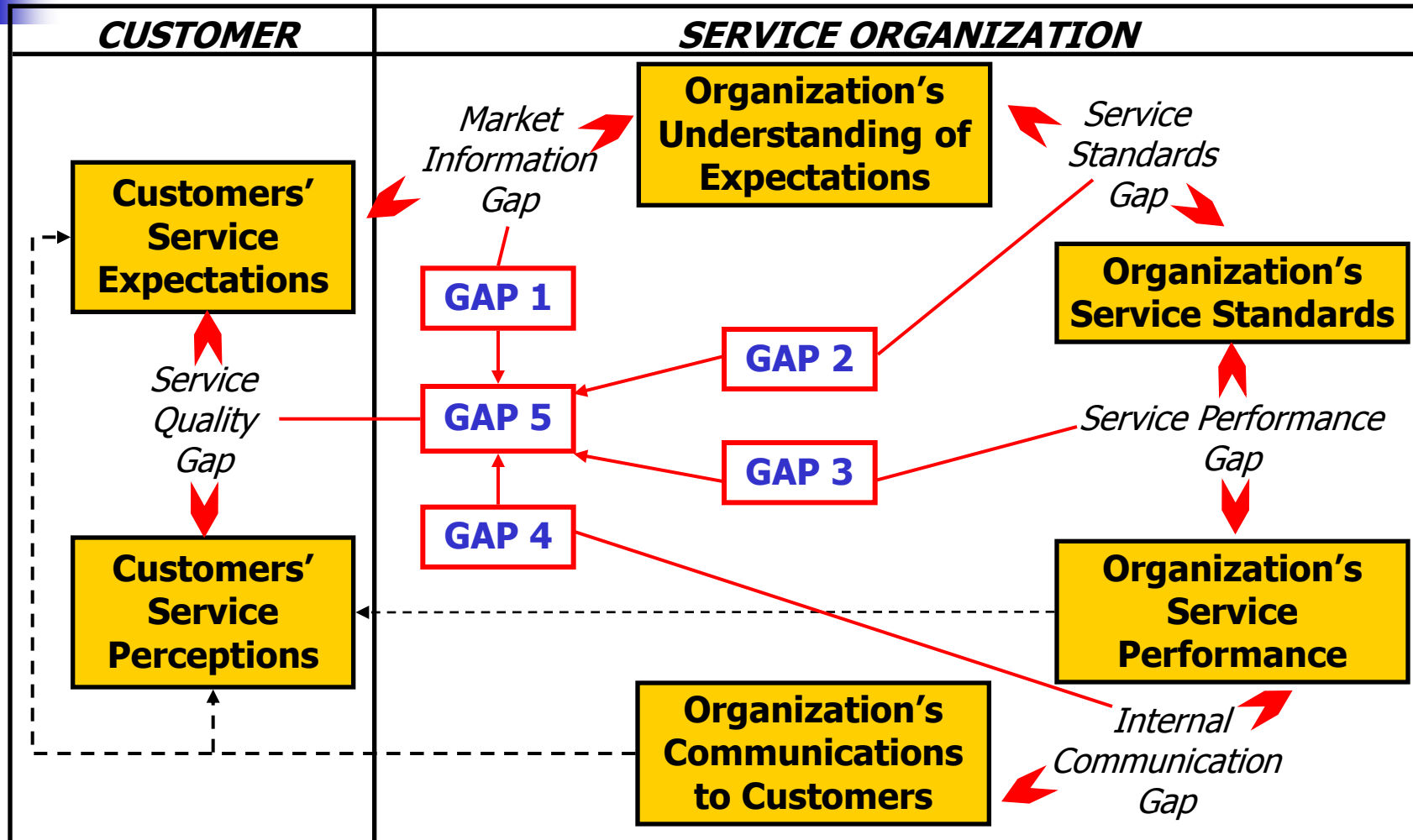


## From a Company's Perspective...

---

- Delivering superior service quality on a sustained basis is a major challenge
- This challenge arises because of four key internal deficiencies or “gaps” within the organization

# Conceptual Model of Service Quality: GAPS Model



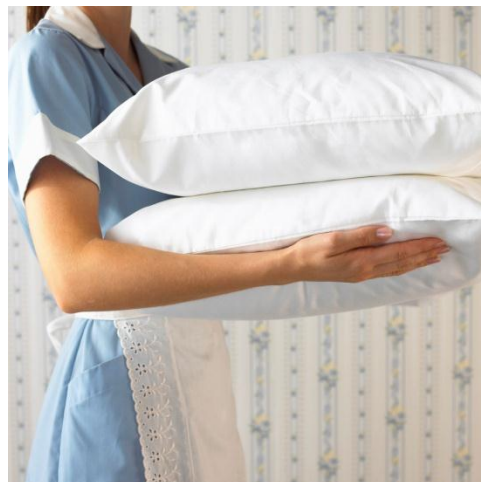
# GAP 1: Market Information Gap

**Pillow Menu!**

ALMOHADAS A LA CARTA	PILLOWS A LA CARTA
<p><b>MUY BLANDA</b></p> <p><b>GOOSE</b> Pluma con el que de los, que le garantiza suavidad y confort.</p> <p><b>ALMÚDICO</b> Que le asegura con sus componentes naturales, un sueño relajado y sano.</p> <p><b>MIS</b> Realizada con fibra buena. Durante, moderna, resistente, resistente, que por su estructura resulta ideal para su descanso.</p> <p><b>FOJO MUY BUE</b> Con su refresco de fibra vegetal, ayuda de poderse de la cantidad de fibra pluma para un sueño reparador.</p> <p><b>BLANDA</b></p> <p><b>FACTO PUPON</b> Fibra de fibra vegetal, garantiza un lado blanco para su descanso natural.</p> <p><b>SEMI-DURA</b></p> <p><b>ONCE DINGUS</b> Atornada con composición de fibra buena de poliéster, que dará un suave confort a su descanso.</p> <p><b>DURA</b></p> <p><b>MULTIUSCULO MUY BUE</b> Semi-rígida, con un equilibrio perfecto entre firmeza y comodidad.</p> <p><b>MUY DURA</b></p> <p><b>MULTIUSCULO MUY BUE</b> Muy rígida, con múltiples estratos, se adapta a las necesidades de su descanso.</p> <p><b>CERVICAL</b></p> <p><b>TERCAL MUY BUE</b> Le asegura un descanso reparador y saludable, ideal para las personas con problemas cervicales.</p>	<p><b>VERY SOFT</b></p> <p><b>GOOSE</b> Goose feather semi-down, which guarantees softness and comfort.</p> <p><b>GOOSE</b> With its natural components, this pillow provides a relaxed and safe dream.</p> <p><b>MIS</b> Made with good quality of fiber - durable, resistant and resistant. Because of its structure, the pillow allows for an ideal rest.</p> <p><b>JOY MUY BUE</b> Fiber with vegetable fiber, this pillow provides a touch of nature, which allows for a refreshing sleep.</p> <p><b>SOFT</b></p> <p><b>FACTO PUPON</b> Filled with sponge fiber which guarantees a light touch for easier sleep.</p> <p><b>SEMI-RIGID</b></p> <p><b>ONCE DINGUS</b> This one contains a composition of sponge fibre of polyester which allows for comfort during your sleep.</p> <p><b>HARD</b></p> <p><b>MULTIUSCULO MUY BUE</b> Semi-rigid with a perfect balance between hardness and comfort.</p> <p><b>VERY HARD</b></p> <p><b>MULTIUSCULO MUY BUE</b> Very rigid with multiple layers which adapts to the needs of your sleep.</p> <p><b>CERVICAL</b></p> <p><b>TERCAL MUY BUE</b> This one gives one person the ideal rest for people with cervical problems.</p>

Do you have an accurate understanding of customers' expectations?

No or not sure





# GAP 2: Service Standards Gap



Do you have service standards and are they aligned with customers' expectations?

No or not sure



# GAP 3: Service Performance Gap



Does your service delivery meet your own internal standards?

No or not sure

“McDonald’s Finds Angry Customers on Its Menu”  
-*The Wall Street Journal*



# GAP 4: Internal Communication Gap



Are all your interfaces and interactions with your customers synchronized?

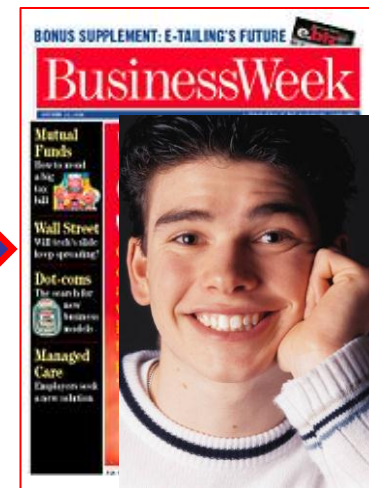
No or not sure



# Prerequisite for Superior Customer Experience



Close Gaps 1-4 & hence Gap 5!





# Measuring Service Quality

---

The **SERVQUAL** Instrument to  
Quantify **GAP 5**



# Key Service Quality ("SERVQUAL") Dimensions

---

- **Tangibles** : Appearance of physical facilities, equipment, personnel, and communication materials
- **Reliability** : Ability to perform the promised service dependably and accurately
- **Responsiveness**: Willingness to help customers and provide prompt service
- **Assurance**: Knowledge and courtesy of employees and their ability to inspire trust and confidence
- **Empathy**: Caring, individualized attention the firm provides its customers

# Relative Importance of Service Dimensions When Customers Allocate 100 Points

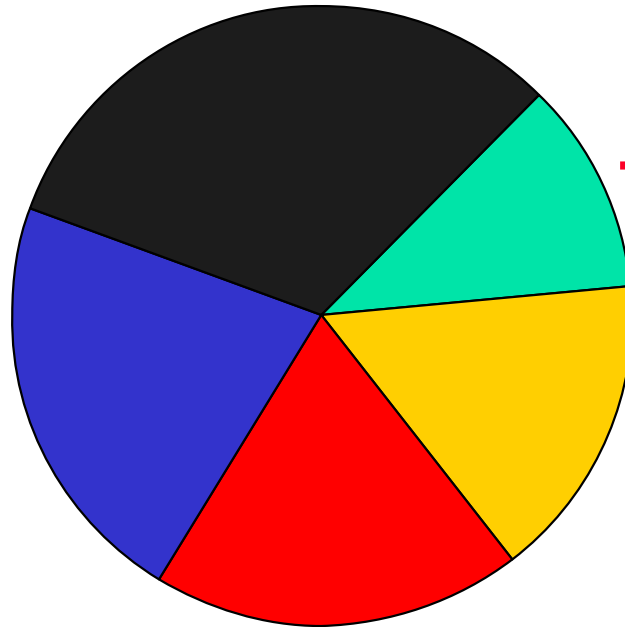
**RELIABILITY 32%**

**TANGIBLES 11%**

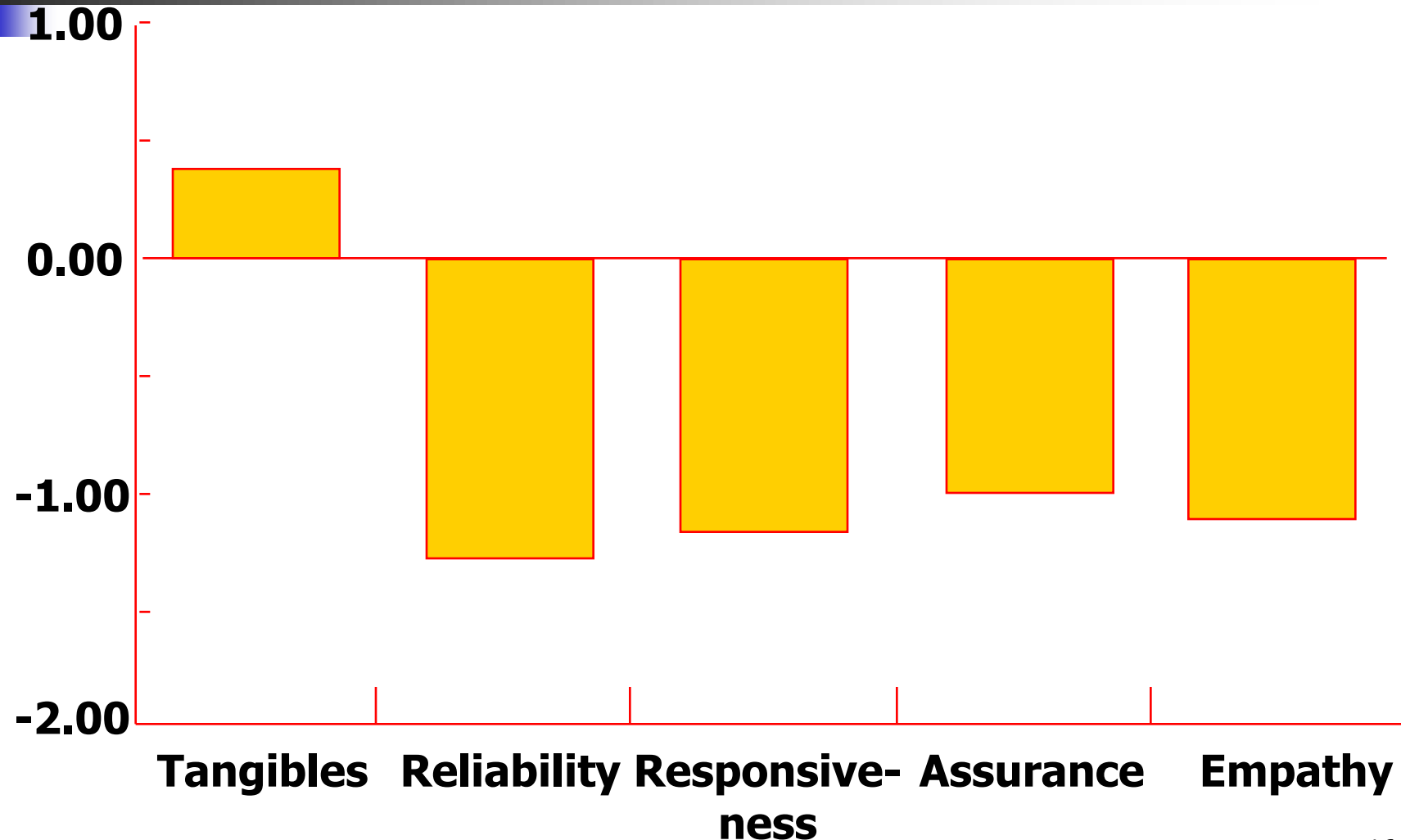
**RESPONSIVENESS  
22%**

**EMPATHY 16%**

**ASSURANCE 19%**

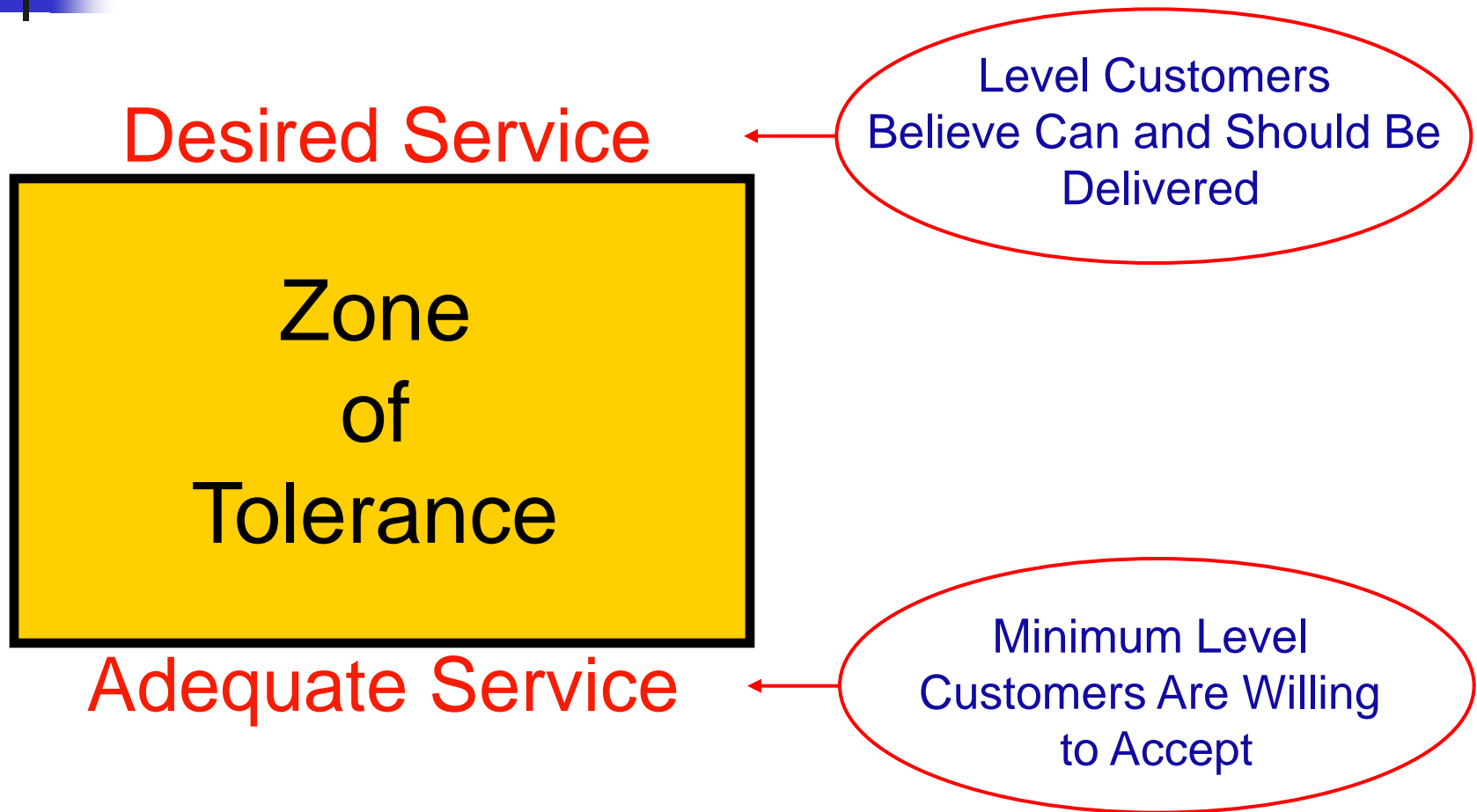


# Mean SERVQUAL Scores by Service Dimension



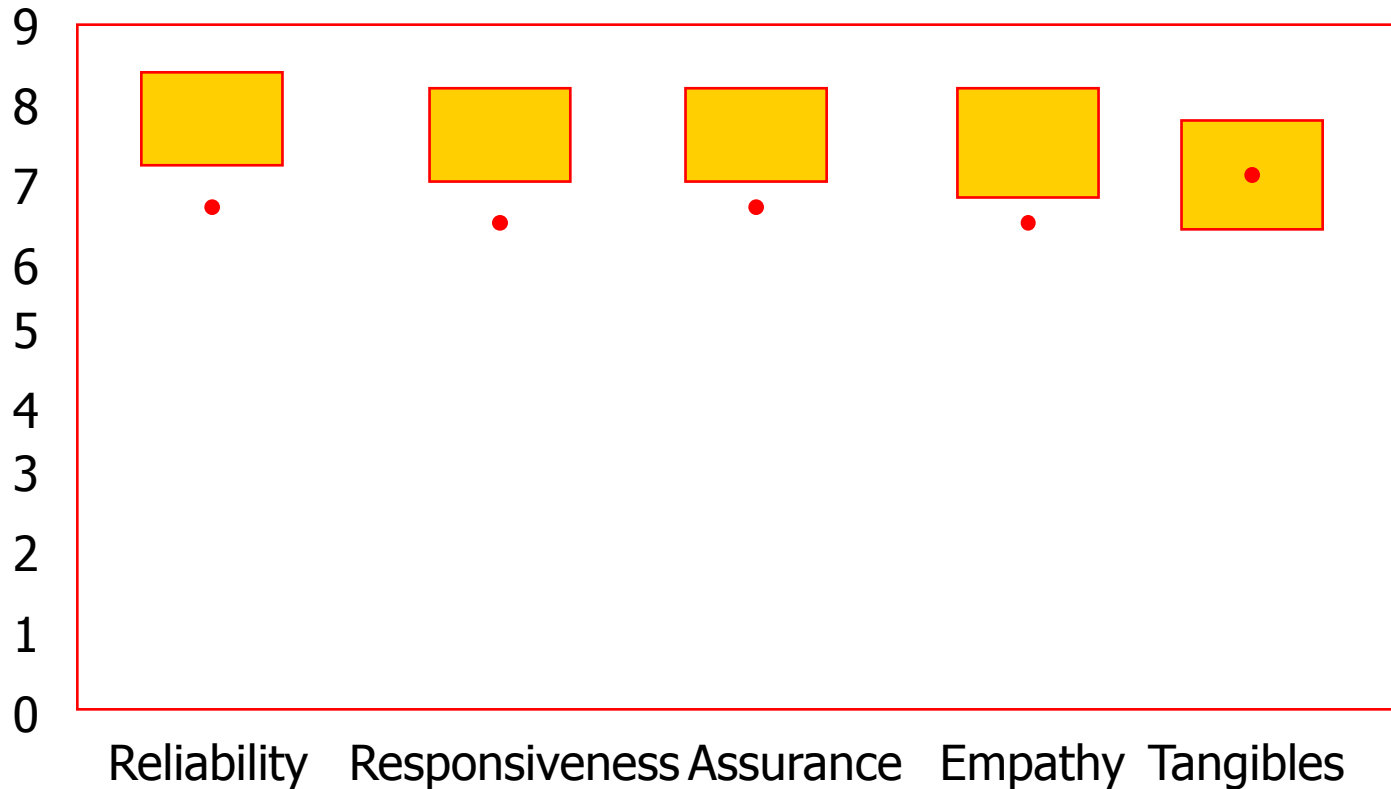


# Nature of Customer Expectations



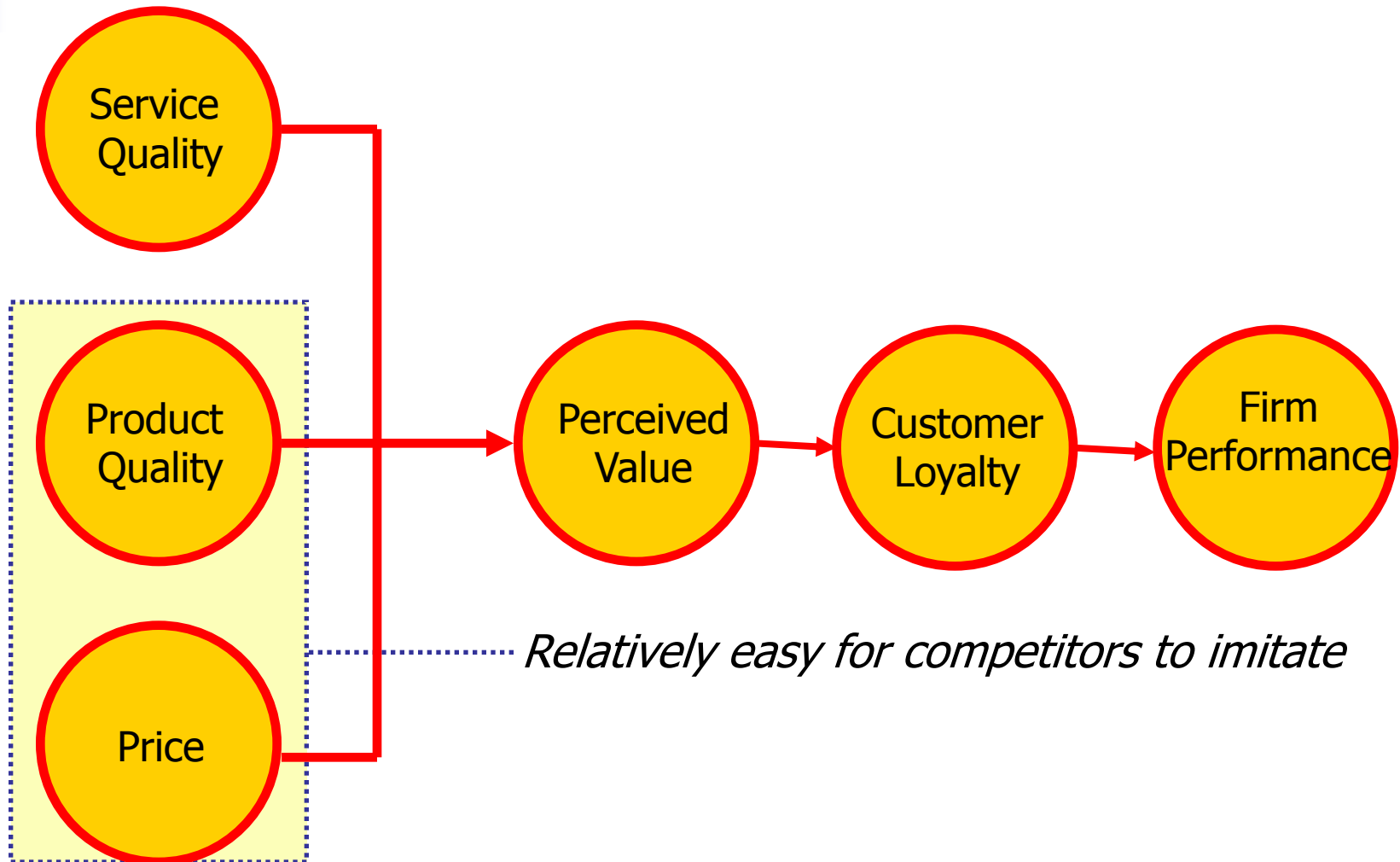
# Service Quality Perceptions Relative to Zones of Tolerance by Dimension

## *Retail Chain*



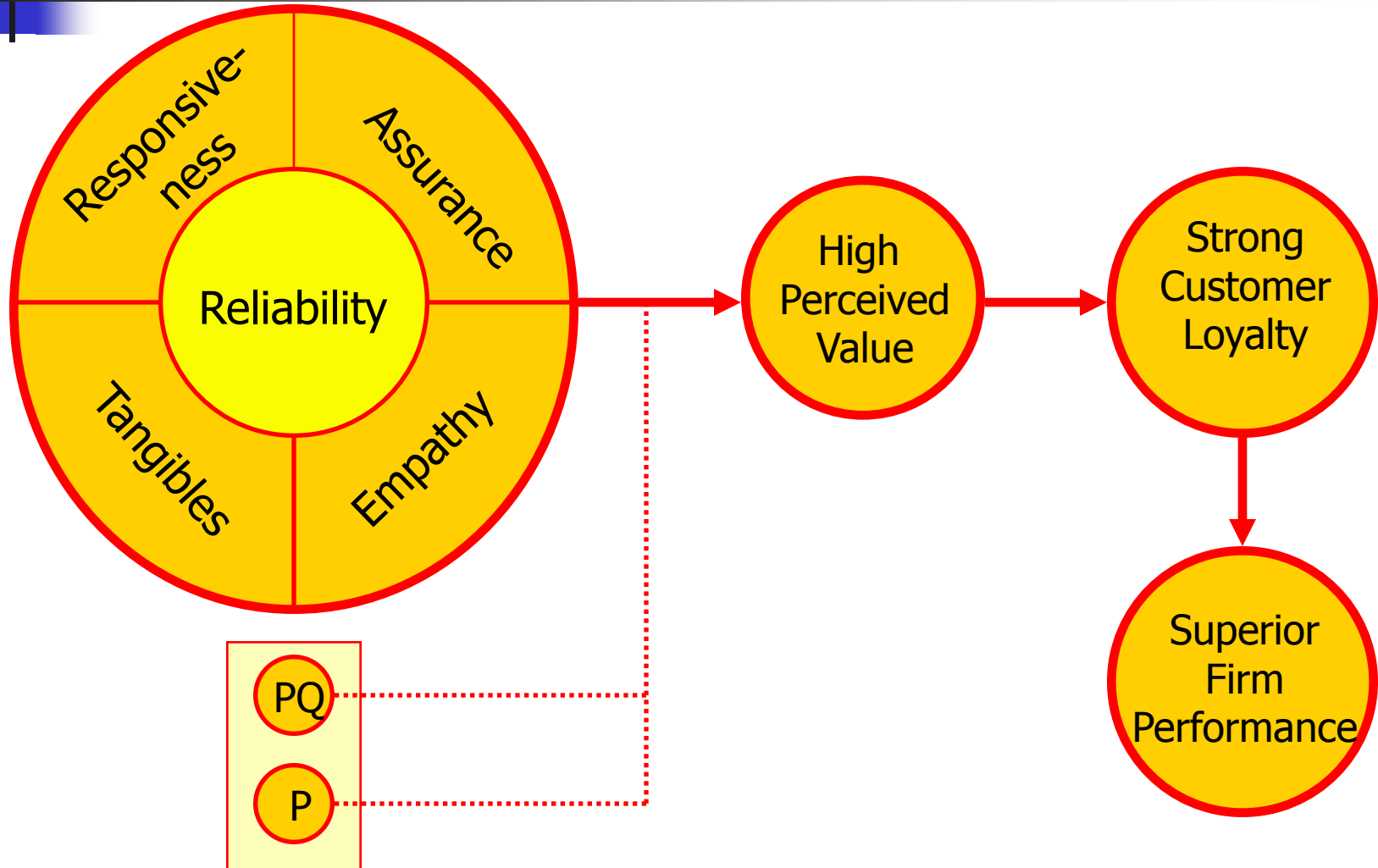
■ Zone of Tolerance • S.Q. Perception

# Relationship Between Service Quality and Firm Performance

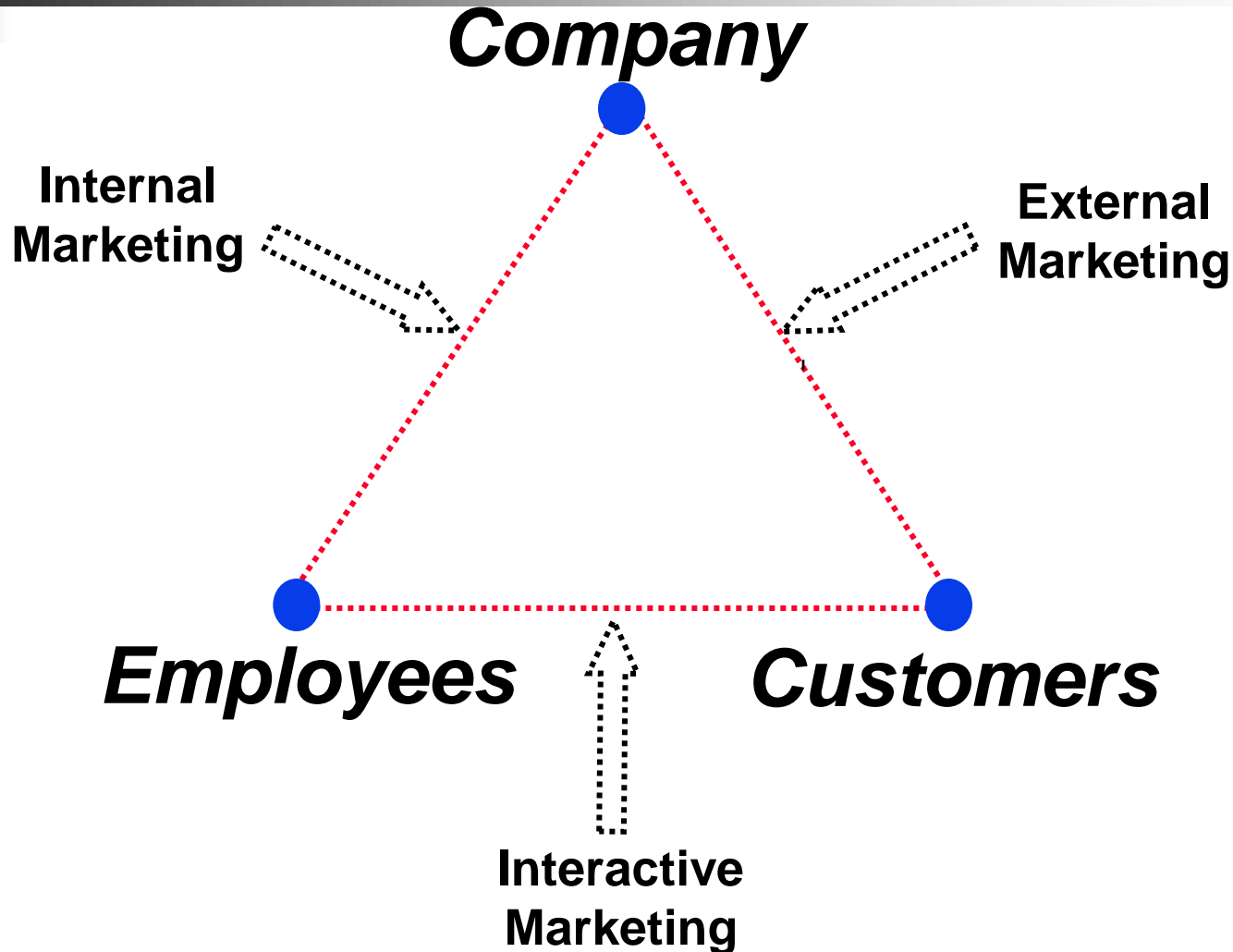


# Relationship Between Superior Service Quality And Firm Performance

Superior Service Quality



# Triangle Model of Services Marketing



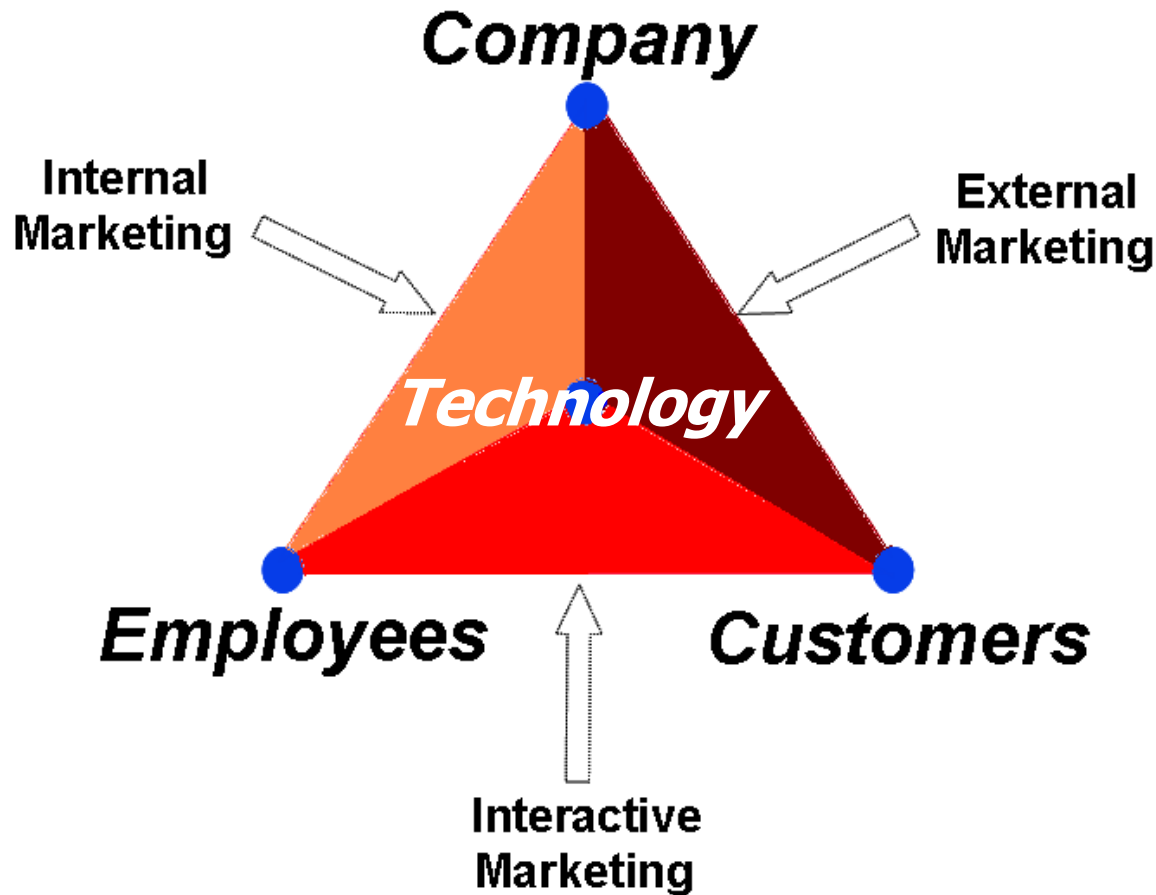


# Role of Technology in Service Delivery

---

## The “Technology Readiness” Construct and Its Managerial Implications

# Pyramid Model of Services Marketing





# An Important Implication of the Pyramid Model

---

An organization's ability to use technology effectively in marketing to and serving customers critically depends on the technology readiness of its customers and employees



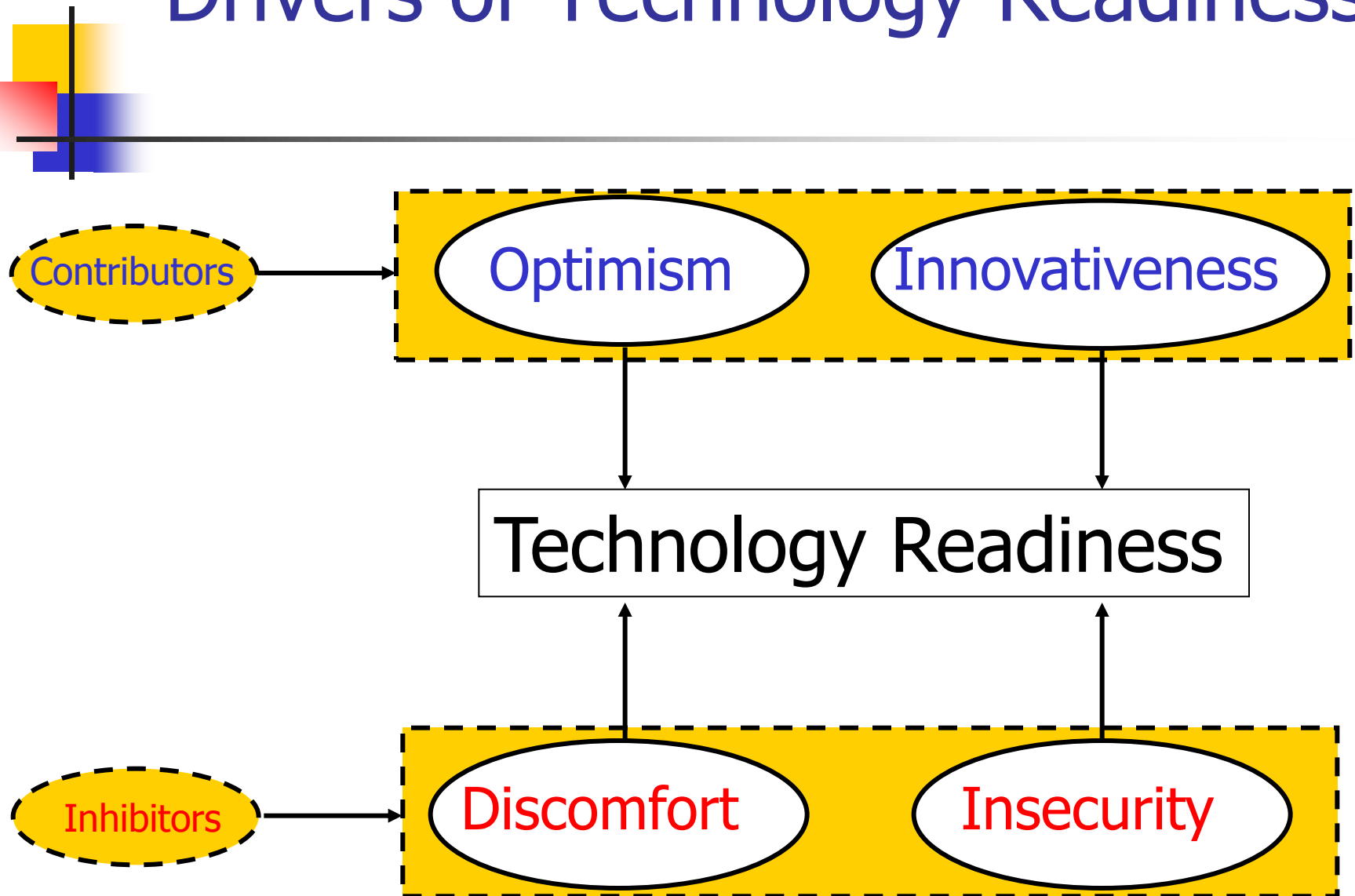


# What is “Technology Readiness?”

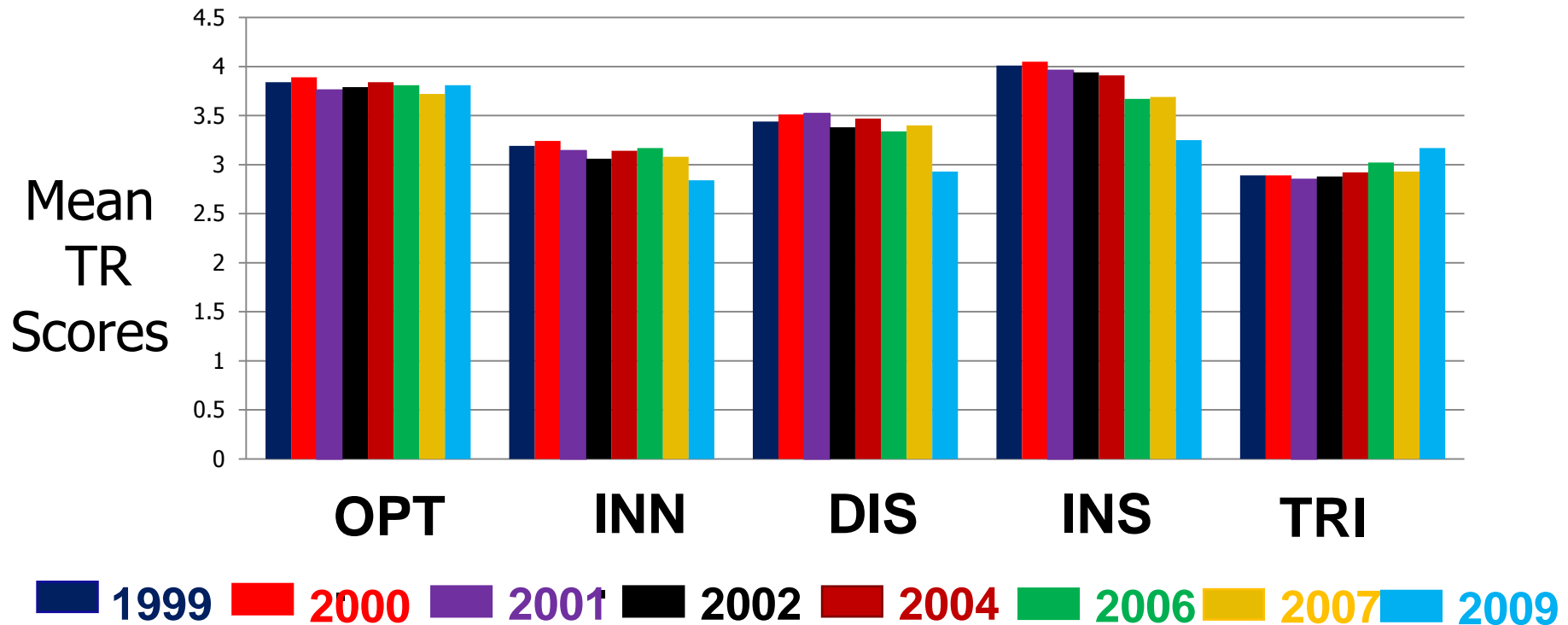
---

Technology Readiness [TR] refers to “*people’s propensity to embrace and use new technologies for accomplishing goals in home life and at work*”

# Drivers of Technology Readiness

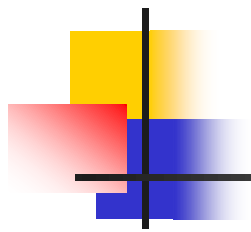


# TR Scores by Dimension and Overall TRI\*



\*Data are for U.S.A.

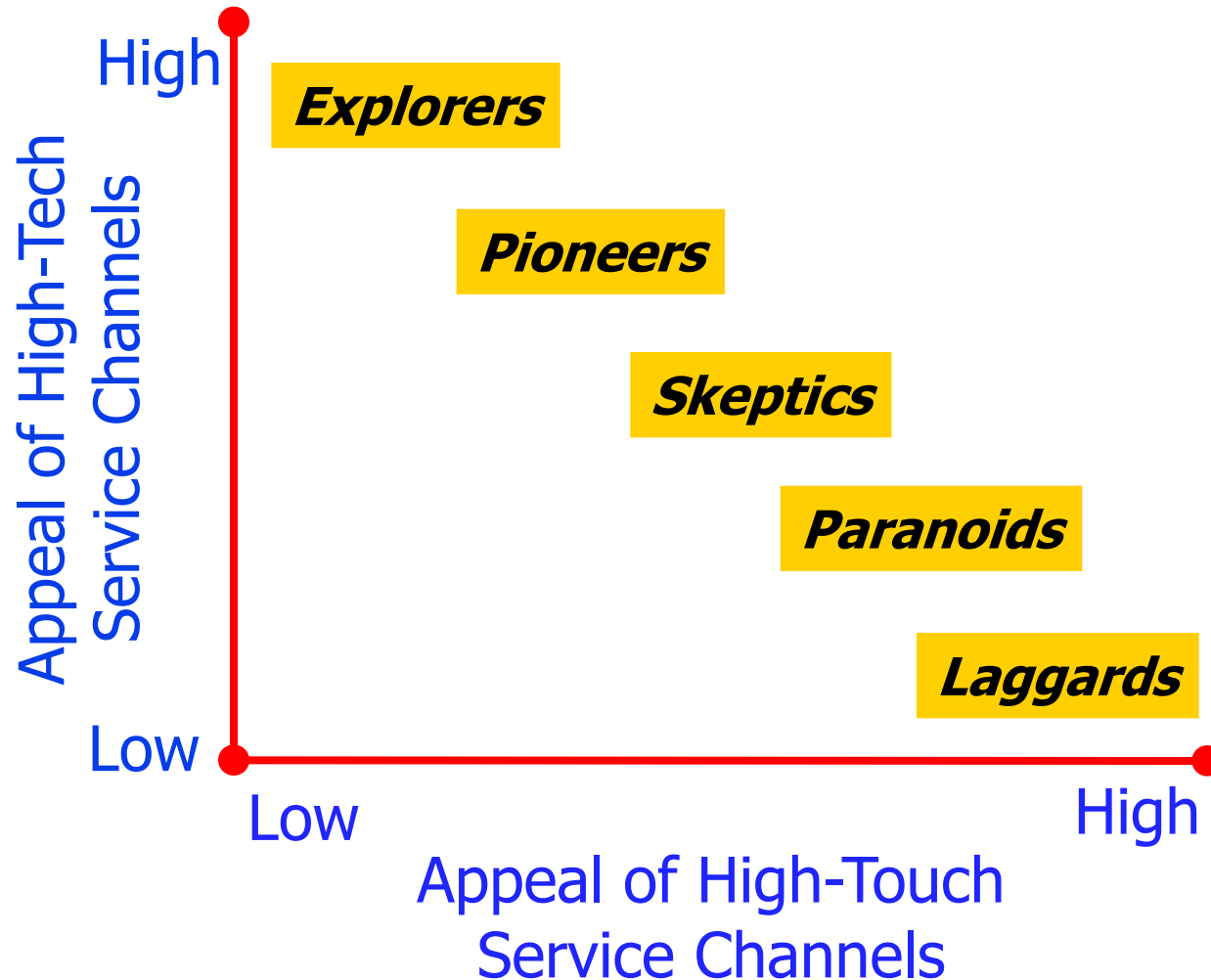
# Five Segments Based on TR Scores



## TR Scores

<u>Segments</u>	<i>Opt.</i>	<i>Inn.</i>	<i>Dis.</i>	<i>Ins.</i>
<i>Explorers</i>	High	High	Low	Low
<i>Pioneers</i>	High	High	High	High
<i>Skeptics</i>	Low	Low	Low	Low
<i>Paranoids</i>	High	Low	High	High
<i>Laggards</i>	Low	Low	High	High

# High-Tech versus High-Touch Customer Service





# Questions to Consider to Ensure Superior Customer Service

---

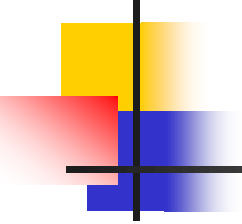
- If you are considering—or have implemented—technology-based service initiatives:
  - Do you know how “technology ready” your front-line staff and customers are?
  - Do you “migrate” customers to the new technology-based systems all at once or gradually?
  - Are you aware of—and do you proactively plan for dealing with—the increasing diversity over time in the mix of first-time customers of your technology-based systems?



---

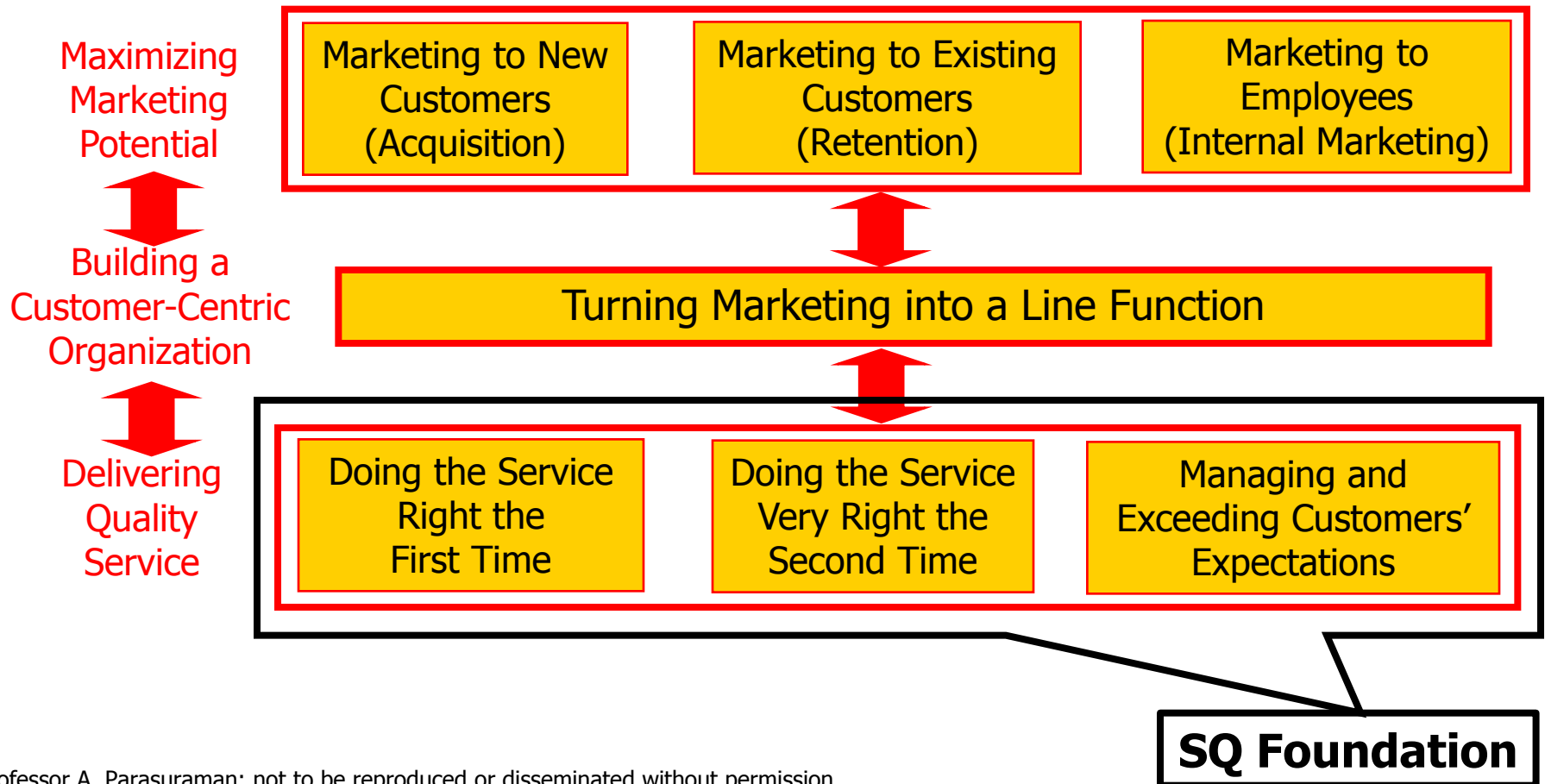
# An Integrative Framework for Achieving Marketing Excellence through Superior Service

# Building Blocks of a SQ Foundation

- 
- Doing the service right the first time – emphasizing RELIABILITY, the most critical SERVQUAL dimension
  - Doing the service very right the second time – excelling in RECOVERY, especially the process of handling service problems
  - Managing and exceeding customers' expectations



# An Integrative Framework for Achieving Marketing Excellence





---

# Turning Marketing into a Line Function

# The Marketing-Service Grid

*Emphasis on External Marketing*

Moderate

Aggressive

Superior

Optimum  
Strategy

Possible  
"Overkill"

*Quality of  
Service*

Mediocre

Need to Move  
Up Instead of  
to The Right

Counter-  
Productive  
Strategy



---

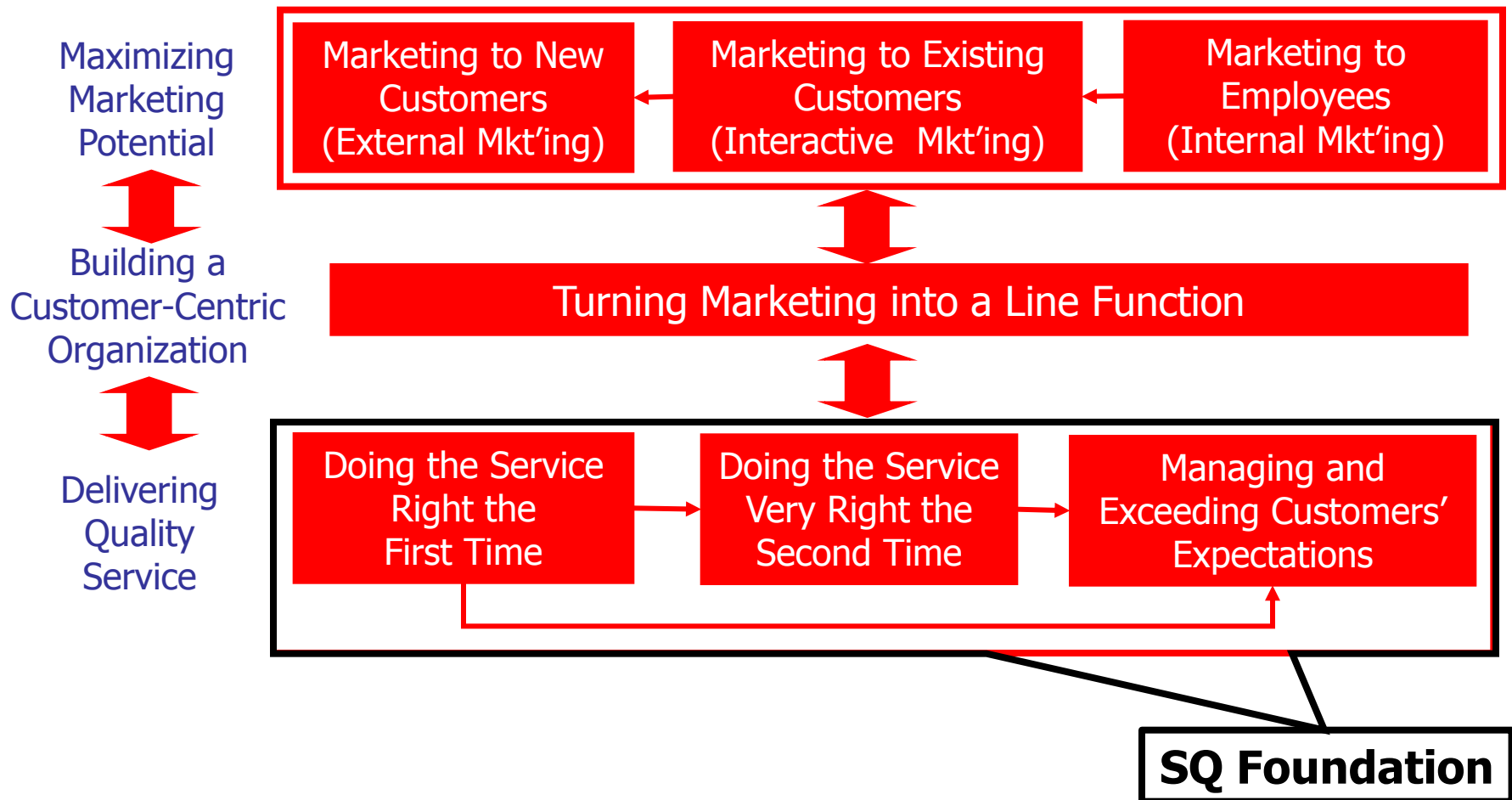
# Internal Marketing: *Marketing to Employees*



---

# Interactive Marketing: *Marketing to Existing Customers*

# An Integrative Framework for Achieving Marketing Excellence: A Second Look





# In Summary...Key Takeaways

---

To achieve marketing excellence through superior service and technology:

- Understand, rather than simply assume, what customers' service expectations are
- Implement market feedback mechanisms to assess external service-quality deficiencies experienced by customers
- Implement internal monitoring systems to detect the organizational barriers that contribute to poor customer service
- Work systematically to remove the organizational barriers



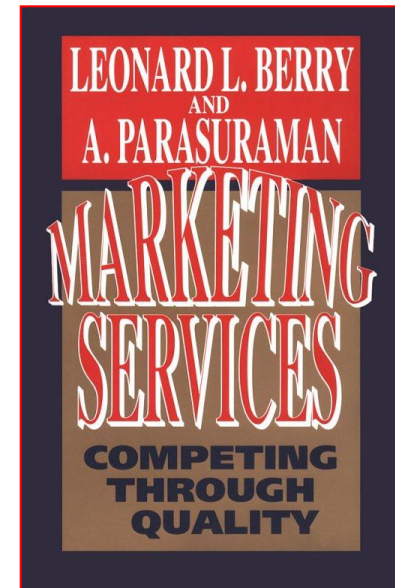
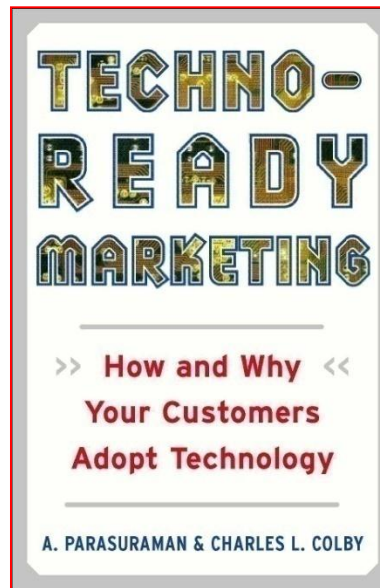
# Key Takeaways...(continued)

---

- Be aware of customers' and employees' readiness to embrace technology-based services
- In deciding on the appropriate mix of hi-tech and hi-touch service, take into account the differing needs of different market segments
- Have systems in place for both service reliability and service recovery
- Manage customers' expectations effectively and exceed them whenever possible
- Make sure marketing is a "line function"
- Do not ignore marketing to internal customers and existing customers



# Sources of Additional Information



[www.technoreadymarketing.com](http://www.technoreadymarketing.com)



---

*Thank You!*