TOURISM AND HOSPITALITY STUDIES

Customer Relations and Services

Fine-tuned version

Manual on Module IV – Customer Relations and Services

(Fine-tuned version) July 2024

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Acknowledgements

Introduction

A set of curriculum support package of tourism and hospitality learning and teaching materials is being developed by the Personal, Social and Humanities Education Section of Curriculum Development Institute, Education Bureau for the implementation of the senior secondary Tourism and Hospitality Studies fine-tuned curriculum in schools. The curriculum support package is comprised of five manuals, and they are developed to broaden students' knowledge of the five different units of the Tourism and Hospitality Studies curriculum.

The content of this manual – Customer Relations and Services, should enhance students' understanding of the dynamic nature of the tourism and hospitality industry. In addition, the manual includes activities to deepen students' understanding and help them to apply theories and concepts. Furthermore, students should be able to develop enquiry, problem-solving and decision-making skills through these activities.

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1. Introduction to Customer Relations and Services

1.1. The Nature of Customer Services

> "Do what you do so well that they will
> want to see it again and bring their friends."
> WALT DISNEY

Customer service can be defined as 'a series of activities designed to enhance the level of customer satisfaction – the feeling that a product or service has met customer expectations.' One example is a famous hotel group who see their mission as, "Ladies and Gentlemen serving Ladies and Gentlemen, in order to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience," (Portman Ritz-Carlton Hotels).

Detail descriptions of the nature of customer services can be summarized in the following five dimensions:

1) Integrated
Tourists travel because they want to enjoy new experiences and the associated feelings which they won't come across in their daily life. Through customer service, tourism and hospitality related industry provides tourists with integrated services, e.g. pre-trip services such as inquiry and booking, and services during the trip such as transport, food and beverage, accommodation, entertainment and sightseeing, etc. Therefore, customer service in the tourism and hospitality industry is integrated.

2) Direct
All customer services are provided to customers in a direct, timely and immediate manner. For example, travel agencies or tourist information centers provide inquiry and booking services; hospitality staff provide food and beverage and accommodation services; and tour guides provide tour services. Therefore, serving customers directly is one of the characteristics of customer service.

3) Emotional
In addition to practical needs such as shopping or food and beverage, customers have emotional needs such as fulfilling the needs for recognition and respect during

their trips. Therefore, the service attitude and quality of staff are important to customers. Customer service staff should pay extra attention to take care of, and satisfy the emotional needs of customers.

4) Timely
"Moment of Truth" is about the effects of customer and employee interaction when there is opportunity for the business to impress or upset the customer.

5) Improvising
Customers have many different needs, and want services that will satisfy them. However, the perception of satisfactory service varies significantly among different customers. It is important that at any time, customer service staff should be prepared to satisfy different customers with their different needs.

Reference:

Wu Xiaohuai, "*Introduction to Tourism*", Publishing House of Electronics Industry, 2008, Page 60-61.

1.1.1. Main Differences Between Physical Goods and Services

Besides the above descriptions in related to the nature of customer services, the main differences between physical goods and services should also be emphasized which generally affect the service quality as perceived by customers. The following table provides a summary of differences between goods and services in four major dimensions.

Table 1.1 – Main Differences Between Goods and Services

Goods	Services	Implications on the Provision of Customer Service
Tangible	Intangible	● Services cannot be conceptualized or perceived by the five senses before purchase.
Production separate from consumption	Simultaneous production and consumption	● Providers are part of the service experience because providers and customers must be present simultaneously for the transaction to occur. ● Customers themselves may be part of the service experience because of their greater involvement in the production process. ● The presence of other customers may become part of the service experience.
Standardized	Heterogeneous	● Quality of services is likely to vary (i.e. lack of consistency) because of the provider, location, timing, etc.
Non-perishable	Perishable	● Services are not durable and only last for a short while; they cannot be stocked as inventory for future sales or use.

1.1.2. Tangible and Intangible Services

Service is difficult to define in tangible terms because it involves people. Yes, hotels and restaurants are buildings and they do have many tangible features. However, the actual service that we receive at a tourism or hospitality establishment is given by people and thus can't be easily described or measured. We can't touch and feel a service. We refer to this as the *intangible* aspect of service.

When we go to a restaurant, stay at a hotel, or spend the day at a local tourist attraction, we are purchasing the *intangible* service given. We don't purchase the bed in the guest room and take it home. What we are buying is the service given by the hotel.

Of course, there are characteristics of the tourism and hospitality establishment that are tangible and can be seen, touched, felt, heard, and tasted. For example, a meal at McDonald's might include a Big Mac and that certainly can be seen, touched and tasted. However, that is only part of the entire service we are purchasing. We also go there because the service is fast, the food is prepared consistently, it is a place where we can gather with friends, and so on. So, we do say that there are both tangible and intangible aspects to tourism and hospitality establishments.

Some products we purchase are very tangible. We buy and consume the product and don't really derive any service from it. An example would be soft drink. All of the bottles and cans of a specific soft drink will look the same, the ingredients will be identical, and we can buy it and consume it later if we like. Other products we purchase are very intangible and don't have any aspects we can really see on a store shelf. An example might be taking a class in school. We can go to the class and the content of the course is very dependent on who the teacher is teaching the course. Below is a spectrum showing various products you might purchase and showing where they might fall on a line between tangible and intangible.

Sugar

Soft Drink

Automobile

50/50?

**Intangible
Dominate**

**Tangible
Dominate**

50/50?

Five-star Hotel

Banking

Teaching
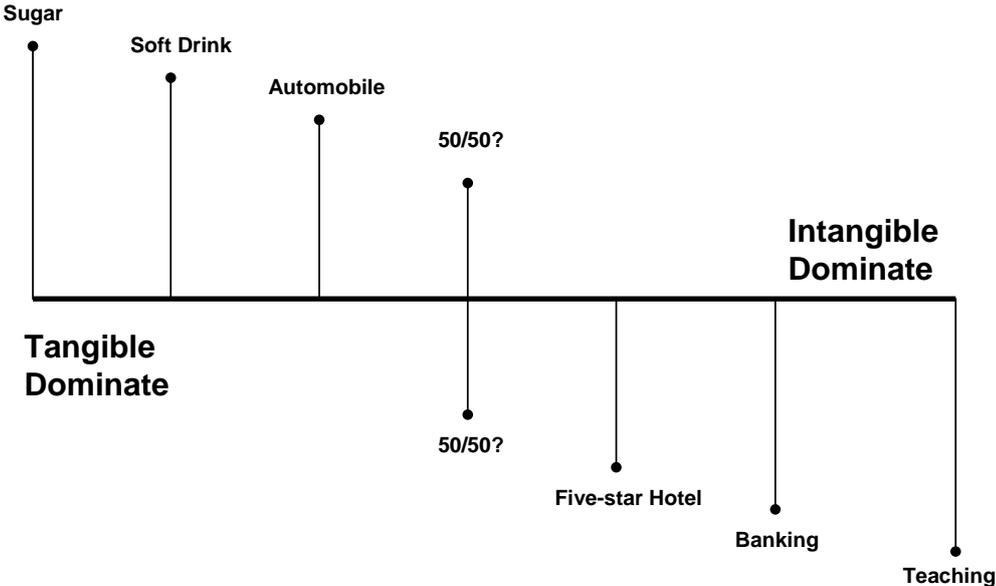
Figure 1.1: Spectrum of Tangibility

Further information about the characteristics of services and how they differ from physical goods in the four dimensions of intangibility, inseparability, variability and perishability can be referred to p.11-18 "Introduction to Hospitality – 1.1 Introduction to the Hospitality Industry."

ACTIVITY 1.1

Think of a last time you were at a McDonald's, KFC, Maxim's Express, or similar quick service restaurant. List tangible aspects of the dining experience and then the intangible aspects of the dining experience in the table below:

Tangible Aspects	Intangible Aspects

Thinking Point

Consider where on the tangibility spectrum would you place a quick service restaurant?

Why did you select that spot?

1.2. Why Is Customer Service Important?

Surveys suggest that service-driven companies are able to charge up to 9% more for the goods and services they offer and grow twice as fast as the average.

Figure 1.2: It takes months to find a customer (Photo: John Manoogian III)

Equally, poor service costs money, as it can take five times as much to go out and get a new customer as to retain existing customers. Research suggests that the average person who has a bad service experience tells at least nine others about it and l3% of those who complain tell more than 20 other people. In comparison, people who receive an excellent service only tell three or four others about it (Research Institute of America).

> "If we don't take care of our customers, someone else will."
> UNKNOWN

Customers have lots of choice these days about when and where they buy their goods and services. For example:

- there are hotels, pubs and restaurants offering accommodation, food and beverages to suit most pockets and tastes

- there are small retail shops, supermarkets, fresh markets and shopping malls selling food, vegetables and groceries

- computers and supplies can be purchased from retailers, the Internet or direct from the manufacturers

In other words, lots of organizations are competing for the same business. In order to get that business, and keep it, those organizations need to gain a 'competitive edge'. The best way to get their competitive edge is to ensure that the standard of service they give their customers is the best! Customer service matters because everyone in an organization either:

- helps customers directly or

- assists other people who help customers directly.

ACTIVITY 1.2

Look at the list of brands or companies below. Think about the type of product or service you think they give their customers and check the boxes.

	Excellent	**Good**	**Average**	**Poor**
HMV	o	o	o	o
MTR	o	o	o	o
McDonald's	o	o	o	o
Cathay Pacific	o	o	o	o
Maxim's	o	o	o	o
Gucci	o	o	o	o
Omega watches	o	o	o	o
Mercedes Benz	o	o	o	o
Giordano	o	o	o	o
KFC	o	o	o	o
Shangri-La Hotel	o	o	o	o
MTV	o	o	o	o

It is important to remember that a company can produce an excellent product but if it doesn't treat its customers well, it could lose them. If they lose them, they cannot sell their products or services. If they cannot sell their products or services, who pays the wages?

Figure 1.3: Customer Service is the New Marketing (Photo: Brian Solis)

1.3. Parasuraman's Five Service Dimensions (RATER)

Research by experts in the field of service management tells us there are five essential dimensions that customers look for, and evaluate when they buy products or services. These are: tangibility, reliability, responsiveness, assurance, and empathy. These five aspects help us understand customer expectations, and companies need to consider them carefully in their service planning and delivery. Of the five factors, **Reliability** is the most important, **Assurance** is the second most important. However tourism and hospitality organizations need to make sure that all gaps are identified and eliminated and that all five quality dimensions are met in order to provide customer satisfaction. The way to remember these is by the acronym RATER (Table 1.2).

Table 1.2: The RATER five dimensions

Reliability	The ability to perform the promised service dependably and accurately. Examples: Timely service and delivery of product.
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence. Examples: Staff experience and professionalism, staff politeness, and effort done by staff for customers' security.
Tangibles	The physical facilities should be visually appealing and in keeping with the type of services provided, equipment used to provide the service, appearance of service personnel, and behaviours of the customers match with the theme of the service facility. Examples: Interior decorations should match with the type of services provided. A group of noisy customers patronizes a quiet café.
Empathy	The care and individual attention the company provides to its customers. Examples: Staff to customer ratio, attention paid by staff, staff flexibility, company provision for customers' necessities. Example: Artificial sweetener is one of the customer necessities which must be provided by a restaurant.
Responsiveness	The willingness to help customers quickly by providing prompt and efficient services. Examples: Welcoming of customers, response for requests, speed of service and having knowledge and skill to perform the service.

1) Reliability

Reliability is about always keeping the promises we make to the customer. These promises can be made in many ways. For example, they can be spoken or written agreements or contracts made with a customer, part of our sales literature or even an aspect of our service that is provided and comes to be expected by most customers. Products and services are usually sold with certain implicit or explicit commitments about their sale. The table below shows the difference between implicit and explicit commitments of products and services.

Table 1.3: Explicit or Implicit Product/Service Commitments

Product / service	Implicit commitment	Explicit commitment
(Tangible / intangible)	*(understood, implied or expected by the consumer)*	*(guaranteed, or defined by the provider)*
A bottle of wine	Will be drinkable Will be served correctly	Matches description printed on the wine list. That is, correct region, vintage, size, shipper, price etc.
Pizza delivery	Correct order will get to your address	Within 30 minutes or $10 discount.
A hotel room	At the very least a bed	Matches description printed on the sales brochure or shown on the Internet. That is all rooms include 21 channel TV, mini bar, tea & coffee making facilities, bathroom, amenities etc.

2) Assurance

Assurance relates to how confident the customer feels about doing business with an organization. Many consumers have some concerns when using a business, especially when it is for the first time. They need to be sure that the business knows what it is doing and is competent and capable in providing the required product or service just when it is needed and at the desired level of quality. For example, when using a restaurant for the first time customers may worry about the quality of the food, the atmosphere, value for money or how they will be treated. Knowledgeable, helpful, friendly and attentive staff, and user-friendly systems can do a great deal to put them

at ease. This also implies that the employee delivering the service knows his/her product well.

Figure 1.4: Table service, London (Photo from Cedric)

3) Tangibles

These are the items that the customer can touch, see and feel, and they will create an impression one way or the other. It is important to make sure that physical facilities such as decorations, furnishings, fittings should be in keeping with the type of services provided. For example, modern steel furniture would look out of place in the lobby of a very traditional hotel, whilst antiques would be out of place in a modern theme restaurant. In addition, the equipment used to provide the service should be up-to-date, for example, pool ozone generator is being used by some hotels to sanitize swimming pools by injecting ozone into the water in maintaining good hygiene. Tangible often provide a very vital first impression to the customer and research show that first and last impressions have the most impact on customer perceptions of a business. Therefore, appearance of service personnel is important. They should be well dressed and appear neat. Customers in the facility can also create a bad or good image of a business. For example, customers speak too loud at a quiet coffee shop are not keeping with the type of service provided.

4) Empathy

Empathy is about the concern, understanding and compassion a company shows to its customers when they have a problem or a worry about some aspect of the product or service. It is about how staff deals with the customers, and the level of personal attention they are willing to provide. It could be as basic as recognizing who is the regular customer or knowing the customer's specific requirements. To a further extent, sympathetic, caring and considerate staff who are willing to help solve a problem can go a long way to satisfying that customer. For example, a guest whose luggage has been lost en-route would probably be most satisfied by an empathetic approach which helps quickly solve the problems of having no change of clothing, toiletries etc., and locating the missing luggage.

5) Responsiveness

Responsiveness relates to the timeliness, speed, efficiency, courtesy, and capability of employees in providing help and assistance to customers when providing products, services or information. Example of timeliness, speed and efficiency when a hotel guest who complains that the TV is not working would not expect to wait several days to have it fixed, nor would they expect a room service order to take several hours to be delivered. Example of courtesy: When employees show their politeness, respect, consideration and friendliness to the customers.

ACTIVITY 1.3

Complete the following matching exercise to see if you understand the previous section. What is:

Reliability …	
Assurance…	
Tangibles…	
Empathy…	
Responsiveness…	

A…the knowledge and courtesy of employees and their ability to inspire trust and confidence.

B…the willingness to help customers quickly by providing prompt and efficient services.

C…the ability to perform the promised service dependably and accurately every time.

D…the care and individual attention the company provides its customers.

E…the physical facilities, equipment, and appearance of service personnel.

ACTIVITY 1.3

1.4. Personal Attributes of Tourism & Hospitality Service Personnel

1.4.1. Personality of Customer Service Staff

According to Hong Kong Tourism Board, tourism industry staff should have the following personal attributes:

■ **Grooming**

You do not have to be good looking to find work in the tourism industry. It will be sufficient as long as you have a pleasant character. Amicable smiles will also be beneficial to the job. The staff should keep his/her hair and clothes tidy. Fancy clothes should be avoided. Most organizations provide their staff with uniforms.

■ **Quality**

A tourism industry staff should enjoy meeting people and be able to communicate and get on well with all kinds of people. He/she should be able to communicate effectively with customers either face-to-face or over the telephone. He/she should be mature, outgoing, humorous, helpful and patient. In addition, honesty and politeness are also critical.

■ **Qualification and skills**

Professional training will be preferred. Some higher positions would require tertiary qualifications. Generally, a tourism industry staff should be fluent in English, and have a good understanding about the current affairs of Hong Kong and Chinese culture. For the position of tour coordinator or tour escort, it would be helpful if the worker can speak other languages such as Korean, Japanese, French or German.

■ **Others**

You can be an outstanding tourism industry staff if you are physically healthy, quick in thinking, decisive, quick to adapt to different kinds of working environment, willing to work long and irregular hours, honest and reliable.

1.4.2. The Importance of Personal Attributes of Tourism and Hospitality Staff to the Provision of Quality Service

The tourism and hospitality industry is a service industry which involves numerous interpersonal contacts, and the service staff is the ones who provide customers with services directly. In addition, the provision and consumption of tourism services are simultaneously, which means the personal attribute, behavior and attitude of the frontline staff will affect the customers' experience in the consumption of products or services. If a staff is rude and careless, the customers' impression and experiences of the products or services will be affected. Eventually, the customers would likely not to buy the product or service again.

Personal grooming is also important in the tourism and hospitality industry because customers often comment on the appearance of the staff. Good personal grooming of staff reflects the service's quality of a company. An outgoing, humorous, patient and honest personality also helps to maintain a good customer relationship, which is an important factor in achieving good quality customer service. To a large extent, the delivery of a quality customer service depends on the personal attributes of the tourism and hospitality staff.

ACTIVITY 1.4

What do you think are the most important features of customer service staff? Note down below two or three things customer service staff should try to be. We have done the first one for you:
1.   helpful
2.
3.
4.

2. Customer Service Concepts

2.1. Customer Needs, Expectations, Perceptions and Satisfaction

2.1.1. Definitions of Terms

1) Customer Needs

A need can be explained as a basic essential which keeps one alive. Typical examples of basic needs include oxygen, water and food which are those key elements for human's survival. Deeper understanding can be referred to Maslow's Hierarchy of Needs which further divides human needs into different levels (See Table 2.1 below).

People will try and satisfy their basic needs and then go on to meet their more individual needs or desires. The table below shows how the people's needs can be met with examples from the hospitality industry.

Table 2.1 : Human needs applied to hospitality

Category	Human Needs	Hospitality example
Group 1 *Physiological needs* (Lowest category)	The basic needs of food, water, sleep, oxygen and activity.	Choice of place to satisfy immediate need, e.g. eating just to satisfy hunger.
Group 2 *Safety needs*	The need for a stable environment free from threats to safety.	Choice of place to provide safe shelter, e.g. staying in a hotel when away from home.
Group 3 *Belonging and love needs*	The needs for affection and acceptance by peers.	Choice of place that offers acceptance/belonging, e.g. bar, club, disco, sports club etc.
Group 4 *Esteem needs*	The needs for self-respect, self-esteem and the esteem of others.	Choice of type of place to match self-image, e.g. trendy, up market, fashionable etc.
Group 5 *Self-actualisation* (Highest category)	The need for self-fulfilment and achieving full potential.	Choice of place to satisfy achievement needs, e.g. holiday, event, dinner etc.

In service marketing, needs and wants are similar and sometimes interchangeable. The main differences of needs, wants and demands are explained as below:

- Customer Wants

A want is something that a person desires, either immediately or in the future. Unlike needs, wants are those that differ from one person to another. Each person has his or her own list of wants, each with a varying level of importance. Furthermore, wants can change over a period of time. This is in contrast to needs, which remain constant throughout the lifetime of the person. Basically, a want is for the product or service that will satisfy a need, as shaped by the culture, personality and experience of the customer. These are described in terms of the objects (products and services) that will satisfy that need.

- Customer Demands

People have many wants but not enough money to meet all their wants. Therefore, they buy products that provide the most satisfaction (value) for their money. When backed with buying power, wants become "demands".

2) Customer Expectations

Expectations are all the benefits that the customer would like to get when satisfying needs and wants. Customer expectations are formed by many influences. And customer expectations have to be within a companies' ability to meet them. That is they should be "reasonable".

3) Customer Perception

Customer perception refers to how customers feel and think about a certain product / service. Generally, perceptions are formed mainly based on the customers' past experience. Other common factors which may also influence one's perception include, word of mouth and advertisement.

4) Customer Satisfaction

Customer satisfaction can only be gained by meeting or exceeding customer expectations after experiencing the services / products.

2.1.2. The Relationship Among Customer Needs, Expectations, Perceptions and Satisfactions

The relationship among customer needs, expectations and perceptions can be simply illustrated by Figure 2.1 below. Meeting the customer needs is not enough. It is being conscious that even though the needs are met, we know customers expect more from the service providers.
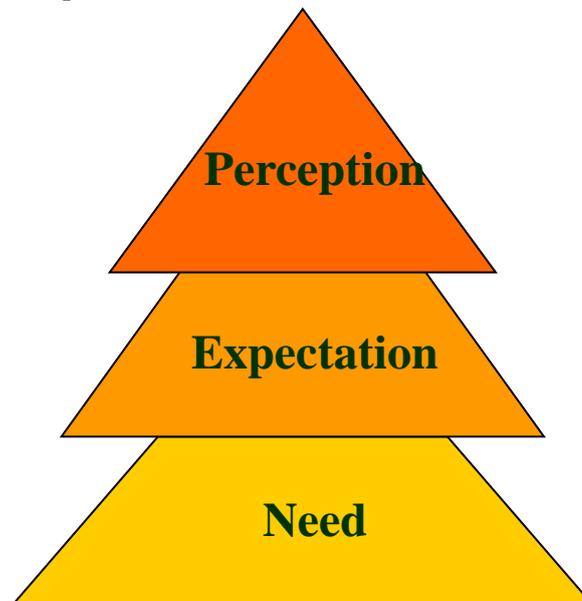
Figure 2.1: Relationship Among Customer Need, Expectation and Perception

For example, according to "Maslow's Hierarchy of Needs", a customer who goes to a restaurant may only have a basic need of filling up his/ her stomach. However, the customer would also have some more expectations on top of this basic need, such as:

- food consumed should be delicious;
- comfortable seat and dining environment are expected;
- a place where the customer can socialize with friends and relatives, etc.

Expectation refers to how customers perceive before experiencing services and it is always followed by and compared with customer perception (See Figure 2.1), i.e. how customers feel after consuming the services. It, on the other hand, provides an indication of satisfaction level in the service delivery process by simply comparing the difference between perception and expectation. This concept can be further illustrated by Figure 2.2 below:

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Satisfaction	=	Perception	-	Expectation

Figure 2.2 : Relationship Among Customer Satisfaction, Expectation and Perception

+ If Perception > or = Expectation, customers are satisfied
+ If Perception < Expectation, customers are dissatisfied

Detail explanation related to the differences between customer perceptions and expectations would be provided in Section 2.4.2 - Parasuraman's Gap Model of Service Quality.

Links for reference:
http://goafrit.wordpress.com/2010/04/08/beyond-customer-need-and-expectation-perception-is-king-of-market/

ACTIVITY 2.1

Complete the following table by:

- choosing any products and/or services you feel would be appropriate to meet your needs and write it in the *want* column; and
- briefly list what you think the expectations would be in the *expectation* column.

Consumer	Need	Want	Expectation
E.g. An American teenager	*Hunger*	*McDonald's*	*· Fast* *· Cheap* *· Convenient*
You	Hunger		
	Thirst		

ACTIVITY 2.2

It often helps to put yourself in your customers' position. Imagine you are visiting a hotel for the first time – what would your expectations be? Make some notes below to share with the class.

- Your first visit

- Describe your experience of staying in a hotel or visiting a hotel restaurant.

- What would you expect the place to look like (particularly the reception area)?

- How would you expect the hotel's staff to treat you?

- What would you expect from the hotel services (in terms of price, facilities, reputation and reliability)?

ACTIVITY 2.3

Complete the following table by:

- choosing any products and/or services you feel would be appropriate to meet their needs and write it in the *want* column; and
- briefly list what you think the expectations of each consumer type would be in the *expectation* column.

The first one is done for you as an example.

Consumer	Need	Want	Expectation
A teenage American	*Hunger*	*McDonald's*	- *Fast* - *Cheap* - Convenient
	Thirst		
A male German tourist	*Hunger*		
	Thirst		

Consumer	Need	Want	Expectation
A Chinese female tourist going out for shopping	*Hunger*		
	Thirst		

Note that you should try to find out as much as you can about your "typical customer" and know how to satisfy them.

ACTIVITY 2.4

Look at the examples below and for each example you have to:

- identify the "average or typical customer"
- assess their needs (N), wants (W), and expectations (E) and
- give one (1) example of a service that would satisfy their needs, wants and expectations.

The first one is done for you as an example.

Market example	*Average customer*	*Needs (N), Wants (W) and Expectations (E)*		*Example of service*
Deluxe business hotel	Affluent business traveller	N	Higher order esteem needs	Airport limousine pickup
		W	High degree of luxury	
		E	Individual, personal and detailed service	

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Market example	Average customer	Needs (N), Wants (W) and Expectations (E)		Example of service
Fast food restaurant (e.g. McDonald's)		N		
		W		
		E		
Family Dining Restaurant		N		
		W		
		E		
Coffee shop (e.g. Starbucks)		N		
		W		
		E		
Snack counter in a cinema		N		
		W		
		E		
School Canteen		N		
		W		
		E		

Additional Information –

1) Examples of Customer Expectation

What customers expect and what customers actually get can be completely different!
Guests in a hotel, passengers on a cruise ship or tourists travelling to another country
will expect:

- the right product or service
- at the right price
- at the right time
- in the right place
- with a positive and helpful manner from staff.

Figure 2.3 : Service with a smile (Photo: Miles Gehm)

That may be asking a lot. But if a company wants satisfied customers it is important
they find out exactly what it is that their customers expect.

Apart from their specific expectations about the products and services that are
offered, customers have a number of general expectations of the service organization.
They expect that anyone dealing with customers will:

- listen to them
- understand them
- care about them
- treat them as individuals
- treat them intelligently.

For many people, the key to providing effective customer service is putting yourself in the customer's position.

Figure 2.4 : First impressions make an impact on customers (Photo: Jos Tan)

If your customers' expectations aren't met, they will be disappointed – it is only a small step from 'disappointment' to 'dissatisfaction' – and a dissatisfied customer is just what you don't want!

2) Ways to Meet Customer Expectations

All customers expect the customer service staff to satisfy their demands. Demands are refer to as an efficient service with value for money. In order to meet their expectations, organizations nowadays would keep improving their service quality and management ensure of product enhancement. To satisfy customers, organizations should identify the services most needed by customers, and then try their best to reach or even exceed their expectations. The following are some approaches to meet customer expectations:

i) Respect

   Sending a thank-you letter or birthday card to customers would make them feel that they are respected. For example, the customer service staff should take the initiative in providing customers with information that they need. If you are busy with your work while a customer approaches, you should smile to him/her or indicate him/her to take a seat and wait for a moment. In this way, the customer will understand that you are aware of his/her presence.

ii) Polite

   Use polite expressions such as "please" and "thank you". Any vulgar language or behavior is prohibited. You have to be polite even if the customer may not be right. When a customer complains, the service staff should listen to his/her requests patiently and carefully. Ask for help from others if you are unable to solve the problem.

iii) Efficient

   The customer service staff must manage time efficiently. Do not neglect the customer you are serving nor let them waiting for too long.

iv) Enthusiastic

   A smile and warm reception from customer service staff and their initiative in helping to solve problems will promote the message of quality service and commitment to customers.

v) Dedicated

   Try to look at problems from the perspective of customers and understand their actual needs. For example, if a customer from Beijing is not fluent in English, you should arrange a customer service staff who can speak Putonghua to serve this customer. If a customer complains, you must listen and explain the reasons to the customer patiently, and express your understanding and care, and apologize when necessary.

3) Exceeding Customer Expectation - Acceptable and Exceptional Service

Can you tell the difference between acceptable and exceptional service? Here are some examples.

Behaviour /Manner	Acceptable Standard	Exceptional Standard
Undivided attention	Concentrates on what person is saying.	ALSO gives listening signals: "yes", "I understand", "I'm sorry to hear that", and has a lot of eye contact.
Using person's name	Uses it once.	Use name several times during the conversation.
Listening skills	Concentrates on what person is saying.	Summarizes and confirms what the person has said.
Friendly manner	"Thank you sir".	"Is there anything else I can help you with?"
Helpful	"Let me give you the number of the taxi company".	"Let me call a taxi for you. Would you like the taxi immediately, Mr. Wong?"

CLASS DISCUSSION:

List some things hospitality and tourism organizations should do and shouldn't do to ensure their customers are satisfied with their services and products? Suggest at least 3 things they should do and 3 things they should avoid doing. We have done the first one for you

Things to do	Things to avoid
1. respond quickly to customer requests	1. keeping customers waiting in line too long
2	2.
3	3.
4.	4.

2.1.3. Section Review

This section looked at what customers expect from a hospitality or tourism organization. By thinking about what you would expect from an organization, you identified ways in which any organization you visit or purchase from could improve its service.

ACTIVITY 2.5

- Visit a local tourism attraction, eat in a restaurant or go on a shopping trip. (or you may want to talk about a recent trip you took when you stayed in a hotel with your family)
- Take note of the customer service experience you receive – what was good, what could be improved and what was poor
- Report back to the class on your customer service experience on what was good, what could be improved and what was poor
- Discuss in class what could be done to improve customer service in the hospitality and tourism industry in Hong Kong

ACTIVITY 2.6

To complete this section we would like you to compare the "servicescapes" of two types of restaurants who offer the same type of food. Servicescape is like a 'landscape'. It includes the exterior (external facility design, signage, parking, surrounding environment) and interior (interior design & decor, equipment, signage, layout, air quality, temperature). It can include things like employee dress, uniforms, brochures etc. Try to visit two restaurants and make your comparisons based on first hand knowledge.

Compare a specific quick service restaurant (e.g. McDonald's, Maxim's Express, Café de Coral, etc.) with a family dining Chinese restaurant (e.g. your favourite local family dining Chinese restaurant where you live). In making your comparison, try to answer the following six questions.

Question	Fast service restaurant	Family dining Chinese restaurant
1. What is done well, give one or two examples.		
2. Which aspects of customer service have a positive influence on customer perceptions of the overall service experience? Explain.		
3. Which aspects of customer service have a negative influence on customer perceptions of the overall service experience? Explain.		
4. Which of the following characteristics (colour, lighting, shapes, sound, smell) influences the customer's experience? Explain.		
5. How does each establishment use the "servicescape" to let you know the type of service you should expect from them?		
6. What suggestions would you make to improve the "servicescape" and other physical evidence for each establishment?		

2.2. Customer Life-time Value and Loyalty

This topic looks at the value of repeat customers, also known as the life-time value of a customer to a business and looks at strategies to encourage repeat business. Customer Life-time Value is the *present* value of the *future* cash flows from a customer relationship.

Defining customer loyalty - In a business context, loyalty can be defined as a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly, and recommending the services and products to other people. (Source: Mallory & Barnett 2000 A Restoration in Hotel Loyalty - Developing a blueprint for reinventing loyalty programs by Deloitte & Touche LLP).

2.2.1. Keeping Customers

The most important thing for any businesses to do is to keep their customers because repeat business is the lifeblood of every business. Here are some of the benefits to the businesses:

- Studies show that it is between five to ten times more expensive to attract new customers than it is to keep existing ones.

- With the cost of attracting new customers being much greater than the cost of providing the exceptional service that keeps them coming back, it is clear that the more customer loyalty a business develops, the less it needs to spend on attracting new customers. *But, remember it is always important to be attracting new customers.*

- It is expected that increased customer loyalty leads to lower price sensitivity and stronger brand attitude, as a result customers have a lower chance to switch to another brand (Preeta and Piyush, 2008).

ACTIVITY 2.7

If you are interested in doing some calculations on Customer Life Time Value, Harvard Business School offer a free 'Lifetime Customer Value Calculator Toolkit' (Excel Workbook) you can download here: http://hbswk.hbs.edu/archive/1436.html

2.2.2. Customer Loyalty Programmes

What is a customer loyalty programme?

The basic idea behind a customer loyalty programme is to gain a bigger share of customer spending by rewarding individuals for shopping at a particular store or group of stores. The more money that a customer spends, the greater the rewards. Sometimes rewards come in the form of discounts on products in the store. Other loyalty programs allow members to accumulate rewards 'points', which they can then redeem for a variety of 'free' goods or services (Worthington and Fear, 2009).

Successful tourism and hospitality businesses have found that loyalty programmes are very important in capitalizing on existing customers and bring in new customers while stimulating revenue growth. Many businesses have started to develop programmes and strategies to create customer loyalty, for example airlines offer "frequent flyer" programmes.

Figure 2.5: Airline's frequent-flyer programme

Loyalty programmes yield benefits both to the business as well as consumers (Stone and Crick, 2004).

Benefits to the business:

- Loyal customers cost less to retain – it costs a business about 5-10 times more to acquire a new customer than it does to sell to an existing one
- Loyal customers will recommend the services they frequent to 12 persons on average
- Loyal customers are more likely to reflect their comments to the business management
- Loyal customers spend more - they pay little attention to prices, and they are willing to pay higher prices for quality products and services. According to research, existing customers spend 67% more than a new one

- Loyalty fosters a deeper emotional connection between the customer and business
- The average costs of loyalty programs is 0.5 - 1% of sales and customer databases have allowed businesses to collect, store, and monitor customer activities. This allows businesses to understand and recognise individual customers and what they are interested in buying.

Benefits to the customer:

- Customer is psychologically reassure when dealing with the same firm. In other words, customer has established trust towards the quality of the products or service offered by the firm.
- Customer also gets a feeling of being a smart shopper
- Customer gets something for nothing (free) economic benefits are accrued by staying loyal
- Customer receives high value for the services and products
- Customer receives respect from the firm under the tier system. In other words, customer who spends more on the firm's products or services is rewarded with a higher tier status.

In short, a good customer loyalty program should build business and enhance profitability while simultaneously rewarding a firm's most profitable customers.

Types of customer loyalty programmes:

Generally, there are three types of customer loyalty programmes commonly used by tourism and hospitality businesses (David Robinson, 2011). They are:

1. Simple Points System
2. Tier System
3. Partnership System

1. Simple Points System

This is the most common loyalty programme. Repeat customers earn points, which translate into some type of rewards. Whether it's a discount, a freebie, or special customer treatment, customers work toward a certain amount of points to redeem their reward. This type of loyalty programme is most appropriate for businesses that encourage frequent but short-term purchases (David Robinson, 2011).

Example 1(a) shows a local coffee shop offers a free drink to its customers when a customer has collected 10 points.

*Example 1(a):   Simple Points System –
buy n and get 1 free*

Example 1(b) shows a local casual dining restaurant offers a buy 5 get 1 free loyalty programme in rewarding its customers.

*Example 1(b): Simple Points System –
buy n and get 1 free*

2.   Tier System

Offers a small reward to initiate the loyalty programme, but encourage repeat customers by increasing the value of the rewards as the customer moves up the loyalty ladder. The key is to offer benefits in the early stages to hook the customer into coming back. Once they do, they'll realize that "next" tier isn't unattainable, and offers really good benefits. It also helps solve the problem of customers forgetting about their points and never redeeming them. Example 3 shows a local airline's tier system. This system offers its customers with four different tiers.

Example 3 – a tier system of a local airline's loyalty programme

The difference between simple points system and tiered systems is that customers extract short-term (points system) versus long-term (tier system) value from the loyalty programme. You may find tiered programmes work better for high commitment and higher price businesses like airlines and hotels.

3.   Partnership system

This type of loyalty programme is very common in the tourism and hospitality business. Many businesses form partnerships with non-competing firms to facilitate the task of accumulating points and to increase the variety of reward options (Ferguson and Hlavinka 2009). Example 4 shows members' reward options are interchangeable with the reward programmes of both banks' credit cards and airlines' frequent-flyer. In addition, partnership system can be extremely effective for customer retention and company growth. In this example, airlines' frequent-flyer members and credit cards' members are likely to continue flying with the airlines and making purchases with the credit cards in order to accumulate points and receive the rewards.

Standard Chartered Cathay Mastercard

Welcome offer

Up to 60,000 Asia Miles for New Cardholders1

Cathay membership privileges

Earn 20 Status Points for every HKD 100,000 eligible transactions, up to 100 Status Points in a calendar year2

Miles earning rewards

- Up to HKD 2 = 1 mile for eligible spending on Cathay and HK Express
- HKD 4 = 1 mile for eligible spending in overseas category
- HKD 4 = 1 mile for eligible spending in hotel category
- Up to HKD 4 = 2 miles for eligible spending on dining at our partner restaurants
- HKD 4 = 1 mile for eligible spending on dining/food delivery platforms
- HKD 6 = 1 mile for eligible spending in online and other categories which are posted in Hong Kong dollars

Asia Miles redemption privileges

Get a 10% discount when you redeem hotels, car rentals and travel experiences with Asia Miles - also when you renew your mileage, and when you transfer or gift Asia Miles

Annual fee waive

New credit cardholders can enjoy an annual fee waiver in the first year

Black is the New Distinction

The new **DBS Black World Mastercard** offers you exceptional travel privileges, adding more fun and excitement to every journey. Register and spend with DBS Black World Mastercard to enjoy **as low as HK$3 = 1 Mile for miles redemption**, plus distinctive **travel privileges round the globe** including Airport Limousine Transfer Service, Airport Lounge & Express Pass and Luggage Delivery!

This Promotion is now extended to 31 December 2024 with the fourth and the fifth Spending Phases available! Customers who successfully registered during Spending Phase 1 to 3 can participate in this Promotion without registration again.

Register via DBS Card+ app now to enjoy the following privileges upon accumulating a retail spending^ of HK$80,000 from the next calendar day after successful registration in a certain spending phase:

Earn Miles & Enjoy Worldwide Travel Privileges

Eligible spending in a certain Spending Phase over HK$80,000 ►	Local & Overseas Retail Spending
	Enjoy as low as **HK$3 = 1 Mile** (Total 4X DBS$ for Basic & Extra Reward i.e. HK$250 = DBS$4)

Example 4 Partnership system between airline and credit card company

Technological advances:

Loyalty programmes should take advantage of technological advances. The days of the paper loyalty cards are quickly vanishing. Advancements in loyalty management technology such as bar code, magnetic strip and RFID have facilitated the development of more sophisticated loyalty management in recording points and rewarding customers (Shugan 2004). Instead of using paper-cards shown in Example 1, card with advanced technology such as RFID (Octopus card) in Figure 2.6(a); magnetic strip in Figure 2.6(b); and bar code in Figure 2.6(c). These technological improvements should increase customer satisfaction with the loyalty programme. Customers no need to renew their paper cards regularly because of damage or misplace; reward programme's balance can be easily checked and updated. While also reducing operating costs because less printing is done, reward coupons can be stored digitally, and special promotions can be notified to customers by emails (Cornell Hospitality Report, June 2010).

Figure 2.6(a):
Points System – cash reward
(RFID technology)
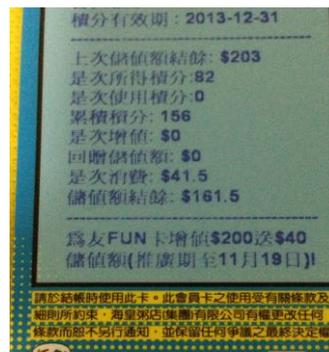
Figure 2.6(b): Points System –
cash reward (Magnetic strip)

Figure 2.6(c) : Points
System – cash reward (Bar
code technology)

Today, advancements in loyalty management technology are developed beyond card-based format. The latest technology used in mobile phone is called mobile bar code in Figure 2.6(d). A mobile bar code is an electronic bar code that can be stored on a mobile phone. Mobile bar codes can be used to create virtual loyalty cards, gift cards and coupons that shoppers can carry right in their mobile phones — no more plastic credit card style cards and paper coupons to manage. Some of the benefits of using the mobile bar code technology are:

- Very 'green': Loyalty programmes using mobile bar code do not generate any paper or plastic refuse, promoting a company's environmentally friendly image.

- Very low cost: Mobile bar code initiatives cost are relatively low, there is no need to print, mail or issue physical plastic cards, paper-based cards and coupons.

- Increased brand awareness: A business gets the most direct channel possible to promote the brand to the customers straight to their personal mobile phone.

Mobile phone is already playing an increasingly important role in customer loyalty initiatives, and that trend can only grow in significance including other mobile devices.

***Figure 2.6(d) : Points System** – using Mobile bar code technology*

References:

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Ferguson, Rick and Kelly Hlavinka (2009), "Colloquy Censustalk – The Big Sort: The 2009 Collogquy Loyalty Marketing Census," Colloquytalk, April.

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Shugan Steven, (2004)," The Impact of Advancing Technology on Marketing and Academic Research, "*Marketing Science*,23(4) , 469-475.

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2.3. Cultural Issues in the Provision of Customer Services

2.3.1. Customs and Etiquette in the Major Tourism Regions

The United Nations World Tourism Organization lists the main tourism destinations, see the table below:

Table 2.2: Tourism Arrivals by Country 2019 (UNWTO)

Country	Arrivals 2019 (million)	Country	Arrivals 2019 (million)
France	217.87	China	162.53
Spain	126.17	United Kingdom	40.20
United States	165.47	Germany	39.56
Italy	95.40	Greece	34.00
Turkey	51.74	Austria	30.91

Source: Data as collected by UNWTO June 2024

https://www.unwto.org/tourism-data/global-and-regional-tourism-performance

https://www.unwto.org/tourism-statistics/key-tourism-statistics

To get you thinking about the cultural differences among countries, and how service staff deal with foreign guests or customers, let us have a go at this fun 'eating out' quiz first. How much do you really know about different dining cultures?

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ACTIVITY 2.8

Students can be divided into groups of four to five people.

Refer to table 2.2 and select one country. Browse the internet or from your own knowledge, discuss the following question:

"Which dining culture of the country surprises us the most?" Explain your answer with one example.

After the discussions, each group should select one representative to share the findings with the other groups in class.

It is very important for customer service staff to have a good understanding of some of the important differences between cultures, and to be sensitive to cultural issues. If not, we are likely to make mistakes, upset people and possibly lose the goodwill of our customers. Learning about other cultures, visiting other countries and making friends with people from outside our own country can be very helpful and enriching. Maybe you can get a pen-friend to correspond with or do a student exchange to learn about other people and places, this will be something that will help you a lot in your personal and business relationships in the future.

ACTIVITY 2.9 – WEB QUEST

To help you consider some of the cultural differences

Students can be divided into groups of four to five people.

Refer to table 2.2 and select three countries. Browse the internet or from your own knowledge, complete the following table to outline the key things to be aware of when visiting these countries.

After completing the discussion, each group should select one representative to share the findings with the other groups in class.

Country	Cultural norms	Etiquette	Taboos/Prohibited behaviors
Country 1			
Country 2			
Country 3			

2.3.2. Differences between Eastern and Western Traditions

Nowadays, with the increasing contacts between people of different cultural backgrounds, cross-cultural communication becomes the world's growing trend. Etiquette varies in different regions, countries and social systems. Among different cultural traditions, there is a vast difference between the Eastern traditions and Western traditions. Eastern etiquette prevails in countries such as China, Japan, Korea, India and Singapore; while Western etiquette is practiced in countries such as the United States, England, Italy, Germany and France.

■ **Characteristics of Eastern traditions**
1. focus on family love and kinship
2. modest and implicit
3. accept the reality and satisfy with current status
4. emphasize on common features (holistic)
5. reciprocity

■ **Characteristics of Western traditions**
1. simple and practical (practicality)
2. advocate personal freedom
3. cherish time
4. free, equal and open-minded

2.3.3. What is Etiquette?

The three fundamental elements that form etiquette include language (in writing or verbal form), behaviour and costumes. The basic forms of etiquette vary depending on a number of factors such as living conditions, historical traditions, cultural mindset and ethnic customs. The variation of these factors resulted in the four common types of etiquette:

1. **Protocol:**
   It is the code of behaviour in showing respect and friendship to each other in the course of interpersonal, social and international contacts.

2. **Courtesy:**
   It is the usual form in expressing greetings, regards, wishes and sympathy in daily life and sometimes in special socializing occasions. The expressions may vary from countries to countries due to regional and ethnic differences. Examples include nods and handshakes which are commonly accepted all

over the world, or putting palms together in India (Namaste), or hugging and kissing in Europe and America.

3. **Manners:**

   It is the behavioral code in expressing modesty, respect and friendship among people by using words, facial expression and gestures. The forms of manners include:

   1) appearance, grooming and deportment;

   2) language and style of conversation;

   3) apparel, clothing, hairstyle;

   4) facial expression and gestures; and

   5) ways in dealing with people, attitude, etc.

4. **Ceremony:**

   Those are the things that are said and done on a formal event or formal occasion. Examples include inspection of parade and cannon salutes when welcoming a head of foreign state or a head of government, curtain-unveiling, ribbon-cutting during exhibitions, or foundation laying for large projects.

Activity 2.10

Think about:

What are the functions of tourism etiquette in tourism activities?
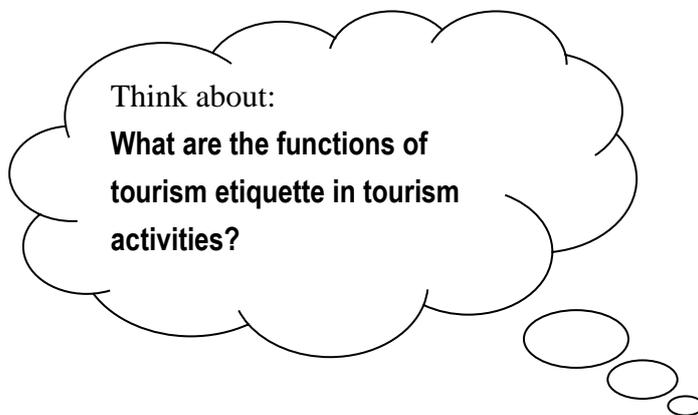
Suggested answers: the functions of tourism etiquette can:

1. increase the mutual understanding and communication between tourism staff and tourists
2. help to solve the disputes between the tourists and the hosts
3. improve the behaviour of tourism staff
4. improve service quality

2.3.4. Etiquette and the Tourism Industry

During a visit, there are always interpersonal contacts including contacts between tourists, tourists between tourism staff, and tourists between local residents of the host country. These contacts are diversified in nature, we need "etiquette" to manage our behaviour, enhance mutual understanding and friendship.

Tourism industry must provide tourists with quality service etiquette in addition to the provision of tangible products and services such as transportation services, accommodation services and recreational facilities. Quality customer service etiquette aims to help tourism services staff to understand the different types of protocol, courtesy, manners and ceremony. Therefore, quality customer service etiquette is one of the essential factors for tourism industry in meeting the customers' demand for service satisfaction.

2.3.5. Greeting Etiquette of Meeting People from Different Countries

➢ **Handshake**
   Handshake originated in Europe. It was meant to reassure each other that neither person held any weapons. Handshake is commonly accepted in most countries. Therefore, a decent handshake is a good way to show happiness when meeting a foreign guest. However, never use your left hand or both hands to shake hands with an Indian because they never use their left hand except when using the washroom.

➢ **Bow**
   In some Asian countries such as South Korea (Republic of Korea) and Japan, people usually bow with their hands placing flat on their knees when they meet a friend. Bows are usually accompanied by verbal greetings. Graceful motion should be ensured when making a bow.

➢ **Hug**
   Before hugging, you should first have a certain understanding about the degree of friendship between both of you, and also the relevant customs. Otherwise, your hug could be turned down. In particular, when a gentleman meets a lady, he should observe if the lady has the intention to hug. It is advised that the gentleman should wait for the lady to hint for a hug first.

➢ **Cheek kissing**
   Cheek kissing is prevailing in many countries. Generally, only the right side of the cheek would be kissed. This etiquette is especially popular in countries such as Spain and Italy.

   In addition, there are other forms of greeting etiquettes. For example, salute is

an etiquette generally practiced by soldiers; putting palms together (Namaste) is a religious etiquette; hand kissing is an etiquette practiced in the upper class in Europe and the US. When a gentleman meets a noble lady and the lady holds out her hand with her palm facing downward, the gentleman should take the offered hand and touch it with his lips. Hand kissing will not be performed unless the lady holds out her hand.

We should determine the form of etiquette depending on the country, religion and personal background of the person receiving the greetings. Otherwise, we may probably offend other people. Certainly, it would be safer if you express pleasant facial expressions first and observe the intention of the other party before determining which form of etiquette would be appropriate.

Reference:
The website of Civil Aviation Resources of China (only available in Chinese)
http://news.carnoc.com/list/98/98996.html

2.3.6 Dining Étiquette

In the business of hospitality and tourism, we need to encourage our customers and guests to return and visit our country and our hotel or business. The human touch can help so much, by being friendly, interested in others, welcoming and tolerant of different customs and behaviours. Remember that people may look different, speak another language and behave in a different way to us, but nevertheless, their needs as a guest or customer are the same. Learning another foreign language can help you communicate and develop closer relationships with your visitors, and this is something you may consider in your future studies.

Figure 2.7: Cross-cultural communication (Photo: Paul Penfold)

ACTIVITY 2.11

"This activity will help you understand the differences and things you need to be aware of in travelling and eating in these countries."

Students can be divided into groups of four to five people. Browse the internet or from your own knowledge, discuss the following question:

 "What purposes does understanding the differences in cultures and dining etiquette between different countries have on tourism and hospitality services?"

After the discussions, each group should select one representative to share the findings with the other groups in class.

We will now consider some of the challenges service staff could face when dealing with foreign guests or visitors.

ACTIVITY 2.12

Make a list of some of the challenges service staff might face in dealing with foreign guests or visitors. We have made one suggestion to get you started:

1. Misunderstandings

2.4. Challenges in Providing Quality Customer Services

Nowadays, in a severe competitive environment, the most central factor to sustainable competitive advantage is to provide the best possible service quality which will result in improved customer satisfaction, customer retention, and profitability (Sureshchandar et al., 2002; Buttle 1996). Even though some customers would sometimes express their dissatisfaction through complaints or other channels, it is usually not so easy for the service managers to discover the sources of the deficiencies or in which stage such deficiencies happened in the service delivery process. The following concepts related to the moment of truth and the gap model of service quality will help in explaining the challenges and methods used in identifying points of deficiencies in the service process.

2.4.1. Moment of Truth

As mentioned earlier, service experiences can be changed – positively or negatively, by a single 'moment of truth.' It is useful to use moments of truth based on critical incidents to understand customer's satisfaction, value of services as well as their intention to use the service again. Figure 2.8 below illustrates the importance of quality and competence in frontline employees. The figure shows the cycle of service in a typical restaurant visit. There are twelve main points of contact shown in the diagram (there may be more). Critical incidents or "moments of truth" can occur at each point of contact where there is opportunity for the organization to impress or upset the customer. How frontline employees handle the interaction at each of these points of contact will influence the customer's perception of the entire service encounter.
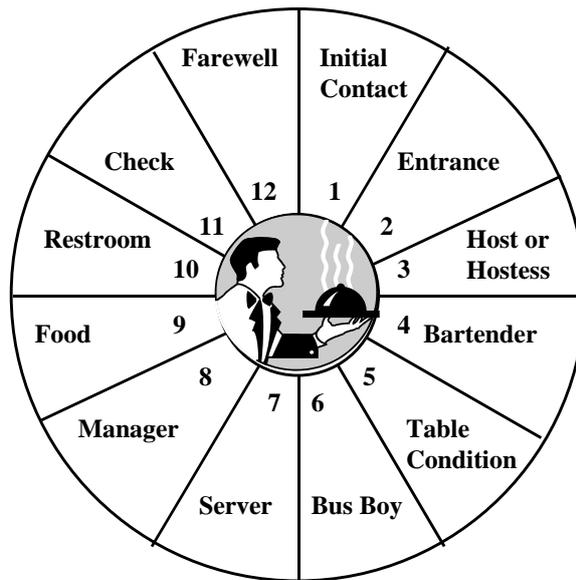
Figure 2.8: Restaurant Service Cycle

For example at point 1: Initial Contact – poor telephone manner, inaccurate information or poor directions could seriously affect the customer's perceptions of the organization's reliability.

ACTIVITY 2.13

Your task is to find out the effects of customer/employee interaction. This will help you identify critical incidents (also called 'moments of truth').

The table below lists the twelve contact points described in the restaurant service cycle (Figure 2.8 above), and shows both "good" and "bad" examples of employee interaction.

1. You should complete the spaces in the table to show the likely effect of each example on a customer's service perception. The first one is done as an example.
2. For each example you should give a service quality score of between 0 - 10 (0 = very bad : 10 = excellent).
3. Total your score in the result box, and give your impressions of the customer's likely perception of the entire service encounter in a 25-40 word summary.

Contact point	"Good" or "Bad" example	Likely effect	Score
Initial Contact	*Friendly, efficient, accurate and helpful. Notes and repeats all essential reservation details. Phones back to reconfirm details.*	Reassures customer that the organization is efficient	*8*
Entrance	*Litter and broken glass in the car parking area.*		
Hostess	*She looks bored and is not very friendly, also has incorrect name for the booking.*		
Bartender	*Friendly offers suggestions as to cocktails, provides fresh bar snacks, serves drinks promptly and offers refills at the right time.*		
Table Condition	*Clean crisp linen and gleaming cutlery, but one glass has lipstick stains on it.*		
Bus Person	*Serves rolls butter and water promptly, but cannot advise on the daily specials.*		

Contact point	"Good" or "Bad" example	Likely effect	Score
Server	Friendly and helpful. Advises on the specials, recommends dishes, takes orders and serves food on time. But has dirty fingernails.		
Manager	Greets host by name whilst passing by, chats, and presents his business card for follow up if required.		
Food	Excellent, hot and tasty main dish, but served with lukewarm vegetables.		
Washroom	Spotlessly clean but lacks toilet tissue.		
Check	Correctly presented and accurately totalled, but long delay between asking and receiving.		
Farewell	Cordial and friendly farewell given with a "thank you for coming" and "please come again"		

Your impressions of the customer's total perception: (write a 25-40 words summary)	Result box: Total score max at 120

The points made in this exercise should help to explain the vital role front line staff plays in preventing service failure.

2.4.2. Parasuraman's Gap Model of Service Quality

The "Gap Model of Service Quality", also named "Service Quality Model", was developed by Parasuraman, Berry and Zeithaml (1985). Through utilizing the model, service providers can easily identify the deficiencies of service quality at different points of the pre and post-contacts of services, followed by the development of service improvement and recovery plan at the specific points where the problems are identified. Figure 2.9 shows a diagram of "the Gap Model of Service Quality".
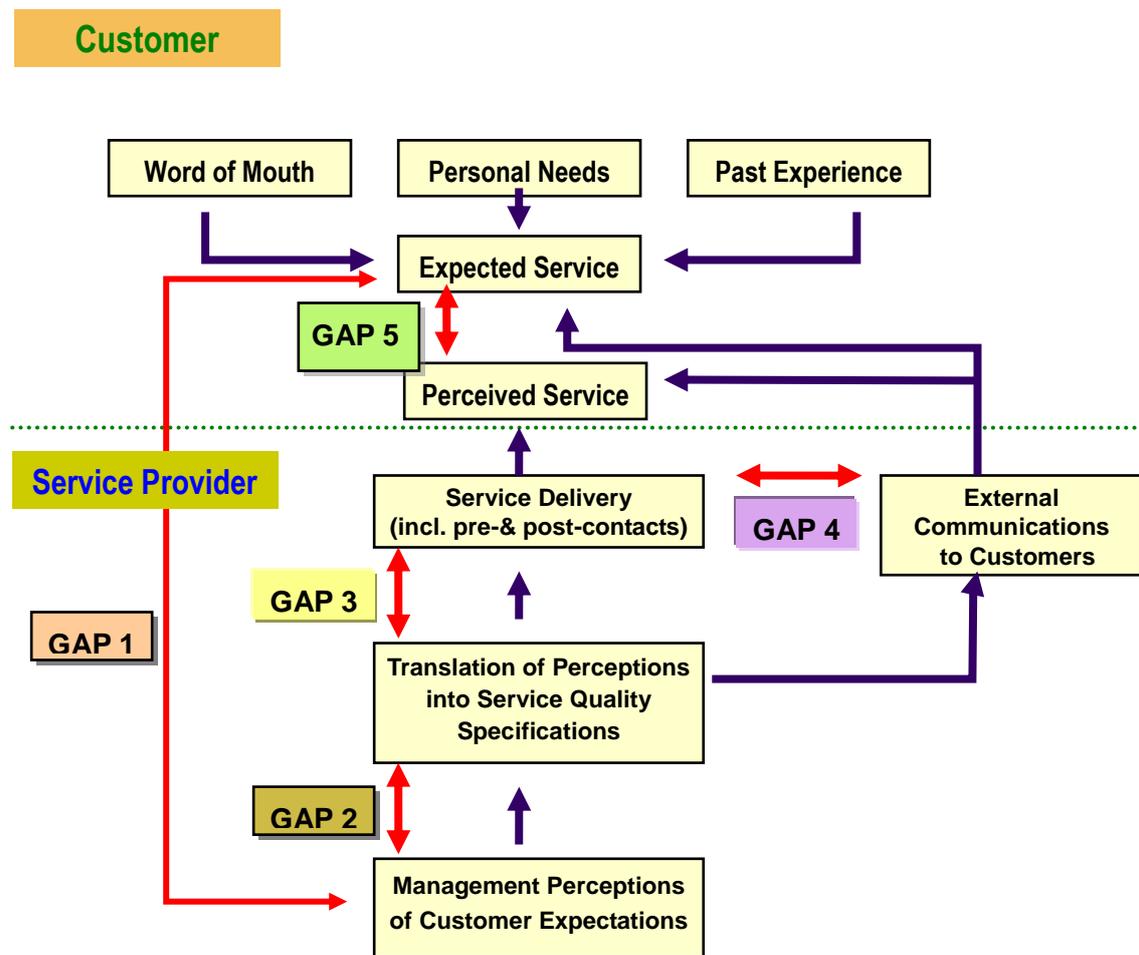
Figure 2.9 - The Gap Model of Service Quality
Source: Parasuraman, A., Zeithaml, V.A., Berry L.L. 1985. A Conceptual of Service Quality and its Implications for Future Research. *Journal of Marketing* 49, 41-50.

In short, the gap between customer expectation and perception (Gap 5) is influenced by a series of 4 distinct gaps occurred on the provider's side:

Gap 5	is affected by	Gap 1, Gap 2, Gap 3 and Gap 4
(Customer Gap)		(Service Provider Gaps)

Gap 1 – Service Provider Gap: The Knowledge Gap

> ### Gap 1 = Customer Expectations – Management Perceptions of Customer Expectation

It refers to the differences between customer expectations and management perceptions of customer expectations, i.e. management does not understand what customers expect from a service. Sometimes, the customer might want something and the management could be focusing on something else.

E.g. the customer might be interested in low-cost hotel rooms but expecting cleanliness, whereas the management might be compromising on the quality of cleanliness in order to lower operating costs.

Possible Reasons For Causing Gap 1:
1. **Inadequacy and Insufficiency of Marketing Research**
• *Lack of marketing research*
– *Without conducting marketing research, updated information about the preferences and expectations of customers will never be collected.*
• *Research not focused on service quality*
– *For example, some companies may only put their focus on investigating what customers usually bought or what strategies are being applied by their competitors, but all these have nothing to do with how customers are satisfied with their service quality.*
2. **Lack of Upward Communication**
• *Lack of interaction between management and customers*
– *In general cases, top management spend most of their time in meetings and working in the offices. Some managers are seldom in the front line talking and interacting with their customers.*
• *Insufficient communication between employees and managers in the front line*
– *In general, the junior staff just can't be bothered to report bad news to their superiors in order to avoid getting into trouble.*

- *Too many layers between personnel in the front line and top management*
  - *This situation occurs in large companies where there are too many middle-management positions exist between staff in the front line and at the top management level, this situation increases the difficulties of information to be communicated from the bottom to the top.*

3. **Insufficient Relationship Focus**
   - *Focus on transactions rather than relationships*
     - *Sometimes the management is only concerned about the sales volume rather than the needs of customers. The management may focus on developing strategies to improve service efficiency rather than developing long-term relationship with the existing customers.*

   - *Focus on attracting new customers rather than developing customer loyalty*
     - *Sometimes the management is only concerned about the expansion of their business through attracting more new customers. They may prefer to put more resources on promotion and advertisement which enable the company to draw the attention of the new customers instead of keeping the existing customers.*

4. **Inadequate Service Recovery**
   - *Lack of encouragement to listen to customer complains*
     - *Sometimes the management may consider customer complains as troublesome and therefore, they may not see complains as valuable sources of information which help them in understanding the expectations of customers.*

   - *No appropriate service recovery plans when things go wrong*
     - *The unavailability of appropriate service recovery plans illustrates the fact that the management has no intention to consider from the customers points of view, therefore, there is no contingency plan in catering the needs of customers.*

Gap 2 – Provider Gap: The Service Design and Standards Gap

> **Gap 2 = Management's Perception of Customer Expectations – Service Quality Specifications**

It refers to the differences between management perceptions of customer expectations and service quality specifications, i.e. improper service quality standards. In most cases, the management of a company is able to identify the actual customers' expectations but constraints such as availability of resource and total management commitment to service quality can prevent management from delivering what the customer expects.

E.g. hotel's management understands guests want to check into their rooms quickly, but hotel lacks of enough room attendants in delivering vacant clean (VC) rooms on time for the guests.

Possible Reasons For Causing Gap 2:

1. **Poor Service Setting**
 	
 • *Failure to connect service setting to service positions*
   – *E.g. the restaurant setting fails to create a smooth work-flow for different positions and cannot facilitate both external and internal coordination between different stakeholders in real situation.*
 	
 • *Inadequate maintenance and updating of service standards*
   – *E.g. even though management can keep updating their perceptions of customer expectations by means of different research or channels, they may not be able to adjust the existing service standards as frequently as possible due to many limitations in operations, such as cost involved and abilities of staff in adapting the changes.*
 	
 2. **Absence of Customer-Driven Standards**
 • *Lack of customer-oriented service standards*
   – *Sometimes, management perceptions of customer expectations are not fully converted into an appropriate set of service standards in fulfilling the customer needs and expectations. The management may choose to*

lower the service quality standard simply because of other reasons, such as to fulfill the objective of cost cutting rather than in maintaining the expected service quality.

- *Informal process for setting service quality standards*
    – *E.g. some management tend to follow the service quality standards set by other industry players rather than in the understanding of their own customer needs and expectations.*

Gap 3 – Provider Gap: The Service Performance Gap

Gap 3 = Service Quality Specifications – Service Quality Actually Provided

It refers to the differences between service quality specifications and the service actually delivered, i.e. a service staff fails to deliver the service at a standard required by the company. In general cases, the quality of service mainly depends on the capability and attitude of the person who is serving.

E.g. a customer is dissatisfied with the restaurant services because of the impoliteness of the serving staff.

Possible Reasons For Causing Gap 3:

1. **Deficiencies In Human Resource Policies**
   - *Poor quality of staff*
       – *E.g. many companies in the hospitality industry tend to recruit a large amount of labours to perform low-skilled tasks. The entry requirement for such positions are relatively low and therefore, it is possible that some of these labours may not be able to perform superior service standard as set by their management.*

   - *Role ambiguity and role conflict*
       – *Job duties and responsibilities of different positions are not clear cut which may confuse service staff and lead to decline in service quality standard.*

- *Poor employee-technology job fit*
    - *As different types of technology are currently applied by the tourism and hospitality industry to enhance service efficiency and accuracy, inadequate staff training or poor employee-technology job fit would result in higher chances of service failure and customer dissatisfaction.*

- *Inappropriate evaluation and compensation systems*
    - *With no performance evaluations to be conducted on a regular basis and proper incentives to compensate staff for their outstanding performance, some service staff may no longer have motives to meet or exceed the service standards set by the company in achieving customer satisfaction.*

2. **Customers Who Do Not Fulfill Roles**
- *Customers lack knowledge of their roles and responsibilities*
    - *Sometimes, it could be the responsibilities of customers which lead to service failure. E.g. a guest arrived late to the hotel may complain the hotel for releasing his/her room to other guests even though the guest has been informed about the 6pm policy being applied to all non-guaranteed reservations.*

- *Customers negatively affect each other*
    - *Sometimes, customers may affect each others in a service delivery process. E.g. a customer shouting loud in a fine dining restaurant or smoking in a non-smoking area could be quite disturbing to other customers and would result in dissatisfaction in their service experience.*

3. **Problems with Service Intermediaries**
- *Difficulty in controlling quality and consistency*
    - *Some hospitality and tourism companies may contract out part of their services to other parties. E.g. many hotels in Hong Kong do not have their in-house laundry facilities because of the availability of space and high operational cost. The tasks of linen cleaning and dry cleaning services for in-house guests can only depend on contractors. In this case, quality control and consistency are more difficult to control when*

they are compared with hotels having their own laundry facilities.

4. **Problems of Seasonality**
   • *Decline of service quality in peak seasons*
     – *Even though companies have developed a full set of standards at different points in the service delivery process, the quality of service could still be affected by seasonality. E.g. During peak season, the front desk may be crowded by guests who wanted to check-in at the hotel. The front desk staff need to speed up the check-in process, and this may result in less personal contact and attention to each guest and hence, leads to a decline in customer satisfaction.*

Gap 4 – Provider Gap: The Communication Gap

Gap 4 = Service Quality Actually Provided – External Communication with Customers

It refers to the differences between the service quality delivered and what is communicated to customers about the service. Sometimes, promotional messages in the advertisements could be exaggerated and overpromised when they are compared with the actual products and services being delivered to customers. Furthermore, some customers may be dissatisfied with the hidden service charges without given them prior notice.

E.g. A hotel exaggerates its high-end facilities and services in its advertisement to attract customers. Guests may feel like being cheated upon their arrival at the hotel.

Possible Reasons For Causing Gap 4:
1. **Ineffective Management of Customer Expectations**

• *Absence of customer expectation management in all forms of communication channel*
  – *Sometimes, company policies are not clearly stated and well-communicated to the customers. E.g. there are always some*

guests who may not be aware of the additional 10% service charges to be included in their room rate or food and beverage spending in the restaurants. Therefore, a company should communicate and deliver important information to its customers through appropriate communication channels in order to avoid customer dissatisfaction.

2. __Exaggerated promise__

- *Exaggerated promise in advertising*
  - *Sometimes, advertisements appear on different channels can be very exaggerating which fail to tell the real situation or real features of the products and services. E.g. a tour package's leaflet may claim that the tour offers 5-star rating or equivalent accommodations to its customers. However, it is quite common for customers who join the tour find that the hotels probably are not rated as it is promised in the leaflet.*

- *Exaggerated promise in personal selling*
  - *Besides advertisement, service staff, e.g. travel consultant promises more than can be delivered to customers in order to attract more businesses. When customers discovered the actual products or services were not meeting up to their expectations, they feel like being cheated by the travel consultant.*

3. *Insufficient Horizontal Communications*

- *Insufficient communication between departments*
  - *E.g. sales and marketing department organized promotional activities but the operation departments are not informed on these activities. Front-line staff may not aware of the promotional details when they are questioned by the customers.*

- *Differences in policies and procedures across different shops*
  - *It may happen in large-scaled or franchised companies with many shops/hotels operated in different locations. E.g. customers who are used to order hotel room service maybe surprised to find out that another hotel operates under the same brand does not provide room service due to the differences in operational decisions.*

Gap 5 – Customer Gap

<div style="border:1px solid black; background-color:#9ACD32; padding:1em; text-align:center;">

Gap 5 =   Customer Expectations – Customer Perceptions

</div>

Gap 5 is the result of the customer's comparison of expected service with perceived service. Expected service is what the customer expects to receive from the provider. Customer's expectations are based on his/her past experience, personal needs and word-of mouth communication between each other. Perceived service is the customer's perceptions of what he/she actually received from the providers (refer to Figure 2.9). Customer satisfaction and service quality are dependent upon this gap (Gap 5). If the perceived service meets or exceeds expected service, good service quality takes place, and customer will be satisfied with the service.

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ACTIVITY 2.14

Test your own understanding about the Gap Model of Service Quality by matching those examples below with their corresponding gaps (connect the two dots with a line).

Gap 1 ◆

        ◆ Sim complained by a hotel's guest because of her bad attitude and impoliteness while handling a long distance phone call for the guest.

Gap 2 ◆

        ◆ Holiday did not conduct any market research on her target customers before opening the restaurant in Causeway Bay.

Gap 3 ◆

        ◆ All the tour members are guaranteed 5-star hotel accommodation as stated in the travel agent's tour brochure. However, Chi Wah was disappointed with his accommodation arrangement in a 3-star hotel.

Gap 4 ◆

        ◆ Although many customers have suggested the airline to launch a direct flight service between Hong Kong and Guam., the management of the airline decided to postpone the plan indefinitely.

Gap 5 ◆

        ◆ Kong Nam found that the food quality of the restaurant did not come close to his friend's positive comment.

3. Company Policies on Customer Services

3.1. Company's Mission on Quality Services

3.1.1. Becoming Customer Focused

Many companies have come to realise it is very important to improve their customer focus. That is, treating customers in ways that build loyalty and repeat sales. Customer focus goes beyond the concept of service quality to include not only the actions of the front line staff, but also those of supervisors, management, and other departments. It also involves the company's structure, operating systems, and company culture.

Take a look below at part of a hotel company's mission statement.

> **Customer Focus**
>
> Starwood's mission is to consistently exceed our guests' expectations in terms of the products and services we provide to our business and leisure travelers.
>
> *Starwood Hotels & Resorts Worldwide, Inc.*

The key issues in this statement are:

- products and services designed with true customer focus
- ongoing research to understand customer needs and expectations and
- suitable products and services to maintain a competitive edge.

Customer focus is a company-wide approach to customer satisfaction and service that is achieved when a company completes the following.

- Learns its customers' needs.
- Translates those needs into products and services.
- Provides excellent service to its customers before, during and after the sale.

65

Figure 3.1: One of Starwood's hotels – The Sheraton, Phoenix, Arizona (Photo: Kevin Dooley)

When an organization has a customer focus the customers get valuable products and services that meet real needs, and get exceptional service from the company. So the customer benefits and the company gets more satisfied customers that enjoy doing business with them, and who come back.

3.1.2. Examples of Mission Statements with Customer Focus

Now we look at examples of how companies in the tourism and hospitality industry explain how they provide quality customer services and make their service pledges. Let's look at two famous hotel groups first.

SHANGRI LA HOTELS & RESORTS

From: https://www.shangri-la.com/cn/

Our Mission: "Delighting Customers Each and Every Time"

"Shangri-La has always believed in the unique characteristics encapsulated by Asian Hospitality. Our commitment to providing guests with distinctive Asian standards of hospitality and service from caring people remains our major point of differentiation from our peers and the very cornerstone of our reputation as a world-class hotel group.

Figure 3.2: Shangri-La Hotel Bangkok, Thailand (Photo from Satane)

"Pride without arrogance" is of particular importance as we want our people to be internally proud of our achievements but outwardly humble. After all, the hallmark of true success is that it does not need to be stated.

In striving to delight customers each and every time they stay with us we aim to exceed expectations through consistently providing quality and value in our products and services. That's why we look for trendsetters, professionals who are enthused by innovation and driven by achievement."

MANDARIN ORIENTAL

From: https://www.mandarinoriental.com/zh-hk/hong-kong

"Our Mission is to completely delight and satisfy our guests.

We are committed to making a difference every day; continually getting better to keep us the best. We will strive to understand our client and guest needs by listening to their requirements and responding in a competent, accurate and timely fashion. We will design and deliver our services and products to address their needs. In fact, we are committed to exceeding their expectations by surprising them with our ability to anticipate and fulfil their wishes.

Figure 3.3: Mandarin Oriental Hotel, Hong Kong (Photo from Wilfred912@msn.com)

Mandarin Oriental is best defined as a family of individual hotels and resorts, each with their own distinct personality yet inherently linked to their exotic oriental roots. Our luxury brand strives to delight our guests by providing service that is gracious and sincere and steeped in the values of the orient. Our aim is to be widely recognised as the best luxury hotel group in the world, providing exceptional customer satisfaction in each of our hotels.

Every time you ask for a service it is our genuine pleasure to meet your requirement. Quite simply that is our business. Here we have reviewed our facilities and those in each of our destinations, so wherever you travel and whatever your needs we are at your service with advice."

ACTIVITY 3.1

Which of the two company strategies do you consider to be the best and why?	
See if you can write a slogan for your own tourism or hospitality company:	
My company name	
My company business	
My customer service pledge	

OPTIONAL CLASS ACTIVITY

Share your slogan, company name and customer service pledge with others in your class. How do you rate your classmates' ideas, and why would you want to use their services?

3.2. Service Standards and Commitment

Setting high customer service standards are essential for hospitality companies. Normally company policies are set out along with operating procedures to ensure everyone knows what is required. Commitment to service quality must come from all staff, including most importantly the senior management. This commitment must be to:

- the customer
- a quality product
- staff
- courtesy and other service dimensions and
- giving value for money.

Of course there will be many problems, and obstacles to success. Some of these will be to do with systems, others to do with people. Those to do with systems are the easiest to resolve.

> The simpler a system is made, and the more clear the standard procedures, the easier it becomes to operate, the results easier to see and the rewards are obvious to everyone.

In order to simplify procedures:

- tasks and processes need to be standardised
- use technology where suitable
- programmes of internal training set up
- goals set to meet customer expectations
- formal ways to measure and evaluate results
- resources committed and
- flexibility in the quality programme.

All staff must know they have the ability to deliver quality service, that products can be changed, that customer's needs can be matched and exceeded, that resources can be made available, and that training and rewards will be given. It is important that employees see their role clearly, and that there is no conflict between what they think they do and what they are expected to do.

Companies must make sure they have:

- excellent selection and training processes
- clear and simple job instructions to help employees understand the product and services offered
- good communication channels to help them understand policies and procedures; and
- training to assist them in dealing with people.

Appropriate resources, flexibility and authority will help to ensure that staff are not overloaded, that they have adequate support from other areas, and the freedom to make decisions without having to obtain frequent help or approval.

One way to provide a working definition would be to take some of these examples of good business practice and develop them into a formula. Take a look at the following extracts from corporate mission statements to see how some of the world's leading hotel companies view quality service.

Table 3.1: Hotel Corporate Mission Statements

The Ritz-Carlton	Ladies and Gentlemen serving Ladies and Gentlemen
Four Seasons	Offering only experiences of exceptional quality.
Hilton	Innovation and quality
Marriott International	Provide the customers with good service and a quality product at a fair price.
Peninsula Hotel	Superior customer service, luxurious surroundings, superb amenities and cuisine.

The end result might look something like this:

Guest satisfaction = Superior customer service + Exceptional quality + Innovation + A fair price

This formula adds the concepts of value and innovation, which are important from a marketing viewpoint. But, it fails to take into account the importance of employees and the concept of customer perceptions. And, it does not allow for any measurement of quality.

Service quality is all about making best use of every corporate asset to make and keep the customer happy. Companies need to do "everything" they can to satisfy the customer, but is not very clear, in that it gives no directions on how to make best use of assets to make and keep the customer happy.

ACTIVITY 3.2

See if you can find the customer service mission statements from some other hospitality and tourism companies and make a note of them here:

Company	Customer service mission
McDonald's	
Disneyland Hong Kong	
EGL Tours	
Cathay Pacific Airways	

Which statement do you like the most and why?

3.2.1. Total Quality Service (TQS)

It is a commitment by a company to ensuring they are customer focused, have clear service standards and reward good service performance. Some simple strategies based upon TQS techniques, to retain customers, include:

- **Value the customer.** A simple thank you helps - it can be face-to-face, over the phone or written.

> "Revolve your world around the customer and more customers will revolve around you." - Heather Williams

- **Find and remove problems.** Only 4% of unhappy customers complain the other 96% don't bother. Find out if you are doing a good job, and if there are problems react quickly. Your ultimate goal should be to try and fix problems before the customer complains. The best way is for you to simply ask how you are doing.

- **Show competitive differences.** Make sure the customer knows they made the right decision to stay at your hotel or visit your attraction by reinforcing the benefits of this relationship. Make sure the customer knows how your company is different from the competition, and why you stand out. For example, many international hotel chains send their guests an email after their hotel stay to thank them for staying, offer them some special deal, and invite them to return.

- **Take responsibility for customer problems.** Customers do business with the people who represent the company. If a customer has a problem, and you are the person who receives that information, it is your responsibility to see it through. Guarantee your products and/or services.

- **Appreciate "everyone" in the buying process.** As well as the person or people you normally deal with, others such as assistants, secretaries or even a committee may be involved in the buying process. If they make or influence the decision it is important to make them feel special too.

- **Create a demanding customer.** If competition cannot match your levels of product or service (at the same price or perceived value) this reinforces the customer's belief that they made the right choice in doing business with you. The only way a competitor could take your customer away would be to match or exceed what you do.

- **Manage the "moments of truth".** Moments of truth are occasions when important impressions about a company are formed and where there is an opportunity for good or bad impressions to be made. For example, first impressions are often critical moments. The moments of truth in business can be critical. Therefore, the goal should be to take every moment of truth, even if it is a bad one, and turn it into a moment of magic. Managing the moments of truth and creating moments of magic will help get the sale. Creating moments of truth after the sale will help keep the customer.

3.3. Developing a Culture to Achieve Customer Satisfaction

In some organizations customer service only becomes an issue when a complaint is received. Then customer service functions are implemented to resolve the problem. A good response to the problem can help you keep the customer. However, some of the discontent caused by the initial problem will always remain. It is important to be proactive about customer service and not just reactive.

While the reactive approach is frequently employed, a much better strategy is to put special effort into creating a business culture that embraces a proactive customer service style. Customer service is an ongoing process and the planning and evaluation of this important component of your business should become an ongoing process.

Providing good customer service and customer satisfaction requires the commitment of management, supervisors, front-line employees and support departments to create and maintain a strong business culture. Quality requires this total commitment from all levels of the organization. It requires a commitment to focus on the customer and to involve the entire work force in the decision making process, in continuous improvement and in showing the customers that quality is included in all company activities.

The diagram below shows some of the tasks involved in developing a culture to achieve customer satisfaction.

Figure 3.4: The tasks involved in developing a culture to achieve customer satisfaction.

ACTIVITY 3.3

CASE STUDY
- The Walt Disney Company

This famous company sets out its ethics and values in customer service:

Responsibility to Guests and Customers
"Our guests and customers expect and deserve the best."

Quality
"It is the responsibility of all Cast Members and employees who come in contact with our guests and customers to be courteous, to be knowledgeable about our products and services, and to help our guests and customers enjoy the highest quality experience we can provide.

Further, all Cast Members and employees who create the products and services that we sell must always strive to do the best they can to create things we are proud to identify with the Company."

Guest Safety
"The health, safety and welfare of our guests and customers are of paramount importance to the Company. These cannot be sacrificed to financial goals, inattention or anything else.

We are committed to designing, building, operating and maintaining attractions, products and facilities that meet the high standards we have set for ourselves. All of us share the responsibility for making guests feel safe and secure."

From: http://corporate.disney.go.com/corporate/conduct_standards2.html

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If you were the boss of Hong Kong Disneyland, what things would you do to ensure quality and guest safety? We have provided an example for you below:

Area of concern	What I would do to ensure quality and safety
Sales outlets	I would make sure cast members are well trained to serve guests efficiently and politely
Safety and security	
Guest service	
Rides and attractions	
Food outlets	
Other of your choice	

3.4. Service Failure and Service Recovery

This topic introduces service failures and examines the importance of successful service recovery, and also provides practical examples of service guarantees and service recovery techniques. Service failure is when a customer complains about a service which is below their expectations. A response to the service failure which leads to customer satisfaction is called 'service recovery.' There are three sub-topics in this section:

- Service Failures
- Service Recovery
- Recovery Techniques

3.4.1. Service Failures

The cost of failed service encounters can be high, with losses not only including the loss of profit, but also the loss of reputation, loss of loyal customers and loss of future business.

Poor service performance is negative to the development and the goodwill of the business and the issues causing such behaviour need addressing. The Service Triangle shows the importance of the relationship between the customer, the company and the service provided.

Figure 3.4 : The Service Triangle

As the customer is the least likely part of the "service triangle" to make any concessions if there is a problem with the service, it is essential to provide support, technology and both technical and customer service training for hospitality staff.

Something to Think About: Controlling the Cost of Quality

Four Seasons Hotels define the way they do business: *"We succeed when every decision is based on a clear understanding of and belief in what we do and when we couple this conviction with sound financial planning. We expect to achieve a fair and reasonable profit to ensure the prosperity of the company, and to offer long-term benefits to our hotel owners, our shareholders, our customers and our employees."*

From: http://www.fourseasons.com/about_four_seasons/service_culture/

Product, quality and consistency are important in both local and international markets. Whilst most hotel companies are reaching for such goals many have problems they must first overcome. Service quality cannot be easily measured, and the service industry naturally has a high cost of quality.

Hotels and service organizations must work to determine and control the cost of quality, yet ensure quality standards are met on a consistent basis. Hotels and service organizations must also assess the levels of quality required in terms of their current and future market potential.

As suggested by most experts, quality improvement always starts from looking into:

- external customer / market needs and
- internal customer / operational needs.

It is important to catalogue customer complaints and use the information to:

- evaluate internal systems
- change procedures if needed and
- eliminate the causes of common complaints.

Companies should also conduct regular customer satisfaction surveys in order to determine shortfalls in overall performance. One way to manage quality is to use a TQM (Total Quality Management) approach which means involving the whole company, the supply chain, and the products or services in ensuring a high standard of customer satisfaction.

3.4.2. Service Recovery

All companies need to have a service recovery plan to make things right should customer expectations not be met. If there is no plan to "put right" a service failure, then the company faces difficult problems such as:

- the perception the company doesn't care about the product / service
- the perception the company doesn't care about the customer
- the loss of loyal customers
- the loss of reputation - via negative word of mouth and
- the loss of potential repeat business.

Customer perceptions are closely linked to human emotions. Being disappointed in the service is one thing. But for a disappointed customer to be asked, *'How did you enjoy our (whatever) service',* without having a service recovery plan moves that experience of being annoyed to one of being completely angry. This is not a good thing for a positive word-of-mouth advertising campaign.

The goal of service excellence is to underpin the service task so that the customer values it, and so that they keep coming back for more - that is, "making and keeping the customer happy".

ACTIVITY 3.4

What benefits can repeat customers bring to the hospitality and tourism organization?

Try and list 3 or 4 things below:

The most profitable customer is the repeat customer because repeat customers:

1. they buy more

2.

3.

And how can hospitality companies encourage repeat business? Try and list 3 or 4

things below:

1. making it easy for customers to rebook or reorder

2.

3.

The importance of the repeat customer shows how important it is for companies to win and keep customer loyalty. This means that service recovery programmes are vital to correct any errors or mistakes.

> Service recovery tries to make amends for quality breakdowns.

Service recovery can make amends by offering additional services (peace offerings), price reductions on the service provided, or on future services. Anything that stops the customer from walking away can be employed.

Remember a satisfied customer will tell 5-6 people about the experience whilst a dissatisfied one will tell at least nine others about bad service - and those nine will pass on the bad news too!
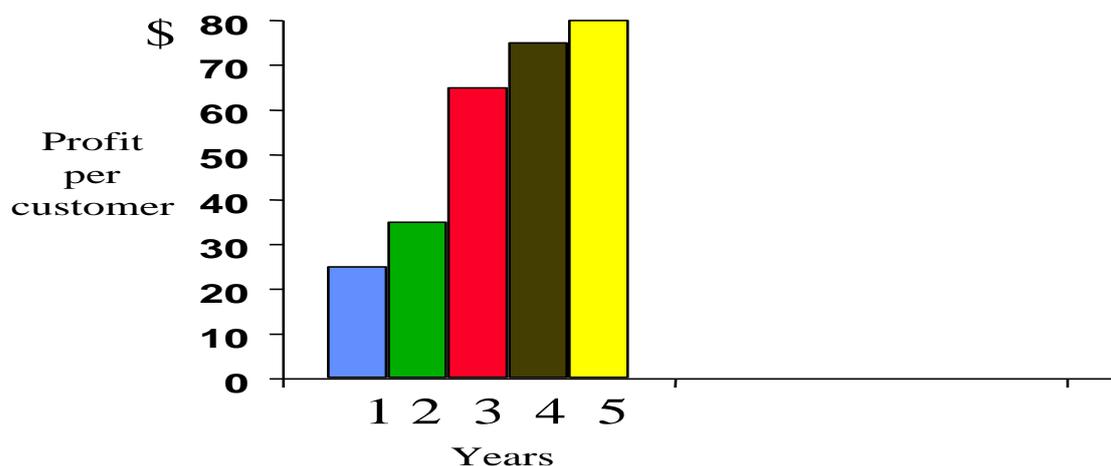
Figure 3.5: Spending pattern of repeat customers over time

Bad word of mouth advertising is negative to business and reputation, and it is best kept out of circulation by adopting service recovery techniques. Service recoveries easily pay for themselves and it is worth the cost of such programmes to maintain customer loyalty. By doing a little more now, the service business avoids the cost of attracting new business and the harm to reputation by having unhappy customers.

Service encounters play an important part in service recovery. Service encounters are interactions in which one person (e.g. a waiter, telephone operator, travel agent) provides a service or goods (e.g. a meal, an appointment, airline tickets) to another person.

Figure 3.6 below shows that by understanding, focusing and acting on the service encounter, and the three supporting areas that encircle it, service companies can:

- maintain and when necessary recover services
- maintain customer loyalty
- improve performance and
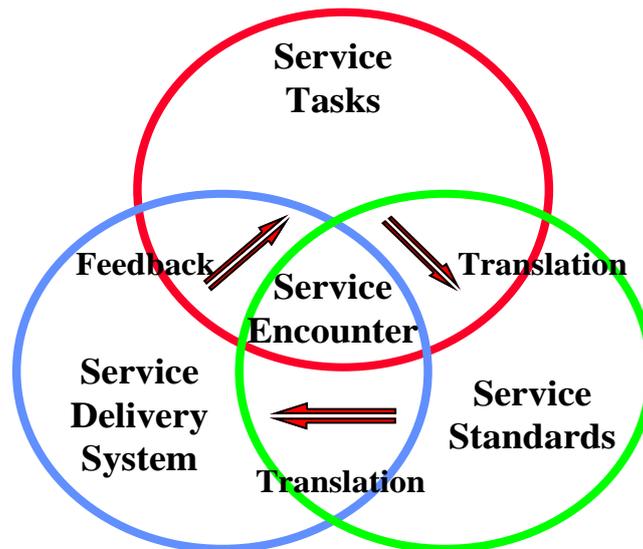- enhance their strategic position in the market place.

Figure 3.6: Service encounters

The diagram above shows how the three areas of service tasks, delivery and standards influence or affect the service encounter. If any of these three areas is lacking, then the service quality and service encounter can lead to an unsatisfactory experience and a dissatisfied customer. The Service Standards (e.g. how quickly the tour company will confirm the air tickets) should help staff and customers to know what is expected, the Service Delivery System (e.g. the arrival of the aeroplane at the scheduled time) should keep the customer happy, and the Service Tasks (e.g. the safe delivery of luggage) should ensure a satisfactory travel experience.

1)_Recovery Techniques

The causes of quality problems must be researched, investigated and corrected. Collecting and using data can be a big help. Data might be easily available and collected on a routine basis, but more often in problem situations it will have to be assembled from scratch. It is important to first analyse exactly what the problem is. For example; is it:

- a particular product
- a particular service
- the materials used
- the personnel concerned and/or
- the system or process involved.

Once this is understood it usually becomes apparent as to what type of data to collect. Understanding the problem may first involve customer liaison, and then determining how best to achieve quality - through service design, service improvement, through better specification of materials, or through the service delivery process. Once the problem is established data can be collected and analysed. Collecting appropriate data might involve:

- measuring aspects of a process or service
- tracking defects and their characteristics
- tracing defects to particular locations/ times/ staff and
- noting changes or conditions in materials/ equipment/ staff involved.

However, despite taking measures to avoid dissatisfaction there are still occasions when customers will be unhappy with, or complain about a product or service. Service staff need training in understanding and dealing with the irate customer, and they need to know how to put things right.

Many companies have found that it is advantageous to make it easy for customers to complain, for example Cathay Pacific Airways has special information desks at airports to deal with problems. And many hotels have guest relations officers stationed in their lobby, and use comment cards in rooms and restaurants. Versions of the slogan "If it's right tell your friends - if it's wrong tell us" - have been adopted by many companies. Making it easy for the customer to complain gives service companies the opportunity to recover bad service much more easily than at a later stage.

Figure 3.7: Short comment card (Photo: Ashley Bristowe)

But, remember that not every service encounter that needs recovery is the fault of the company, sometimes the customer is at fault. Customers often expect to be right when they are not, and can make unrealistic or unreasonable demands. The service delivery system needs to be flexible enough to let the unreasonable customer off sensitively, and to support the service delivery staff. This means that there must be fixed and establish procedures and guidelines for service staff to follow, and even empowered staff must know the limits of their authority and when and where to get support if needed.

2) Service Recovery Plans

ACTIVITY 3.5

In the grid below you will find a list of common service breakdowns. Under the grid there is a list of two recovery options for each situation – (a) or (b).

Your task is to match the two lists by identifying the most appropriate recovery option for each service breakdown.

	Service breakdown	*Recovery option number*
1.	Restaurant customer complains of cold vegetables.	
2.	Hotel customer with confirmed reservation and check-in time arrives to find the room is not ready for occupancy.	
3.	Restaurant customer complains of under-cooked steak.	
4.	Hotel customer complains of incorrect telephone charges (the customer is wrong).	
5.	Hotel customer complains of undue waiting time for delivery of a room service meal.	

Possible Recovery Plans (Options)

		Possible Recovery Plans (Options)
1.	(a)	Waiter offers to remove the entire meal and have it re-heated in the microwave oven.
	(b)	Waiter apologises and returns with fresh hot additional vegetables within 2 minutes.
2.	(a)	Receptionist apologises, offers luggage storage, shows the guest to the lounge area and provides light complimentary refreshments.
	(b)	Receptionist apologises, advises that there will be a 20-minute delay, offers luggage storage, shows the guest to the lounge area and provides light complimentary refreshments.

| 3.	(a)	Waiter offers to replace the steak with a fresh one – cooked to the right degree – and offers a complimentary glass of wine while the customer waits.
	(b)	Waiter offers to remove the steak and have it re-cooked to the right degree, and provides fresh water and additional rolls and butter while the customer waits.

Possible Recovery Plans (Options)		
4.	(a)	Cashier apologises, but firmly shows the guest the itemised details from the telephone office.
	(b)	Cashier apologises and removes the contested items from the charge.
5.	(a)	Room service supervisor courteously promises to check out the problem and get back to the guest within 5-minutes. He does this, fully explains and apologises for the delay, whilst also having ensured that the meal is delivered within the 5-minute period. He then follows up with a second courtesy call to check satisfaction.
	(b)	Room service supervisor apologises and guarantees delivery within 5-minutes. He adds a complimentary bottle of champagne to the meal order, then calls the guest to inform him of the free wine, whilst advising that the meal is now on the way and will take about 10 minutes.

4. Dealing with Difficult Customers

> "Dealing with difficult people: The first rule: There is no such thing as a difficult person, there are just people we need to learn to deal with…The second rule: Re-read the first rule."
>
> *(R Lilley, "Dealing with Difficult People")*

You may meet many difficult customers in the service industry, including rude customers, angry customers, grumbling customers and domineering customers. These are the people you have to serve. However, they are only some of the customers you will find difficult to deal with. How should you deal with them? The following are six types of difficult customers:
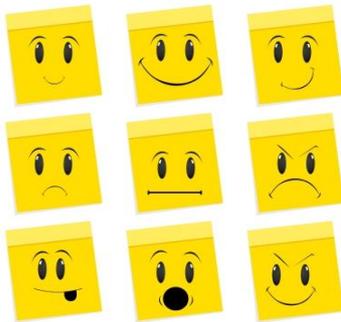
Source: "Smiles Icon Set" - Image courtesy of Digitalart, FreeDigitalPhotos.net

1. Angry customers

2. Customers dissatisfied with your products or service

3. Indecisive customers

4. Demanding or domineering customers

5. Rude or inconsiderate customers

6. Talkative customers

4.1. Understand Different Types of Difficult Customers

- We need to understand "why" customers express difficult behaviour

- Their needs or expectations are not met

- Promises made by the organization or individual have not been fulfilled

- They are not being dealt with directly, but responsibility is being passed on to
   another

- The staff have not done their job correctly

- The procedures or work routines are not well developed

- Wrong information has been given

- The result is not to their satisfaction or in their favour

- Circumstances beyond anyone's control

- Their personal situation

- Their own personality

- Their perceptions.

Figure 4.1 : Unhappy Customers (Photo: Michael Cote)

Customers can react differently to problems. They can become angry, difficult, loud, complaining, rude. It is up to service staff to handle them politely and firmly to ensure a satisfactory conclusion to the problem.

> Customers can be difficult to handle if they have an unsatisfactory service experience, and are not compensated or satisfied by the company.

Reasons for customer dissatisfaction might be just bad service, or might be caused by factors outside of the company's control. How well a company can resolve such problems impacts on its ability to retain loyal customers.

Problems can occur with:

- the service encounter
- the capability of the company to provide the required service and/or
- third party involvement.

Customers who do experience a service failure can take various courses of action. They can:

- do nothing
- complain to the service firm
- take action through a third party – consumer services, legal action etc.,
- change suppliers and/or
- discourage others from using that service (negative word of mouth).

Those that do complain (remember many do not) provide the service company with an opportunity to take remedial action and recover the service situation.

4.2. Ways of Dealing with Customer Problems

> **"Humans are quite emotional aren't they?"**
>
> **- Mr Spock, Star Trek**

Where customers' feelings are positive, that makes it easy for service staff to build up a relationship with them. However, there will be times when they will need to be able to deal with customers' feelings of:

- anger
- frustration
- distress
- vulnerability.

Customers could feel one of these emotions, for example, if:

- something has failed to meet expectations
- a service has cost more than anticipated
- they feel they have been forced into a purchase
- they are unable to express what their problem is.

Recognising the problem

It is important to recognise customers' feelings. Staff need to keep quiet, observe and listen at first. Then ask sensitive questions. The skills to use to judge how someone is feeling are: watching, listening and questioning.

They should not be too quick to make a decision. Like a doctor making a diagnosis, they need to get as much information as possible and not interpret symptoms in isolation. They can look for signs from body language to find out how upset or angry the person may be. They should listen carefully to what is being said otherwise they might not get a full picture. They should listen also to how the customer is speaking. The way in which people speak and the level, pace and strength of their voice may also give clues to their feelings.

Figure 4.2: Hotel staff in Shenzhen (Photo: Philip MacMaster)

In addition staff may need to use questioning skills and they will need to show sensitivity in their questioning, particularly if the customer is upset, distressed or feeling vulnerable. Good questioning is asking questions which encourage customers to give the information needed. These are 'open' questions and usually begin with:

Who?   What?   Where?   When?   How?

For example:

- **Who** made the room booking?
- **What** size of room did you expect?
- **Where** did you make the reservation?
- **When** did you pay?
- **How** did you pay for it?

We have left out **'Why?'** as this sort of question should be avoided because the customer may feel he or she is being blamed for something.

"Each problem that I solved became a rule which served afterwards to solve other problems." - Rene Descartes (1596-1650), 'Discours de la Methode'

4.3. Ways of Handling Difficult Customers

1) Angry customers

Take particular care when you are dealing with an angry customer. In order to serve an angry customer effectively, you have to control your emotion and find out the reason for the customer's anger. The following are some suggested measures:

i.   Be initiative

Tell the customer what "you can do" instead of what "you can't". For example, do not respond passively such as telling the customer that no refund can be made according to company policy. Instead, you may say: "We can offer you a coupon. You may enjoy 20% discount if you use the coupon to consume or shop in the hotel." (Of course, you have to obtain authorization from your supervisor before offering any coupons to a customer.)

ii.   Understand the reason for the customer's anger

Do not overlook the anger of the customer. For example, do not say: "You don't need to be so angry." Instead, you should say: "I can understand how you feel, and I really want to help you in solving this problem. Could you please tell me what happened?"

iii. Reassure the customer

Indicate to the customer that you understand why he/she is angry and that you are willing to help him/her in solving the problem. The following phrases can reduce the customer's worry: "I will try my best to help you solve this problem", "I assure you that this issue will be settled within these two days" or "No worry, I will help you solve this problem first", etc.

iv.   Be objective

Keep calm even if the customer has a bad attitude. If the customer is still very angry, you may ask your supervisor or colleagues for help.

v.   Listen attentively

Angry customers need to express their dissatisfaction. They also need others to listen to them. The service staff should not interrupt their complaints.

2)   Dissatisfied customers

The following measures can be applied to deal with customers who are dissatisfied with the company's products or services:

i.   Listen

Listen attentively to the reasons for the customer's dissatisfaction. Use positive language when dealing with these customers. Avoid using negative expressions. Some examples are stated in the table below:

Positive expressions	Negative expressions
What I (we) can do is …	I (We) cannot do this …
I (We) will do it as soon as possible …	I am (We are) unable to do this …
It is my pleasure to help you …	This is not my responsibility …
Would you please …?	You must …
Although I am unable to …what I can do is …	It is our policy to …

ii.   Maintain a positive attitude

Even an angry customer may make you exhausted, do not let them mention the dissatisfactory experience again. You should make a few positive comments while listening and then try to find out an effective solution.

iii.   Smile, introduce yourself and offer help

To show your initiative, introduce yourself immediately and indicate your readiness to help. Use non-verbal communication (e.g. nods and smiles) and some supportive expressions (e.g. "eh", "hmmm", "aha", "oh" or other expressions) while listening.

iv.   Make no excuses

Usually, customers are not interested to know why the products or

services are unavailable. They only want to see a favorable solution to their problem. We should find out ways to correct the mistakes and avoid making any excuses.

3) Indecisive customers

Customers with no ideas of their own tend to hesitate for a long time. In certain circumstances, they might not know what they need exactly, e.g. choosing a present for a specific occasion. At this moment, you may give them some suggestions by using your communication skills and personal experience. The following are some measures to deal with indecisive customers:

i. Be patient

You should greet the customer patiently and help him/her in satisfying his/her needs. You should provide suggestions when it is appropriate. You have to indicate to the customer that you are ready to help at anytime.

ii. Ask open-ended questions

Ask the customer open-ended questions to find out his/ her needs, identify the required products and then offer your help.

iii. Listen attentively

Pay attention to the verbal and non-verbal messages of the customer to identify his/her needs, followed by understanding his/her preferences.

iv. Guide the customer in making decisions

Positive suggestions/ comments given by a service staff may help customers make decisions. You should note that you are helping them to make decisions instead of deciding for them. If you impose your preference on the customers, they might be dissatisfied and would likely request for a refund or an exchange.

4) Demanding or domineering customers

The following are some effective measures to deal with demanding customers:

i.   Be professional

Do not raise your voice or revenge through language. Maintain your politeness and use professional service skills.

ii.   Respect customers

Keep eye contact with the customer; keep calm; address the customer by his/her name; apologize when appropriate or necessary. Let the customer feel that he/she is respected. Seek solutions quickly.

iii.   Tell the customer your authority

Do not present a negative attitude when talking to the customer. Instead, you should focus on what you can do and what you are willing to do. Make prompt decisions to win back the customer's trust.
You may appreciate the customer when his/her suggestions are feasible or helpful in solving the problem. For example, you may say: "Mr. Chow, your suggestion is really good. I think it will work." After that, you may follow up according to this suggestion. This shows that you are willing to accept suggestions and make efforts to serve the customer to meet his/her expectation. It shows that you take the customer's suggestions seriously. In case, you are unable to meet customers' needs, you may try other ways to satisfy them.

5)   Rude or inconsiderate customers

Some customers offend others on purpose or try to attract attention from others. They may act in the following ways:

Raising their voice when speaking; requesting to talk to a supervisor; using rude language; jumping the line; or disagreeing with you when you intent to offer help. Sometimes they may also offend or dominate others on purpose. You may try using the following measures in dealing with such customers:

i.   Be professional

You cannot act the same way as the customer in responding to his/her rude behavior. You should keep calm and self-confident in order to control the situation. For example, a rude customer interrupts you when you are serving another customer. You may pause for a moment, look in the eyes of the customer, and say firmly but with a smile, "Sir/Madam, I will get back to you once I finish serving this

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customer." You may repeat once more if he/she persists, so that he/she understands the faster you finish serving the   customer, the faster you will be able to serve him/her.

6)   Talkative customers

Some customers would spend much of their time by telling you some irrelevant topics such as personal experiences, family, friends, achievements and other things. The following are some of the skills to deal with talkative customers.

i.   Keep enthusiastic, sincere and concerned

You should keep smiling and sincere to these customers. Agree with their comment and talk to them briefly during the course of service. For example, if a customer says that your family name is similar to that of his/her great-uncle and asks where your hometown is, you may answer: "That is interesting. My hometown is… But I don't think we have any relatives in other places." In this way, you are able to answer his/her question and at the same time stop his/her from further questioning. What you say next should be related to business.

ii.   Ask specific and open-end questions

Such questions may help you to identify the customer's needs and be concerned with the customer's worries.

iii.   Ask closed-end questions to control the situation

When the needs of customers are identified, you may ask closed-end questions, e.g. "Would you like to buy this product?" Such questions are effective in controlling the conversation and confine the customers to talk within a specific topic.

iv.   Dominate the course of conversation

You may give your idea to a customer through questions or statements so that you can dominate the conversation. You may imply that you are going to end the conversation by saying: "You mentioned just now that you are going to buy several things. So I suppose I should not take up your time. Thank you for coming. Please let me know if you need my help in the future."

Each type of customers listed above is difficult to deal with. Whether the employees are able to provide customers with satisfactory service, it depends on staff who possesses good communication skill, professional knowledge, patience, willingness or readiness to solve the problems for customers. In order to serve different types of customers satisfactory, we need to treat each customer as a special individual and avoid treating them all alike. .

Reference:

Robert W Lucas, Jr.. Zhu Yingzi and Ai Fengyi translated. (2009). *Customer Service: Building Successful Skills for the Twenty-first Century* (3th ed.). Beijing: Enterprise Management Publishing House. PP. 217-226.

ACTIVITY 4.1

➢ Divide into groups of two and perform a role-play based on one of the following scenarios.

➢ Allow 10 minutes for discussion on the type of difficult customers you are going to deal with and how to talk with them.

➢ When the role-play is over, the teacher may ask other students to answer the following questions.

Questions:

1. How to provide quality service?
2. Is there any negative or unclear verbal or non-verbal communication? (Please give example if any)
3. Is there anything in the role-play that should be improved or noted?

Scenario 1:

A customer walked into your travel agency. He seems to be hesitating about which type of theme park packaged tickets he is going to buy. The package's tickets are grouped into whole-year, half-year and weekends. Whole-year also consists of "unlimited access" – can be used on all days within a year and "limited access" – cannot be used on Saturday, Sunday and public holidays.

Scenario 2:

You are a staff member of a car rental company at the airport. You just received a call from a customer. He puts forward his request at the very beginning: "I need to know how to rent a car. I have read the catalogue about car rental. I want to know the discounts for car rental on weekends. I want to know the car's model after the booking is completed. There is an urgent need for me to have the car ready upon arrival.

Scenario 3:

You are a cashier at the express checkout counter of a business hotel. You are dealing with a customer when another customer jumped the line and says to you: "Look, I have an urgent business. I've stayed for two nights only. It costs HKD 600 per night and so it's HKD 1,200 in total. Is it OK if I leave the money here with you?"

Scenario 4:

You are a ticketing clerk of a travel agency. In a morning while you are working, a frequent customer visits the travel agency. He takes a sit and starts to chat with you about the weather, his recent life and other topics irrelevant to the purchase of travel products.

4.4. Dealing with Complaints and Problems

Nobody likes problems – least of all complaints. If someone complains, it is easy to take it personally. Things do go wrong from time to time and it is not usually one individual's fault. It is important that there are clear steps to follow when complaints arise.

Figure 4.3: Customer Complaint Department (Photo: ClintJCL)

Organizations usually have formal procedures for dealing with complaints. We'll look first at the principles for dealing with complaints:

1) **Stay calm**

   - stay calm even if your customers are impolite

2) **Maintain politeness**

   - Try your best to be as polite as possible when dealing with complaints. It is effective and appropriate to address the customer by his/her name.

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3) Develop positive attitude

- do not neglect complaints;
- do not take complaints personally; and
- do not overreact

4) Show you care

Sympathise and acknowledge by:

- identifying yourself;
- listening to what the customer is saying;
- responding accordingly such as keep eye contact and keep nodding when listening; and
- offering to help.

For example: "I am Julie Wong. I am sorry you have a problem. How can I help you?" Not all customers will be calm. Staff can watch their body language and listen to their voices.

5) Clarify and confirm your understanding

- In order to find out exactly what the problem is, staff will need to ask questions. Then you should repeat what you have heard, in your own words, to confirm your understanding. This conclusion will create a psychological effect that you are on the side of the customer. For example, 'So, what you are saying, Mr Chan, is that the bathroom in your room was not cleaned today?' This is paraphrasing.

6) Evaluate complaints

Decide what can be done in order to deal with the complaint. This may be:

- following it through yourself or;
- getting assistance to verify the authenticity of the complaints; and
- In the above example, arrange a housekeeper to check whether the bathroom is not cleaned today.

7) Make a decision and offer suggestions

- we should decide on the action; and

- agreeing a compromise - If customer does not agreed with our decision, we may put forward other options and explain our follow up actions.

8) **Follow up**

- No matter what action is taken, staff should always check to ensure that what they agreed has happened. If anything changes they should make sure the customer is told.

4.5. Standards/Codes of Practice

Most organizations have formal complaints procedures. Dealing with complaints is not easy and unless they are handled sensitively, the problem could get worse. Customers complain because they are disappointed, annoyed, frustrated or even angry. It is important that all staff are clear about the steps they have to take to comply with the procedure. A complaints procedure is likely to include:

- who should deal with it;
- what should be done (the steps to be taken);
- the limits of individual authority; and
- recording the outcome.

Organizations work to achieve a high quality in everything they produce. That includes dealing with complaints' and complaints procedures often include standards and codes of practice.

For example:

- a face-to-face customer complaint must be dealt with and action agreed within 15 minutes
- a written customer complaint must be acknowledge on day of receipt
- company complaint records must be completed neatly in block capitals in black ink

ACTIVITY 4.2

Read through the situations below. Then write underneath each one what you would do and say in each case.

1. A telephone call from Mr Cheung. His suitcase has been mislaid somewhere and he needs to checkout urgently to go to the airport and catch his flight.

2. A child has gone missing at the Theme Park where you work. Her mother comes into the Customer Service Centre. She is very upset.

3. While serving the wine in the restaurant you spill red wine on a customer's expensive white dress.

4. "I've been standing at the payment point for 10 minutes. Is anyone going to serve me?"

ACTIVITY 4.3

The manager of your hotel has decided to produce a procedure to deal with customer complaints. This will inform staff on what to do and how to react when they receive complaints from a guest – either by phone or in person. Here is a list, choose those that you think are suitable and put them in the correct order. Next, write an e-mail to your boss advising him of your suggestions. Be careful to use the correct tone in your e-mail.

Customer Complaints Procedure

- The guest should be taken to a quiet room so as not to upset the other guests

- The complaint shall be passed to the General Manager

- An acknowledgement of the complaint will be sent to the guest within 10 working days

- The complaint shall be passed to another colleague to deal with if you are busy

- If the complaint remains unresolved the guest will receive a follow up to explain what has happened

- The guest should be told not to complain if possible

- The same staff member who received the complaint will be responsible for resolving it and informing the guest

- Any complaint must be recorded on the Customer Complaint form

- The guest shall be dealt with calmly and politely at all times

- The guest will be informed of the progress of their complaint within 24 hours

- The duty manager should be notified of the complaint and asked to assist where necessary

- The guest shall be compensated for their inconvenience if appropriate
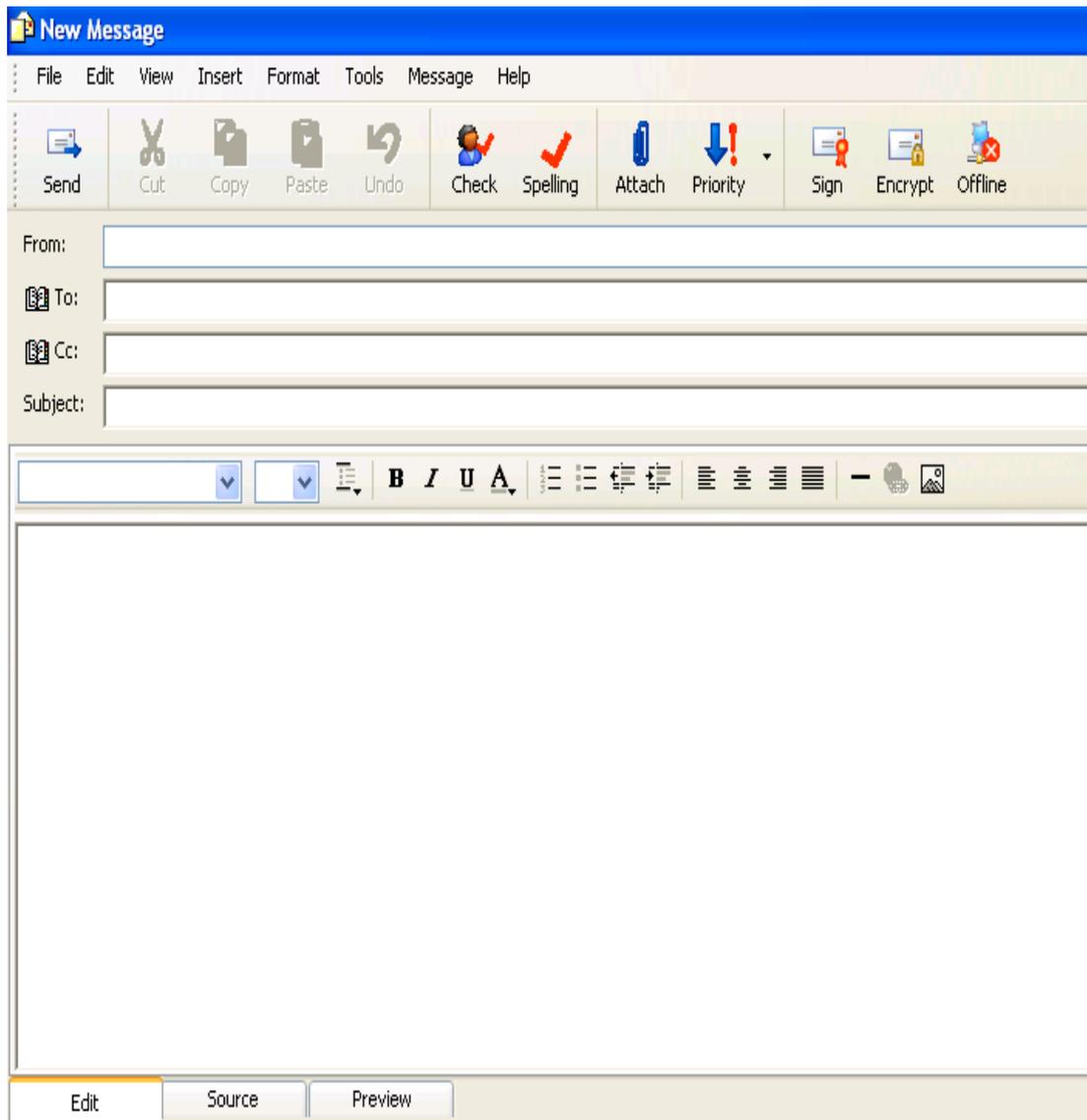
Once you have finished, discuss your answers with a classmate.

Summary

Customers, from time to time and quite rightly, will complain about poor service. Most organizations will have procedures for dealing with this kind of situation, but how the occasion is handled is up to the individual staff member.

4.6. Handling Customer Complaints

Complaints are a special type of customer problem for three reasons:

- **complaints give companies an opportunity to put things right that they might not otherwise have had** – many customers never make a complaint, they just go elsewhere
- **complaints give companies an opportunity to build a relationship with the customer** – how a complaint is handled will influence the customer
- **complaints offer an opportunity to improve customer service** – they indicate that the service has fallen short of the required standard.

Figure 4.4: Service with a Smile (Photo: Broken Piggy Bank)

ACTIVITY 4.4

Work with a partner to decide how you would deal with the following complaints:

a) One of the directors of your hotel phones to complain that the hotel limousine is not at the airport to pick him up.

b) A potential guest calls to complain that the dates on your hotel booking confirmation e-mail are incorrect.

c) A tourist calls your office to complain that the ferry schedule in the Hong Kong Tourist Guidebook is wrong and that he had to stay overnight on Cheung Chau Island because he missed the last ferry.

d) A visitor to Hong Kong calls from the airport to complain that his hand luggage which he left on a Cathay Pacific flight is not at the 'Lost and Found' counter.

e) You receive a call from a customer who complains that out of a party of six people who ate at your restaurant the evening before, four are suffering from food poisoning. The sick people all had oysters for their dinner.

Summary

This section looked at how to handle one particular kind of problem: complaints. Once we know what the problem is, we are able to solve it. We now go onto look at how hospitality organizations can turn problems to their advantage.

> *Remember that time is money.*
>
> Benjamin Franklin

4.7. Resolving Customer Problems

Identifying the customer's problems and then resolving them as a key effect on the ability to get customers to come back. Research has found that if a customer is unhappy and they don't complain, only 9% will return again. However, if they complain and it is resolved quickly 82% will return (Technical Assistance Research Program).

Therefore, hospitality and tourism organizations today have realized the value of creating processes for their employees to handle complaints and solve them quickly.

> **Walt Disney Company**, for example, has a system that empowers the employee at Disneyland (they call them cast members) to be able to solve the complaints themselves. The first thing a cast member is taught to do is to determine what the problem is by listening to the customer. Once they determine the problem they are empowered to make decisions to solve the problem and then record what they did of the purpose of assuring that complaints are resolved.

> **Ritz-Carlton hotels** also have an empowerment process that enables the employees to give the guest up to USD 2,000 worth of services to the customer to solve the problem without any senior level management approval. While some might think this would lead to problems with abuse by the staff, the Ritz-Carlton in San Francisco, which has been opened for more than 10 years, has never had an employee give more than USD 1,400 and that was for a fur coat that was damaged.

The growth of online websites/blogs for customer comments, such as www.tripadvisor.com, has also had a positive effect on how hotel companies and destinations handle customer complaints. In the beginning, hospitality and tourism organizations feared these websites because they might say bad things about them.

However, what they have learned today is that if they respond to the customer complaint made online with a positive response, sometimes admitting their own mistakes, customers like them better. They have found responses had credibility to

the service they provide and show they are willing to solve complaints, as well as accept favourable comments. People also believe the positive comments more from others on a blog than in the advertising message of the organization.

"Your most unhappy customers are your greatest source of learning."

Bill Gates from Business @ The Speed of Thought

5. Communicating with Customers

5.1. Delighting the Customer

> You can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new.
>
> Steve Jobs, Apple Computer

Improving quality standards and keeping customers satisfied are key concerns in maintaining a competitive position in the marketplace. However, recent thinking suggests that companies need to go further than just satisfying the customer. There are three questions we have to answer.

- The first is what are the customers' needs and expectations?
- The second is what must we do to meet those needs and expectations?
- The third is what must we do to exceed these expectations?

Understanding the needs and expectations is the foundation; meeting those needs and expectations should result in satisfaction; but anticipating and exceeding those needs will delight the customer.

Even good companies struggle, some of the time, to achieve 100 per cent satisfaction; when you can go beyond this, and truly delight the customer, the rewards are exciting! Can you see how the service concept now becomes "meeting and exceeding customer needs and expectations on a constant basis?"

On a personal level, staff working for hospitality and tourism companies must work towards ensuring they are courteous and provide 'hospitality from the heart.'

Figure5.1 : Happy Cajun Chef (Photo: Zaktva)

5.2. Ways to Communicate with Customers

One of the most important aspects of excellent customer care is good communication. Unless you can communicate effectively and appropriately with customers you are unlikely to give them that service. This final module looks at communication skills in more detail and how individuals select the right method of communicating to their customers.

Communication is about getting a message across to the customer. But we don't always manage it. Effective communication is when a message is received and understood. See Figure 5.2below.
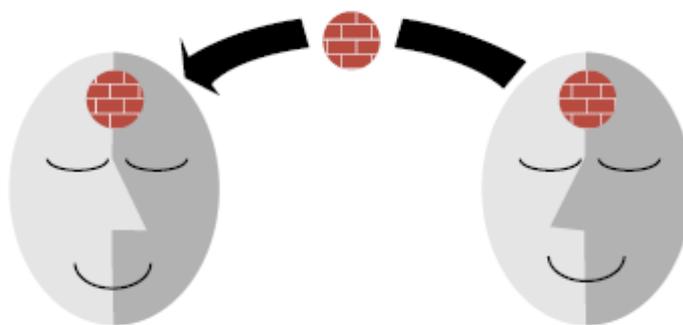

Figure 5.2: Getting the message across

It takes time and effort to develop good communication skills and sometimes our messages are not clearly heard by the receiver due to 'noise' that impedes the message, see Figure 5.3.
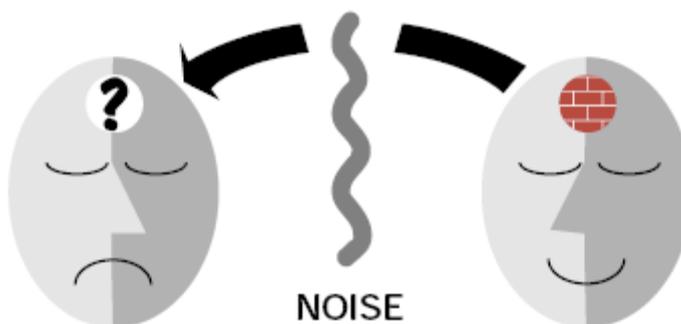

Figure5.3 : Message Interference

In this section we will be looking at important communication skills:

Verbal communication

- talking
- listening
- questioning
- writing

Non-verbal communication

- using body language
- personal hygiene & grooming

5.3. Say It Right

Talking is easy for most of us or is it? Most of us have been doing it all our lives but, unfortunately, practice doesn't always make perfect. The first rule of speaking is to think about what you are going to say before you say it. Service staff need to get that message across to their customers, they need to think about:

- what they want to say
- how they are going to say it
- whether the message is likely to get through

Is the message acceptable?

Think first! Prepare what you want to say. If you don't, you may have to start again and that won't build your customer's confidence in your ability.

How do you say it? We said before that talking is not only about what you say but also about how you say it.

Do:

- **speak clearly.** *Some customers will have more difficulty in hearing you.*
- **keep the volume moderate.** *Your voice will boom if a customer has a hearing aid.*
- **put expression into your voice**
- **watch your speed.** *Think about the needs of your customers.*

Don't:

- **let your sentences trail off.** *Your customers might think you are uncertain.*
- **use a sharp tone.** *You could sound aggressive.*
- **sound monotonous or sing-song**
- **speak too fast.** *Customers may not be able to keep up.*
- **speak too slowly.** *You could sound patronising.*

5.4. Is the Message Getting Through?

Have you ever had to say to someone 'Sorry, I didn't realise you were talking to me'? It has happened to most of us at one time or another. To check the message is going to get through, you must make sure your customer is ready, For example: make eye contact and ask a question 'Could we discuss?' 'Is it convenient to speak?' They may be ready but are they receiving? You need to get feedback as you go along. We have talked about this before but we will be looking at it again shortly.

It can be more difficult to get the message over on the telephone as you can't see what is going on the other end. You may also get distracted by things going on around you. As you can see, getting it right covers a number of things, so how are you doing?

ACTIVITY 5.1

Describe an occasion when you had to make a presentation, give a speech, or have an interview. What would be the most difficult part in that occasion? And in the future, how would you do differently to achieve a better outcome? Illustrate your answer below.

Classroom Activity

Classroom discussion on the challenges of giving a speech or making a class presentation. How can you improve what you do and overcome nerves?

Table 5.1 : Summarizing Active Listening

Listen:	Concentrate on what is being said, not what you want to say next.
Acknowledge:	Let the customer know you are listening by saying 'yes', 'I see', 'I understand', 'mm', 'ah'.
Paraphrase content:	Summarise and feed back what the customer has said (to show you have been listening and have understood).
Paraphrase feelings:	Show you have listened to how the customer feels about something by saying 'You seem pleased about that' or 'I think you are worried'.
Observe body language:	Gauge their feeling by looking at their posture, expressions, gestures.
Use body language:	Make non-verbal gestures to encourage: eye contact, open posture, facial and hand gestures.

Now test how good you are at active listening.

ACTIVITY 5.2

1. Photocopy the assessment sheets on **pages 120 and 121** and read through the instructions below.

2. Ask a classmate to help you with the activity. Give them a copy of the relevant checklists.

3. Ask your classmate to talk on a subject of their choice (or give them one of the topics below) for approximately two minutes while you listen.

4. Only ask open questions to encourage the conversation.

5. Ask another friend to observe the talk.

6. At the end of the two minutes, you should summarise the content of the talk back to your friend.

7. Ask them both to complete the assessments.

Suggested topics:

- A hobby;
- A favourite movie;
- The weather;
- Where they are going on holiday; or
- Something else you are interested in.

ACTIVE LISTENING: ASSESSMENT SHEET

Your classmate would like to check how effective he or she is at listening. Use this checklist to assess their listening at the end of your conversation.

	All the time	**Sometimes**	**Never**
Looked at me when I was speaking			
Seemed relaxed and interested			
Summarised/paraphrased what I said			
Used encouraging body language (nodding, open body posture, facial expressions and gestures)			
Interrupted only to ask relevant open questions			
Used negative body language (closed body stance, negative expressions and gestures)			
Fidgeted/distracted me			
Any other comments:			

ACTIVE LISTENING: OBSERVER ASSESSMENT SHEET

Please observe your classmate listening to and summarising his or her friend's conversation. Then use this checklist to assess their listening skills.

	All the time	**Sometimes**	**Never**
Looked at the speaker			
Appeared relaxed and interested			
Summarised/paraphrased the content			
Used encouraging body language (nodding, open body posture, facial expressions and gestures)			
Interrupted only to ask relevant open questions			
Used negative body language (closed body stance negative expressions and gestures)			
Fidgeted			
Any other comments:			
Getting the questions right			

Imagine you are working in a customer service role. If you don't ask the right questions, you and your customer could go round in circles. We have already talked about open questions. There are some other types of questions that you might find useful:

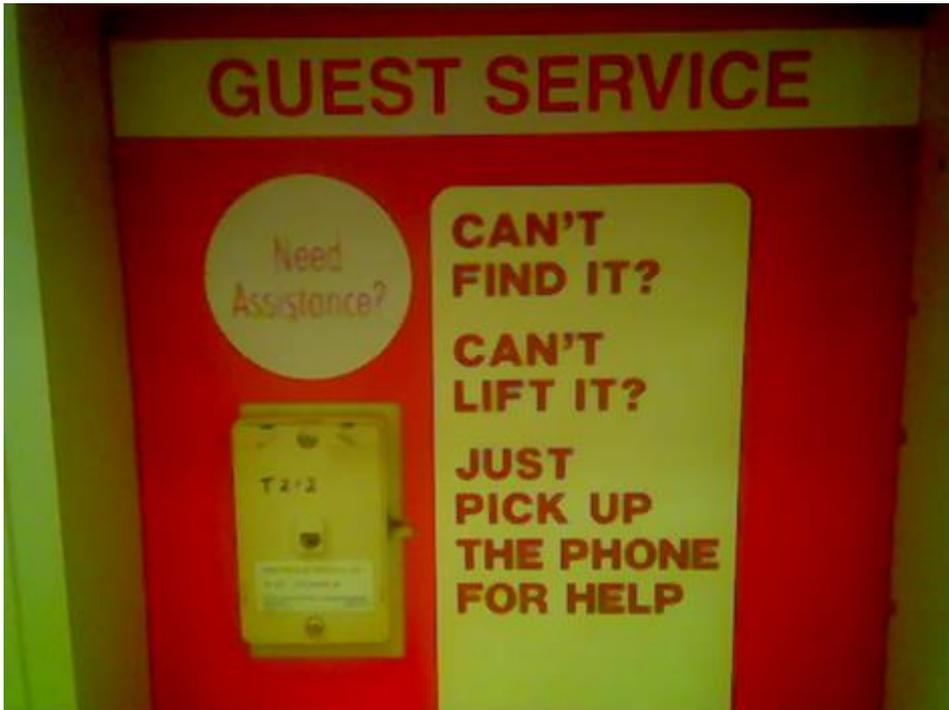| **Type**	**Used for**
Closed	Check or confirm facts. Answered by 'yes' or 'no'.
Reflective model	Reflecting on what the customer has said. 'So, you think this is a better wine than the first one on the list?'
Probing	To try and encourage the person to open up more.

Figure 5.4 : Guest Sign (Photo: Ben Ostrowsky)

There may be times when you feel you are not getting anywhere. This could mean that there are barriers. For example:

- difficulties with language, accents or understanding
- anger, aggression, distress, dislike, jealousy, etc.
- noisy rooms, crowded shops, interference from equipment.

It is important to recognise when you have reached such a stage and:

- accept that you have a problem
- explain your difficulty to your customer
- get help (ask someone who has the specific skills to understand).

5.5. Put Pen to Paper

We may have been listening since we were babies and talking nearly as long, but we certainly don't write as often. It doesn't always come easily. Writing is all about the five Cs.

Table 5.2 : The Five Cs

Concise	Write short, simple sentences.
Correct	Check your facts.
Clear	Make sure that what you write is not gobbledygook.
Complete	Make sure you have included everything you need to say.
Courteous	Be polite.

ACTIVITY 5.3

Ask a friend to help you with this activity. Identify something you have written recently. (This could be an E-Mail, a letter or IM.)

1   Get your friend to read through the communication and decide if you have managed to include the five Cs.

2   Then make notes below on your friend's comments under each of the headings.

The communication:

'C'	Yes/No	Comment
Conciseness		
Correctness		
Clarity		
Completeness		
Courtesy		

Effective writing takes time and effort. Short emails are usually fairly easy to do. But, sometimes, you may have a more complicated job to tackle such as a report. These take a bit more thought.

Write short sentences and paragraphs. Use simple layout. If you are using a word processor use the spell check (also grammar and punctuation facilities, if available). Get help if you need it. When you have done it, check it through or ask someone else to look at it for you.

5.6. What Communication Method?

You may have the communication skills but you need to be able to decide which method to use. You have a choice:

- the spoken word (face-to-face or telephone)
- the written word (note, memo, letter, email) or
- a combination.

In order to decide what to do, you need to think about:

- what it is you have to say, and
- what your customer's needs are.

For example:

- Carrie is face-to-face with a customer. She is listening, speaking and questioning.
- Emer's customer is also face-to-face, but has hearing difficulties so Emer is also writing brief notes to clarify points to the customer.
- Bill has to confirm a complicated order, so he is doing it by letter.
- Hilary has to check if a customer's order has arrived so she will telephone him.

Your customers may make the decision for you. For example:

- some people insist on having everything in writing
- others far prefer to be face-to-face meeting
- some customers may prefer to communicate mainly in writing
- others may like to communicate by telephone or face-to-face.

5.7. Face-to-Face

Being face-to-face with customers has many advantages.

- It is personal (the customer is getting individual attention)
- It is a two-way process (you and the customer)
- It combines skills (listening, questioning, body language)
- It is immediate (solving problems, getting agreement or clarification).

There are some disadvantages. You need to:

- think on your feet
- avoid saying the wrong thing
- adapt your communication for individual needs.

Figure 5.5: Service with a smile (Photo: Ben Haley)

ACTIVITY 5.4

Think about what information hospitality or tourism staff would give to customers face-to-face? Give three examples below and say why they would use face-to-face communication in each case.

Information I would give face-to-face:	Reason
1.	
2.	
3.	

We have said before that the telephone can have fewer advantages than being face-to-face. For example:

- it doesn't involve body language
- it may not be suitable for all customers.

Good telephone techniques are part of good customer service. It probably won't be long before at least some organizations will be using video telephones – then it will be like being face-to-face with your customers. Treat telephone customers as you would expect them to treat you!

Check this presentation on good telephone techniques – how to use the phone effectively: http://www.hr-services.stir.ac.uk/documents/TelephoneTechniques.ppt.

*See Appendix 1 for some good telephone techniques and phrases.

5.8. Non-verbal communication

Non-verbal communication may also be referred to as body language. It uses some signs such as facial expressions, gestures, eye movements, distance, touches, postures, body movements, appearance, sound, etc. Non-verbal communication may be affected by the genders, ages, relations and cultural backgrounds of the communicating parties.

ACTIVITY 5.5

Have a look at the photoset below, and see if you can identify <u>four</u> different feelings expressed in the face of the person in the photo. Make a list below the photographs.

Figure 5.6 : Expressions (Photo by M. Omair)

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Feelings I think are expressed in the photographs above:

1.

2.

3.

4.

ACTIVITY 5.6

Think about the actions below, and match them to the appropriate image they give. Note that some body language may vary across cultures, but this will help you understand what is generally accepted internationally, and especially if you are dealing with Western visitors.

Body language: Positive and negative communication	Interpretation
1. Brisk, erect walk	a) Negative evaluation
2. Standing with hands on hips	b) Trying to make a decision
3. Sitting with legs crossed, foot kicking slightly	c) Indecision
4. Sitting, legs apart	d) Anger, frustration, apprehension
5. Arms crossed on chest	e) Interest
6. Walking with hands in pockets, shoulders hunched	f) Impatience
7. Hand to cheek	g) Boredom
8. Touching, slightly rubbing nose	h) Open, relaxed
9. Rubbing the eye	i) Boredom
10. Hands clasped behind back	j) Dejection
11. Head resting in hand, eyes downcast	k) Sincerity, openness, innocence
12. Rubbing hands	l) Insecurity, nervousness
13. Sitting with hands clasped behind head, legs crossed	m) Defensiveness
14. Open palm	n) Evaluation, thinking
15. Pinching bridge of nose, eyes closed	o) Confidence, superiority
16. Tapping or drumming fingers	p) Disbelief
17. Patting/playing with hair	q) Rejection, doubt, lying
18. Tilted head	r) Anticipation
19. Stroking chin	s) Readiness, aggression
20. Looking down, face turned away	t) Doubt, disbelief
21. Biting nails	u) Confidence
22. Pulling or tugging at ear	v) Lack of self-confidence; insecurity

Reference website on Effective Communication from Flexible learning toolboxes, National Vet E-Learning Strategy, Australia:

- *Effective Communication*
    https://www.coursera.org/articles/communication-effectiveness

Reference website :

<u>Web links only available in Chinese</u>:

- *Communication*
    https://www.yipsir.com.hk/Znd_order/YPTP_Handouts/Old/Communication_and_Rx_Skills.pdf

- *Non-verbal communication*
    https://wiki.mbalib.com/zh-tw/%E9%9D%9E%E8%AF%AD%E8%A8%80%E6%B2%9F%E9%80%9A

- *Verbal communication*
    https://baike.baidu.hk/item/%E5%8F%A3%E9%A0%AD%E6%BA%9D%E9%80%9A/9506054

5.9. Personal Grooming and Appearance

Service staff in hospitality and tourism jobs need to be presentable, smart and clean – especially if working in the food and beverage, or customer service roles. Below are the standards set out by a college in the United States for their students taking part in a culinary class:

"Dining Room Service (Both Baking & Culinary Arts Students)

- Dress clothes are required for dining room and special events service for "front of the house" rotations.
- White, oxford-style long-sleeved dress shirt with button-down collar.
- Black loose-fitting dress slacks.
- Black belt, black bowtie, dark socks, and black dress shoes (flat).

Grooming & Hygiene
- Hair must be properly restrained and well groomed.   Facial hair must be well trimmed or faces must be clean-shaven.
- Jewellery should be kept to a bare minimum and it must be cleanable and non-porous material.
- No eyebrow, nose, tongue or lip jewellery (in the ear lobe only).
- Uniforms must be clean at the beginning of each day.
- Fingernails should be clean, trimmed, short, and free from polish.

Instructor for the lab will be the final judge of acceptable standards in uniform, hygiene, and grooming.   If a student is not in acceptable compliance with uniform, hygiene, and grooming standards, he/she will be dismissed from the lab until corrected."

Source: (Culinary Arts) - SUNY College of Technology, Alfred State College.
http://www.alfredstate.edu/academics/departments

Conclusion

This section was all about communicating: listening, questioning, and saying the right thing. It talked about speech, writing and communication face-to-face, as well as body language and personal grooming. You need to consider the methods of communication that might be appropriate in particular circumstances, taking into account what it is you have to say and who it is you need to say it to.

APPENDIX I

Telephone Do's and Don'ts

- Whenever you answer the telephone you are the voice of your organization
- Never, ever answer the phone by just saying Hello – give your name, company, and ask if you can help the caller
- Always pronounce the name of your company slowly and clearly
- Always have pen and paper handy
- Take messages
- Be tactful and polite
- If transferring a call, never interrupt while the person is still talking to someone else, take a message and say that the respective person will phone back
- Always give your undivided attention to the caller
- Don't eat or drink when talking on the telephone
- Smile when you answer the telephone

Telephone Dialogues

Calling the hotel: (Q= Caller A= Person answering)

Q. Hello. I would like to book a room, please?

A. Hold the line a moment, I'll put you through to reception.

Q. Thank you.

A. (after a moment) Hello, this is Reception. How can I help you?

Q. Hello, I'm calling to book a room for Thursday night.

A. Yes, we have rooms available. Could I have your full name and number please?

Q. Certainly, My name is Jason Chan and my number is 2788-4987.

A. Would you like a single or double room, Mr Chan?

Q. A single, non-smoking room please.

A. Fine, I have booked a single, non-smoking room for you on Thursday.

Leaving a Message: (Q= Caller A= Person answering)

Q: Hello. Could I speak to Bill Ng, please?

A. Who's calling, please?

Q. This is Karen Siu. I'm a friend of Bill's.

A. Hold the line, please. I'll put your call through. (after a moment) - I'm afraid he's out at the moment. Can I take a message?

Q. Yes. Can you ask him to give me a call? My number is 2345-8965.

A. Could you repeat that, please?

Q. Certainly. That's 2345-8965.

A. Thank you. I'll make sure Mr Ng gets your message.

Q. Thank you. Goodbye.

A. Goodbye.

Key Vocabulary

- This is ...
- May (Can, Could) I speak to...?
- I'm calling ...
- Hold the line a moment...
- Put someone through...
- Who's calling...?
- Take a message
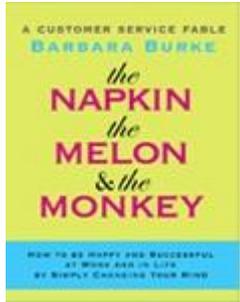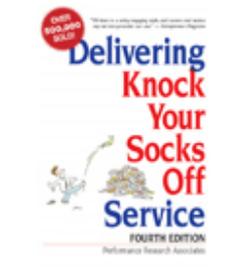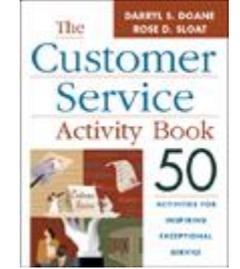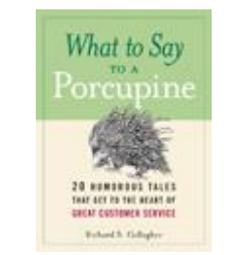- Call, ring, phone

APPENDIX II – GLOSSARY

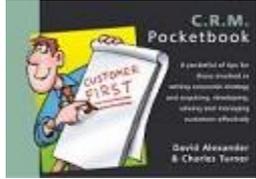|	
Consumer satisfaction	The satisfaction a customer or user has with a product or service.
Corporate mission statement	A mission statement is a brief statement of the purpose of a company, organization, or group.
Cost of quality	The sum of costs of keeping acceptable quality levels plus the cost of failing to maintain that level (cost of poor quality).
Customer Life-time Value	Is the present value of the future cash flows from a customer relationship. It emphasizes customer service and long-term customer satisfaction, rather than short-term sales.
Etiquette	Rules about socially acceptable behaviour.
Goods	Products that are tangible – that you can see, touch, eat, wear, etc – for example a book or a car.
Market	The set of current or potential users or customers for the company products or services.
Market area	A geographical area that contains the customers/users of a particular company's goods or services.
Moments of Truth (MoT)	MoT are occasions when important impressions about a company are formed and where there is an opportunity for good or bad impressions to be made. For example, first impressions are often critical moments. When customers have certain expectations and they are disappointed, then they can form very negative impressions.
Personality traits	A personality trait is a personal characteristic which indicates how someone might react to new situations or new experiences.
Protocol	How people behave – their personal conduct.
Relationship marketing	Relationship marketing is the process of attracting, maintaining, and enhancing relationships with key people to help the business grow.

Servicescape	Servicescape is like a 'landscape'. It includes the exterior (external facility design, signage, parking, surrounding environment) and interior (interior design & decor, equipment, signage, layout, air quality, temperature). It can include things like employee dress, uniforms, brochures, etc.
Services	Products that are intangible – that you cannot always see – such as a library loan or the service you receive in a restaurant.
Service encounters	Service encounters are interactions in which one person (e.g. a waiter, telephone operator, travel agent) provides a service or goods (e.g. a meal, an appointment, airline tickets) to another person.
Service failure	Service failure is when a customer complains about a service which is below their expectations.
Service Quality	Service quality is achieved by understanding the wants, needs and expectations of customers; and by offering services and products in a manner that they consistently meet or exceed all 'reasonable' wants, needs and expectations, so that measurable customer satisfaction results.
Service recovery	A response to a service failure which leads to customer satisfaction is called service recovery.
Service Triangle	The Service Triangle shows the inter-relationship between the customer, the company and the service provided. It can sometime refer to the inter-relationship between the company's service strategy, customer relations systems, and the employees.
Total Quality Management (TQM)	TQM is a management approach to long-term success through customer satisfaction and involves all members of an organization in improving the services of the company.
Total Quality Service (TQS)	TQS involves a commitment by the company to ensuring all staff have a customer focus, setting service standards, measuring performance against standards, and rewarding outstanding service.

Tourism industry/ organizations	Those service industries including transportation services such as cruise ships and taxis, accommodation such as hotels and entertainment venues, and other hospitality industry services such as resorts (from Wikipedia).
Upmarket	A product at the high end of the market (often more expensive than the average product).
User-friendly systems	A system that is easy for people to use.
Word of mouth communication(WOM)	When people share information about products or promotions with friends.

APPENDIX III Reference Books for Students

A. Books for students

The Napkin, the Melon & the Monkey: A Customer Service Fable, by Barbara Burke. Review and sample it at: https://app.thestorygraph.com/book_reviews/53d52e1f-4ac5-46ce-b42c-132a2359e8c4	
The Customer Service Pocketbook, by Tony Newby, Sean McManus. https://www.sean.co.uk/books/customerservice/index.shtm Free e-book preview: https://www.pocketbook.co.uk/media_mp/preview/9781906610555(Preview).pdf	
Delivering Knock Your Socks Off Service: Performance Research Associates. http://www.amanet.org/books/book.cfm?isbn=9780814473658	
The Customer Service Activity Book - 50 Activities for Inspiring Exceptional Service: Darryl S. Doane, Rose D. Sloat http://www.amanet.org/books/book.cfm?isbn=9780814472590	
What to Say to a Porcupine - 20 Humorous Tales That Get to the Heart of Great Customer Service: Richard S. Gallagher http://www.amanet.org/books/book.cfm?isbn=9780814410554	

The CRM Pocketbook: Charles Turner, David Alexander http://www.pocketbook.co.uk	
The Call Centre Customer Care Pocketbook: Mike Applegarth, Keith Posner http://www.pocketbook.co.uk	
eLibrary - Open eBooks Directory https://www.hkpl.gov.hk/en/e-resources/e-databases/keyword/elibrary/all/1	Search for Customer Service

APPENDIX IV – SOURCES

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Non-commercial. We can copy, distribute, display, and perform the work — and derivative works based upon it — but for non-commercial purposes only.

Share Alike. We can distribute derivative works under a license identical to the original license.

Useful Websites

Wikipedia – Customer Service http://en.wikipedia.org/wiki/Customer_service

Institute of Customer Service http://www.instituteofcustomerservice.com/

The Customer Service Zone & Help Center http://customerservicezone.com/

Service Quality Institute http://www.customer-service.com/

Customer Service Group http://www.customerservicegroup.com/

e-magazine for Customer Service Professionals
http://www.customerservicemanager.com/

Customer Service Institute of Australia http://www.csia.com.au/

Customer Service Champs 2008
http://www.businessweek.com/magazine/toc/08_09/B4073customer.htm