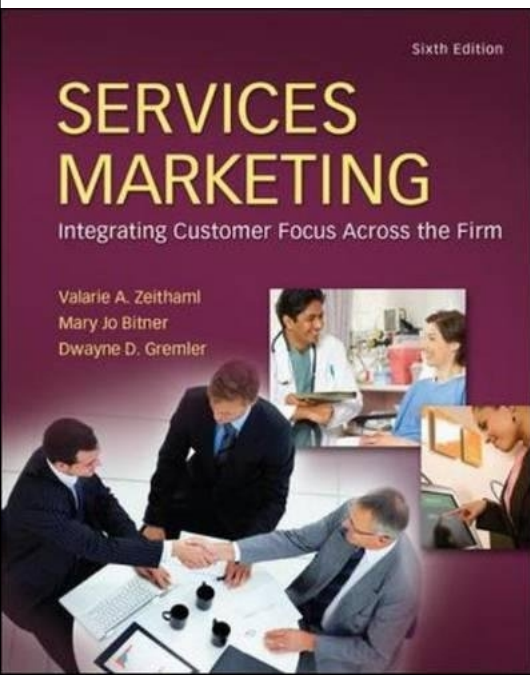


Services Marketing

Mamurjon Rahimov
mrahimov@wiut.uz
mamurjon@gmail.com

Service Recovery (Chapter 7)

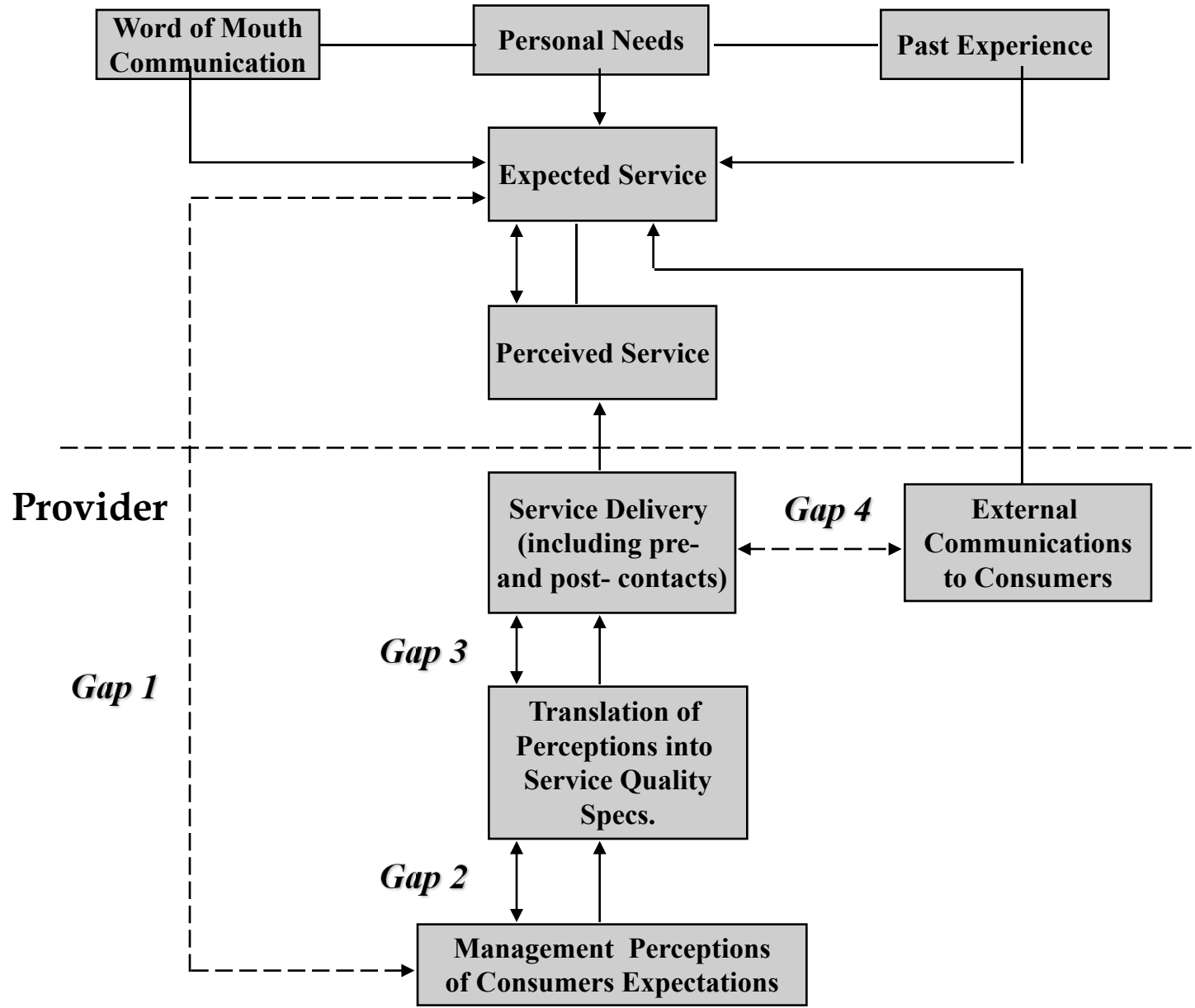


Objectives for Chapter 7:

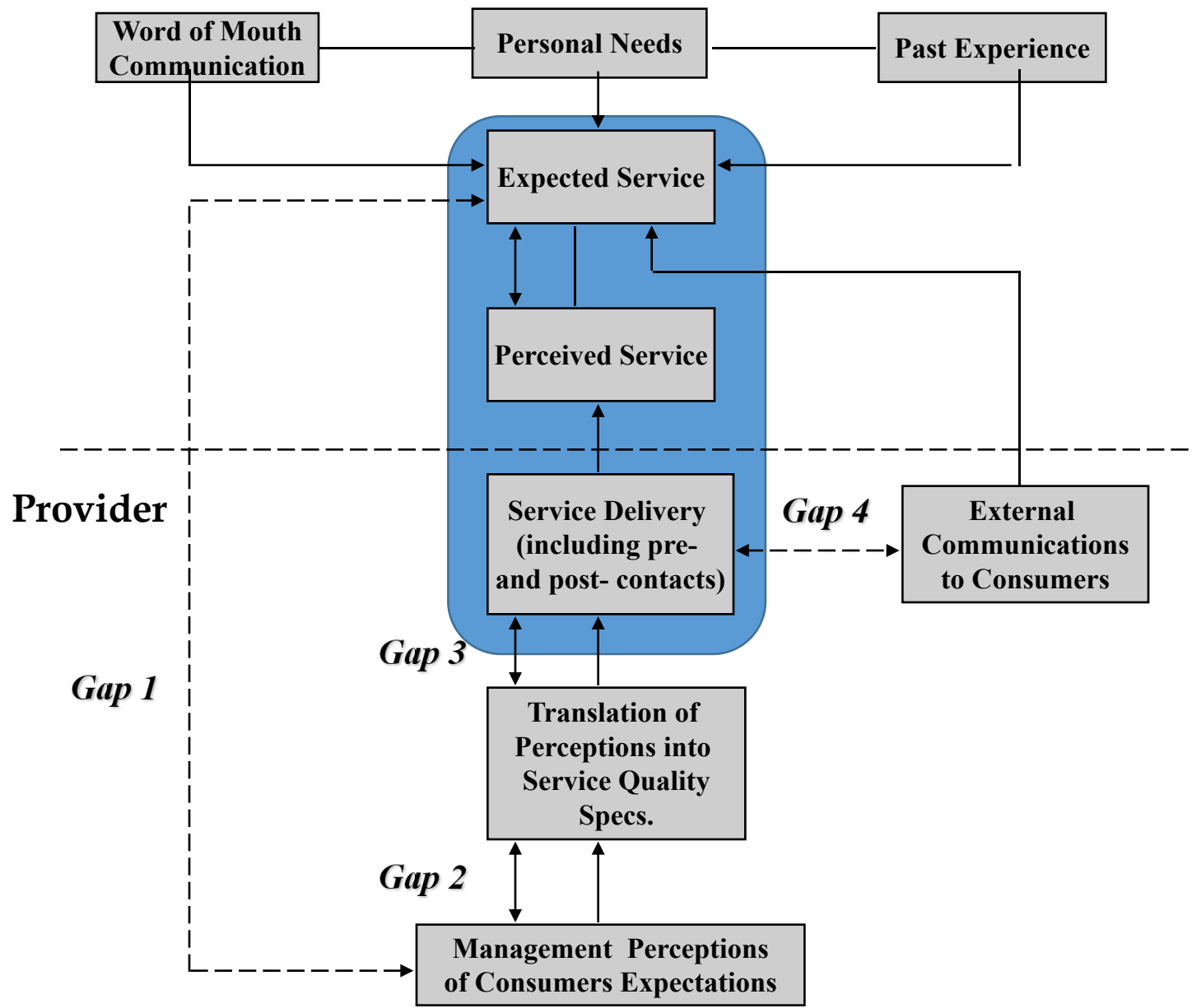
Service Recovery

- Illustrate the importance of recovery from service failures in building loyalty
- Discuss the nature of consumer complaints and why people do and do not complain
- Provide evidence of what customers expect and the kind of responses they want when they complain
- Provide strategies for effective service recovery
- Discuss service guarantees

THE GAPS MODEL OF SERVICE QUALITY



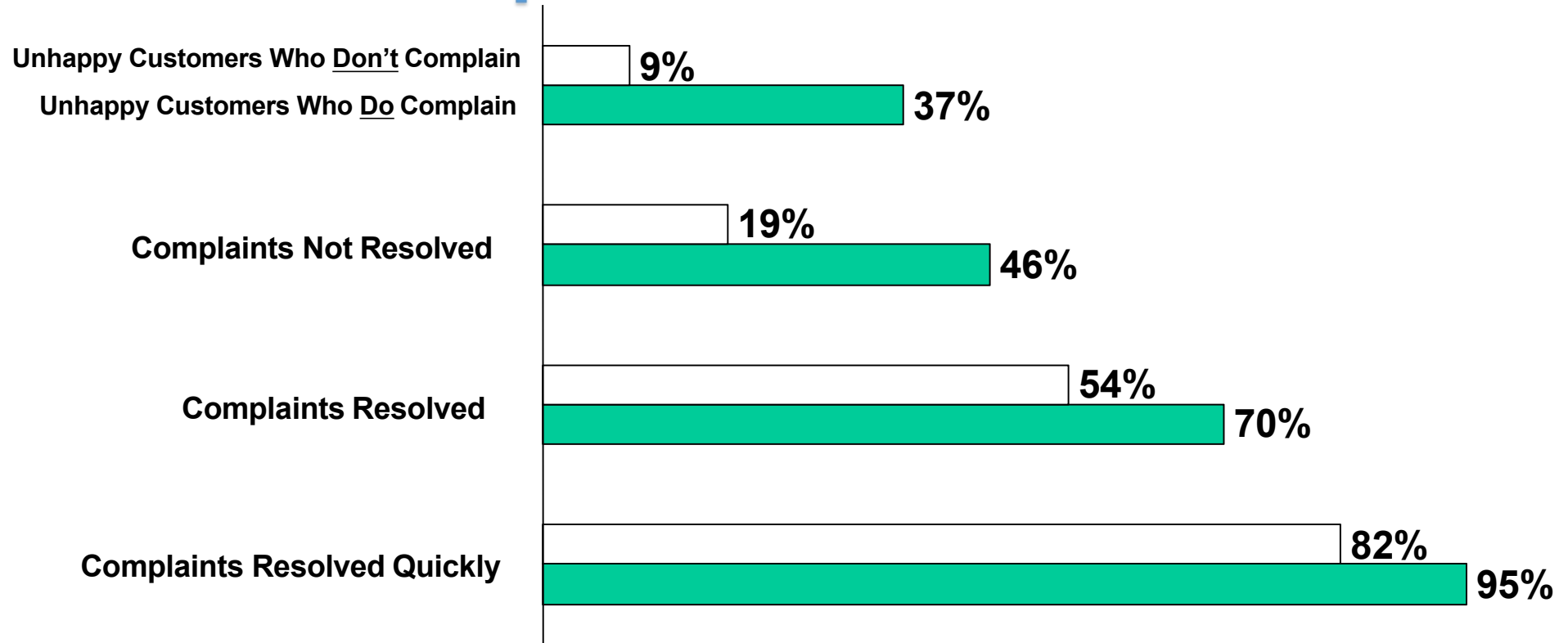
THE GAPS MODEL OF SERVICE QUALITY



What if things go wrong?



Unhappy Customers' Repurchase Intentions



Percent of Customers Who Will Buy Again

■ Minor complaints (\$1-\$5 losses) □ Major complaints (over \$100 losses)

Source: Adapted from data reported by the Technical Assistance Research Program.

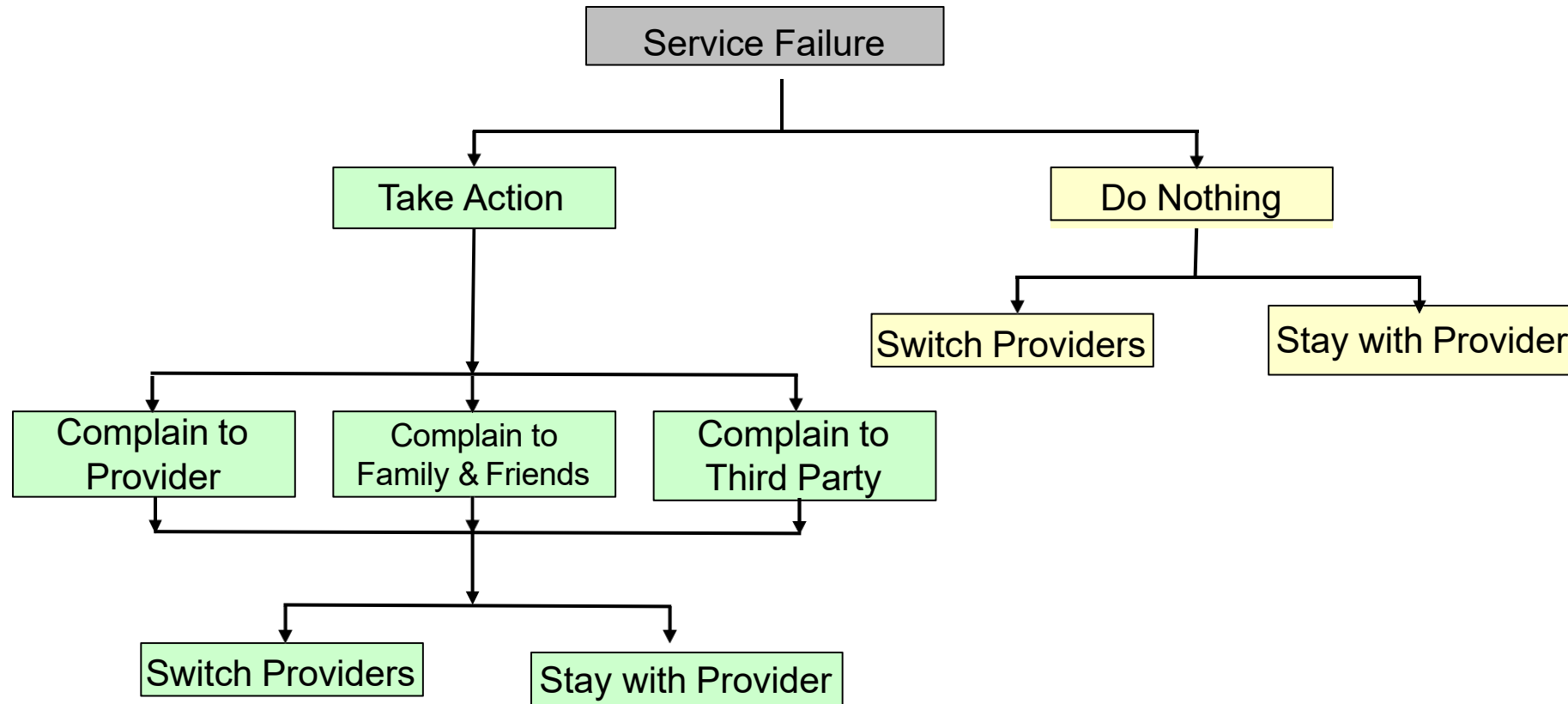
Unhappy Customers' Repurchase Intentions

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www.glasbergen.com



“Thank you for holding. This call may be monitored for quality purposes. Of course, if we really cared about quality we’d hire more people to answer the phones.”

Customer Response Following Service Failure



Service Failure...



I got reprimanded at work for using the F word --- failure.

Customer takes action...



Service Recovery Strategies



Service Recovery

We've been notified of a customer complaint. Take your positions. Let's turn this Moment of Misery into a Moment of Magic™!



© MMXVIII Shep Hyken

Complaints are opportunities to show how good you are!

Causes Behind Service Switching

Pricing

- High Price
- Price Increases
- Unfair Pricing
- Deceptive Pricing

Inconvenience

- Location/Hours
- Wait for Appointment
- Wait for Service

Core Service Failure

- Service Mistakes
- Billing Errors
- Service Catastrophe

Service Encounter Failures

- Uncaring
- Impolite
- Unresponsive
- Unknowledgeable

Response to Service Failure

- Negative Response
- No Response
- Reluctant Response

Competition

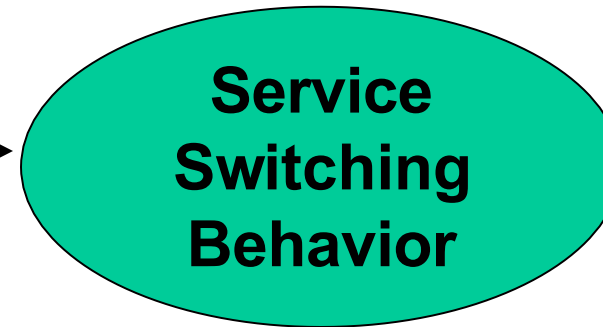
- Found Better Service

Ethical Problems

- Cheat
- Hard Sell
- Unsafe
- Conflict of Interest

Involuntary Switching

- Customer Moved
- Provider Closed



Source: Sue Keaveney

Service Guarantees

- guarantee = an assurance of the fulfillment of a condition (*Webster's Dictionary*)
- for products, guarantee often done in the form of a warranty
- services are often *not* guaranteed
 - cannot return the service
 - service experience is intangible
 - (so what do you guarantee?)

Service Guarantees



Service Guarantees



Characteristics of an Effective Service Guarantee

Unconditional

- The guarantee should make its promise unconditionally - no strings attached.

Meaningful

- It should guarantee elements of the service that are important to the customer.
- The payout should cover fully the customer's dissatisfaction.

Easy to Understand and Communicate

- For customers - they need to understand what to expect.
- For employees - they need to understand what to do.

Easy to Invoke and Collect

- There should not be a lot of hoops or red tape in the way of accessing or collecting on the guarantee.

The guarantee should make its promise unconditionally -
no strings attached.

**ДОСТАВИМ
МЕНЬШЕ ЧЕМ ЗА**

**ИЛИ ПИЦЦА
БЕСПЛАТНО**



☎1174



It should guarantee elements of the service that are **important to the customer.**

WTC +7911 7715000
+7968 4505000
99893 6705000
99899 9775000

ADRESGACHA
DOSTAVKA
ISHONCHLI
100% GARANTIYA

The advertisement features a white background with a red and black contact information box at the top left. Below this, a yellow car is shown on the left, and a delivery person in a blue uniform carrying a cardboard box is in the center. On the right, a red box contains a white truck icon and the text 'ADRESGACHA DOSTAVKA', 'ISHONCHLI', and '100% GARANTIYA'. The background is a blurred green outdoor setting.

Easy to Understand and Communicate



PEAGOR
O'QUV MARKAZI

TALABA BO'L
HAMDA

NEXIA 3
AVTOMOBILI
SOHIBI
BO'L

YOKI 100% GACHA PULINGNI
QAYTARIB OL

The advertisement features a green background with white geometric icons like triangles, squares, and cubes. In the top left, there is a brain icon composed of letters and numbers. A man in a white shirt and tie is shown from the chest up, sitting in a car and holding a red sign. To his right is a white Nexia 3 sedan. The text is arranged in a clear, hierarchical manner, with the main headline at the top, the brand name and logo on the left, and the promotional offer at the bottom right.

Easy to Invoke and Collect...

**YANGI YILDA
OMAD KELADI!**

QOPQOQ OSTIDAGI KODNI
RO'YXATDAN O'TKAZING
VA AVTOMOBIL YUTIB
OLISH IMKONIYATIGA EGA
BO'LING!

21 AVTOMOBIL

«COCA-COLA», «COKE», ДИНАМИК ТОЛГОН, КОНТУРЛИ I ШИША IDISHI, «FANTA» VA «SPRITE» THE COCA-COLA COMPANY SAVDO BELGILARI HISOBLANADI. © 2020 THE COCA-COLA COMPANY.
«COCA-COLA», «КОКЕ», КОНТУРНАЯ БУТЫЛКА, ДИНАМИЧЕСКАЯ ВОЛНА, «FANTA» И «SPRITE» РЕГИСТРИРОВАННЫЕ ТОВАРНЫЕ ЗНАКИ КОМПАНИИ THE COCA-COLA COMPANY (ДШЕ КОКА-КОЛА КОМПАНИИ). © 2020 THE COCA-COLA COMPANY.

Why a Good Guarantee Works

- forces company to focus on customers
- sets clear standards
- generates feedback
- forces company to understand why it failed
- builds “marketing muscle”

Why a Good Guarantee Works



Service Guarantees

- Does everyone need a guarantee?
- Reasons companies do NOT offer guarantees:
 - guarantee would be at odds with company's image
 - too many uncontrollable external variables
 - fears of cheating by customers
 - costs of the guarantee are too high

Does everyone need a guarantee?



"You can trust our money back guarantee. Just send back the unused portion of our product and we'll send back the unused portion of your money!"

Service Guarantees

- service guarantees work for companies who are already customer-focused
- effective guarantees can be BIG deals - they put the company at risk in the eyes of the customer
- customers should be involved in the design of service guarantees
- the guarantee should be so stunning that it comes as a surprise -- a **WOW!!** factor
- “it’s the icing on the cake, not the cake”

References:

- **Textbook:** Zeithaml, Valarie, Mary Jo Bitner, and Dwayne Gremler (2013), **Services Marketing** 6th International Edition, Irwin/McGraw-Hill Publishing. (Other editions will also work, but you are responsible to compare your edition to the 6th - because the syllabus was written for the 6th edition.)
- Printed cases will be provided each week and also will be posted on the Module Intranet page prior to seminars.

**THANK YOU FOR YOUR
ATTENTION!**



WESTMINSTER

INTERNATIONAL UNIVERSITY IN TASHKENT

