Customer expectations of service

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❖ LEARNING OBJECTIVES

This chapter's objectives are to:

1 Recognize that customers hold different types of expectations for service performance.

2 Discuss the sources of customer expectations of service, including those that are controllable and uncontrollable by marketers.

3 Acknowledge that the types and sources of expectations are similar for end consumers and business customers, for pure service and product-related service, for experienced customers and inexperienced customers.

4 Delineate the most important current issues surrounding customer expectations.

Virgin Trains is a brand that has had the major challenge of bringing the UK rail industry into the twentieth century. The company is responsible for linking towns and cities across the length and breadth of the country with over 35 million passenger journeys each year. It has therefore undertaken a significant level of marketing research to identify what people expect from train travel. Many passengers have now had the experience of travelling on airlines or on overseas railways and as a result their expectations from long-distance train travel have increased. The research has highlighted the significant and highly diverse expectations that customers have of train travel. No longer is a seat and access to toilets and basic refreshments acceptable; passengers now expect – demand even – a choice of on-board meals, health-conscious snacks, reading material and entertainment. Business, and increasingly leisure, travellers also want access to the Internet and emails through on-board wireless Internet and the opportunity to use and charge their laptop and mobile. This clearly demonstrates that customer expectations of service performance do not remain constant. Organizations need to be aware of how these expectations are changing and adapt their service offering accordingly.

Source: adapted from Knight, T. and Deas, S., 'Across the tracks', *Research* (February 2006)

Importance of customer expectations

Customer *expectations* are beliefs about service delivery that serve as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to services marketers. Knowing what the customer expects is the first and possibly most critical step in delivering good quality service. Being wrong about what customers want can mean losing a customer's business when another company hits the target exactly. Being wrong can also mean expending money, time and other resources on things that do not count to the customer. Being wrong can even mean not surviving in a fiercely competitive market.

Among the aspects of expectations that need to be explored and understood for successful services marketing are the following: what types of expectation standards do customers hold about services? What factors most influence the formation of these expectations? What role do these factors play in changing expectations? How can a service company meet or exceed customer expectations?

In this chapter we provide a framework for thinking about customer expectations.[1] The chapter is divided into three main sections: (1) the meaning and types of expected service, (2) factors that influence customer expectations of service, and (3) current issues involving customer service expectations.

Meaning and types of service expectations

To say that expectations are reference points against which service delivery is compared is only a beginning. The level of expectation can vary widely depending on the reference point the customer holds. Although most everyone has an intuitive sense of what expectations are, service marketers need a far more thorough and clear definition of expectations in order to comprehend, measure and manage them.

Let us imagine that you are planning to go to a restaurant. Figure 3.1 shows a continuum along which different possible types of service expectations can be arrayed from low to high. On the left of the continuum are different types or levels of expectations, ranging from high (top) to low (bottom). At each point we give a name to the type of expectation and illustrate what it might mean in terms of a restaurant you are considering. Note how important the expectation you held will be to your eventual assessment of the restaurant's performance. Suppose you went into the restaurant for which you held the minimum tolerable expectation, paid very little money and were served immediately with good food. Next suppose that you went to the restaurant for which
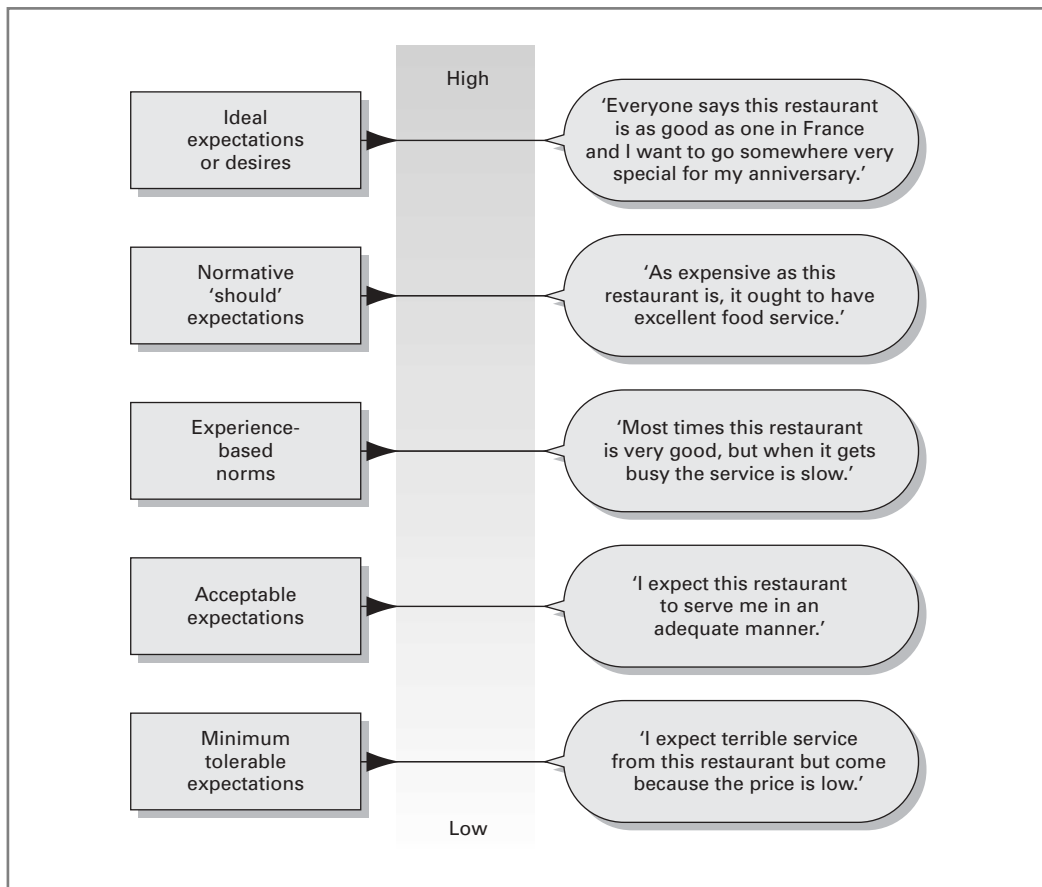

FIGURE 3.1 Possible levels of customer expectations

Source: R.K. Teas, 'Expectations, performance evaluation and consumers' perceptions of quality', *Journal of Marketing* (October 1993), pp. 18–34. Reprinted by permission of the American Marketing Association

you had the highest (ideal) expectations, paid a lot of money and were served good (but not fantastic) food. Which restaurant experience would you judge to be best? The answer is likely to depend a great deal on the reference point that you brought to the experience.

Because the idea of customer expectations is so critical to evaluation of service, we start this chapter by talking about the levels of expectations.

Expected service: levels of expectations

As we showed in Figure 3.1, customers hold different types of expectations about service. For purposes of our discussion in the rest of this chapter, we focus on two types. The highest can be termed *desired service:* the level of service the customer hopes to receive – the 'wished for' level of performance. Desired service is a blend of what the customer believes 'can be' and 'should be'. For example, consumers who sign up for a computer dating service expect to find compatible, attractive, interesting people to date and perhaps even someone to marry. The expectation reflects the hopes and wishes of these consumers; without these hopes and wishes and the belief that they may be fulfilled, consumers would probably not purchase the dating service. In a similar way, you may use an online travel-planning and flight-booking site such as Expedia to book a short holiday to Venice at Easter. What are your expectations of the service? In all likelihood you want Expedia to find you a flight exactly when you want to travel and a hotel close to the key sights in Piazza San Marco at a price you can afford – because that is what you hope and wish for.

However, you probably also see that demand at Easter may constrain the availability of airline seats and hotel rooms. And not all airlines or hotels you may be interested in may have a relationship with Expedia. In this situation and in general, customers hope to achieve their service desires but recognize that this is not always possible. We call the threshold level of acceptable service *adequate service* – the level of service the customer will accept.[2] So the customer may put up with a flight at a less than ideal time and stay at a hotel further away from the key Venetian sites, if he or she really wants to travel at Easter. Adequate service represents the 'minimum tolerable expectation',[3] the bottom level of performance acceptable to the customer.

Figure 3.2 shows these two expectation standards as the upper and lower boundaries for customer expectations. This figure portrays the idea that customers assess service performance on the basis of two standard boundaries: what they desire and what they deem acceptable.

Among the intriguing questions about service expectations is whether customers hold the same or different expectation levels for service firms in the same industry. For example, are desired service expectations the same for all restaurants? Or just for all fast-food restaurants? Do the levels of adequate service expectations vary across restaurants? Consider the following quotation:

> " Levels of expectation are why two organizations in the same business can offer far different levels of service and still keep customers happy. It is why McDonald's can extend excellent industrialized service with few employees per customer and why an expensive restaurant with many tuxedoed waiters may be unable to do as well from the customer's point of view.[4] "
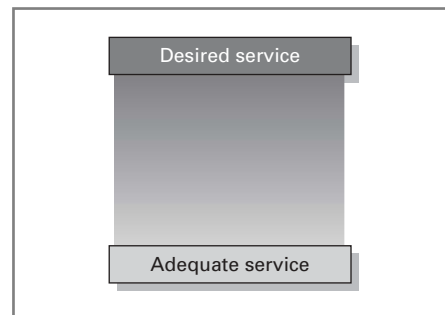

FIGURE 3.2 Dual customer expectation levels

Customers typically hold similar desired expectations across categories of service, but these categories are not as broad as whole industries. Among subcategories of restaurants are expensive restaurants, ethnic restaurants, fast-food restaurants and airport restaurants. A customer's desired service expectation for fast-food restaurants is quick, convenient, tasty food in a clean setting. The desired service expectation for an expensive restaurant, on the other hand, usually involves elegant surroundings, gracious employees, candlelight and fine food. In essence, desired service expectations seem to be the same for service providers within industry categories or subcategories that are viewed as similar by customers.

The adequate service expectation level, on the other hand, may vary for different firms within a category or subcategory. Within fast-food restaurants, a customer may hold a higher expectation for McDonald's than for Burger King, having experienced consistent service at McDonald's over time and somewhat inconsistent service at Burger King. It is possible, therefore, that a customer can be more disappointed with service from McDonald's than from Burger King even though the actual level of service at McDonald's may be higher than the level at Burger King.

The zone of tolerance

As we discussed in earlier chapters of this textbook, services are heterogeneous in that performance may vary across providers, across employees from the same provider, and even with the same service employee. The extent to which customers recognize and are willing to accept this variation is called the **zone of tolerance** and is shown in Figure 3.3. If service drops below adequate service – the minimum level considered acceptable – customers will be frustrated and their satisfaction with the company will be undermined. If service performance is higher than the zone of tolerance at the top end – where performance exceeds desired service –

FIGURE 3.3 The zone of tolerance

customers will be very pleased and probably quite surprised as well. You might consider the zone of tolerance as the range or window in which customers do not particularly notice service performance. When it falls outside the range (either very low or very high), the service gets the customer's attention in either a positive or negative way. As an example, consider the service at a checkout queue in a grocery store. Most customers hold a range of acceptable times for this service encounter – probably somewhere between five and 10 minutes. If service consumes that period of time, customers probably do not pay much attention to the wait. If a customer enters the line and finds sufficient checkout personnel to serve him or her in the first two or three minutes, he or she may notice the service and judge it as excellent. On the other hand, if a customer has to wait in line for 15 minutes, he or she may begin to grumble and look at his or her watch. The longer the wait is below the zone of tolerance, the more frustrated the customer becomes.

Customers' service expectations are characterized by a range of levels (like those shown in Figure 3.2), bounded by desired and adequate service, rather than a single level. This tolerance zone, representing the difference between desired service and the level of service considered adequate, can expand and contract within a customer. An airline customer's zone of tolerance will narrow when he or she is running late and is concerned about making it in time for his or her plane. A minute seems much longer, and the customer's adequate service level increases. On the other hand, a customer who arrives at the airport early may have a larger tolerance zone,
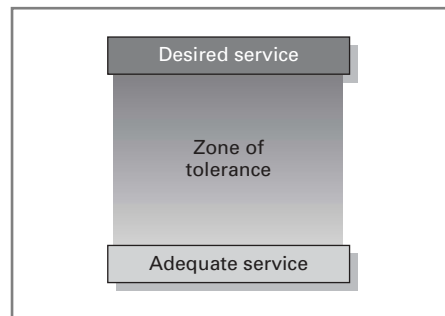
making the wait in line far less noticeable than when he or she is pressed for time. This example shows that the marketer must understand not just the size and boundary levels for the zone of tolerance but also when and how the tolerance zone fluctuates with a given customer.

Different customers possess different zones of tolerance

Another aspect of variability in the range of reasonable services is that different customers possess different tolerance zones. Some customers have narrow zones of tolerance, requiring a tighter range of service from providers, whereas other customers allow a greater range of service. For example, very busy customers would likely always be pressed for time, desire short wait times in general and hold a constrained range for the length of acceptable wait times. When it comes to meeting plumbers or repair personnel at their home for problems with domestic appliance, customers who work outside the home have a more restricted window of acceptable time duration for that appointment than do customers who work in their homes or do not work at all.

An individual customer's zone of tolerance increases or decreases depending on a number of factors, including company-controlled factors such as price. When prices increase, customers tend to be less tolerant of poor service. In this case, the zone of tolerance decreases because the adequate service level shifts upward. Later in this chapter we will describe many different factors, some company controlled and others customer controlled, that lead to the narrowing or widening of the tolerance zone.

Zones of tolerance vary for service dimensions

Customers' tolerance zones also vary for different service attributes or dimensions. The more important the factor, the narrower the zone of tolerance is likely to be. In general, customers are likely to be less tolerant about unreliable service (broken promises or service errors) than other service deficiencies, which means that they have higher expectations for this factor. In addition
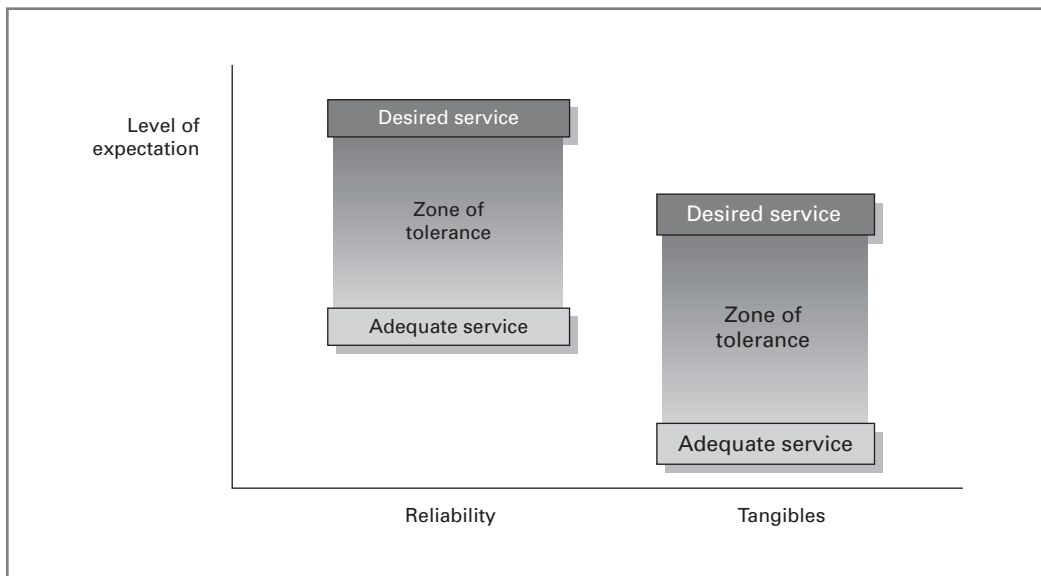

FIGURE 3.4 Zones of tolerance for different service dimensions
Source : L.L. Berry, A. Parasuraman and V.A. Zeithaml, 'Ten lessons for improving service quality', Marketing Science Institute, Report No. 93-104 (May 1993)

to higher expectations for the most important service dimensions and attributes, customers are likely to be less willing to relax these expectations than those for less important factors, making the zone of tolerance for the most important service dimension smaller and the desired and adequate service levels higher.[5] Figure 3.4 portrays the likely difference in tolerance zones for the most important and the least important factors.[6]

The fluctuation in the individual customer's zone of tolerance is more a function of changes in the adequate service level, which moves readily up and down because of situational circumstances, than in the desired service level, which tends to move upward incrementally because of accumulated experiences. Desired service is relatively idiosyncratic and stable compared with adequate service, which moves up and down and in response to competition and other factors. Fluctuation in the zone of tolerance can be likened to an accordion's movement, but with most of the movement coming from one side (the adequate service level) rather than the other (the desired service level).

In summary, we can express the boundaries of customer expectations of service with two different levels of expectations: desired service and adequate service. The desired service level is less subject to change than the adequate service level. A zone of tolerance separates these two levels. This zone of tolerance varies across customers and expands or contracts with the same customer.

Factors that influence customer expectations of service

Because expectations play such a critical role in customer evaluation of services, marketers need and want to understand the factors that shape them. Marketers would also like to have control over these factors as well, but many of the forces that influence customer expectations are uncontrollable. In this section of the chapter we try to separate the many influences on customer expectations.

Sources of desired service expectations

As shown in Figure 3.5, the two largest influences on desired service level are personal needs and philosophies about service. *Personal needs*, those states or conditions essential to the physical or psychological well-being of the customer, are pivotal factors that shape what customers desire in service. Personal needs can fall into many categories, including physical, social, psychological and functional. A cinema-goer who regularly goes to see films straight from work, and is therefore thirsty and hungry, hopes and desires that the food and drink counters at the cinema will have short queues and attentive staff, whereas a cinema-goer who regularly has dinner elsewhere has a low or zero level of desired service from the food and drink counters. A customer with high social and dependency needs
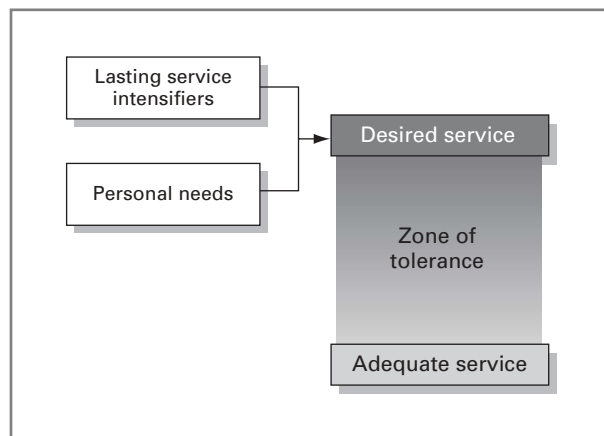

FIGURE 3.5 Factors that influence desired service

may have relatively high expectations for a hotel's ancillary services, hoping, for example, that the hotel has a bar with live music and dancing.

Some customers are more demanding than others, having greater sensitivity to, and higher expectations of, service. ***Lasting service intensifiers*** are individual, stable factors that lead the customer to a heightened sensitivity to service. One of the most important of these factors can be called *derived service expectations*, which occur when customer expectations are driven by another person or group of people. A niece from a big family who is planning a ninetieth birthday party for a favourite aunt is representing the entire family in selecting a restaurant for a successful celebration. Her needs are driven in part by the derived expectations from the other family members. A parent choosing a vacation for the family, a spouse selecting a home-cleaning service, an employee choosing an office for the firm – all these customers' individual expectations are intensified because they represent and must answer to other parties who will receive the service. In the context of business-to-business service, customer expectations are driven by the expectations of their own customers. The head of an information technology department in an insurance company, who is the business customer of a large computer company, has expectations based on those of the insurance customers he or she serves: when the computer equipment is down, his or her customers complain. The need to keep the system up and running is not just his or her own expectation but is derived from the pressure of customers.

Business-to-business customers may also derive their expectations from their managers and supervisors. Employees of a marketing research department may speed up project cycles (increase their expectations for speed of delivery) when pressured by their management to deliver the study results. Purchasing agents may increase demands for faster delivery at lower costs when company management is emphasizing cost reduction in the company.

Another lasting service intensifier is *personal service philosophy* – the customer's underlying generic attitude about the meaning of service and the proper conduct of service providers. If you have ever been employed as a member of waiting staff in a restaurant, you are likely to have standards for restaurant service that were shaped by your training and experience in that role. You might, for example, believe that waiters should not keep customers waiting longer than 15 minutes to take their orders. Knowing the way a kitchen operates, you may be less tolerant of lukewarm food or errors in the order than customers who have not held the role of waiter or waitress. In general, customers who are themselves in service businesses or have worked for them in the past seem to have especially strong service philosophies.

To the extent that customers have personal philosophies about service provision, their expectations of service providers will be intensified. Personal service philosophies and derived service expectations elevate the level of desired service.

Sources of adequate service expectations

A different set of determinants affects adequate service, the level of service the customer finds acceptable. In general, these influences are short term and tend to fluctuate more than the factors that influence desired service. In this section we explain the five factors shown in Figure 3.6 that influence adequate service: (1) **temporary service intensifiers**, (2) perceived service alternatives, (3) customer **self-perceived service role**, (4) situational factors, and (5) predicted service.

The first set of elements, *temporary service intensifiers*, consists of short-term, individual factors that make a customer more aware of the need for service. Personal emergency situations in which service is urgently needed (such as an accident and the need for car insurance or a breakdown in office equipment during a busy period) raise the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable. A mail-order company that depends on freephone numbers for receiving all customer orders will tend to be
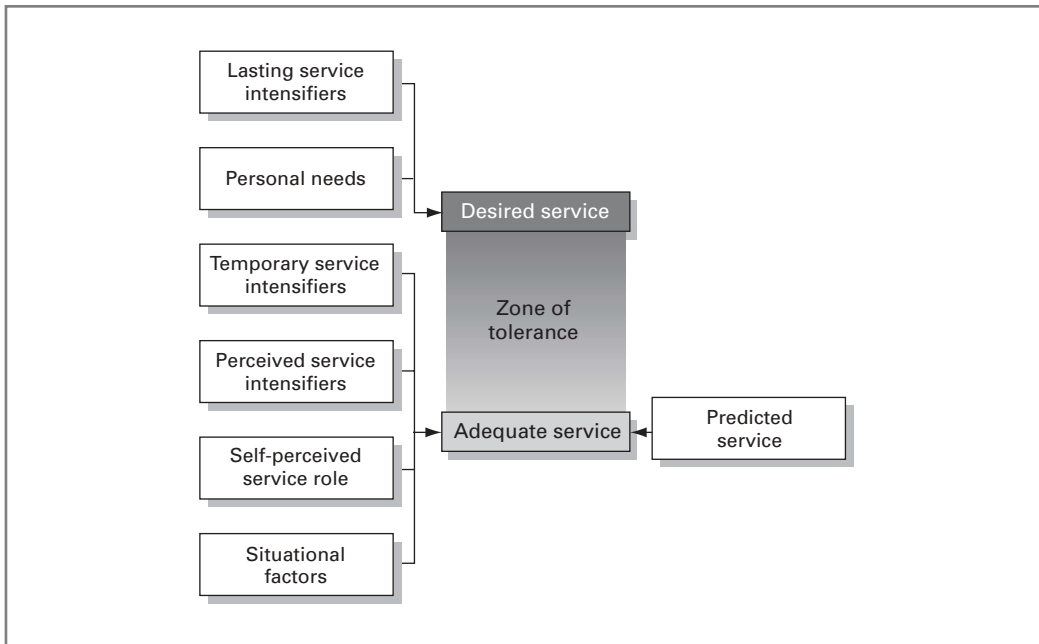
FIGURE 3.6 Factors that influence adequate service

more demanding of the telephone service during peak periods of the week, month and year. Any system breakdown or lack of clarity on the lines will be tolerated less during these intense periods than at other times.

Problems with the initial service can also lead to heightened expectations. Performing a service right the first time is very important because customers value service reliability above all other dimensions. If the service fails in the recovery phase, putting it right the second time (that is, being reliable in service recovery) is even more critical than it was the first time. Car repair service provides a case in point. If a problem with your car's brakes sends you to a car repair provider, you expect the company to fix the brakes. If you experience further problems with the brakes after the repair (a not uncommon situation with car repairs), your adequate service level will increase. In these and other situations where temporary service intensifiers are present, the level of adequate service will increase and the zone of tolerance will narrow.

Perceived service alternatives are other providers from whom the customer can obtain service. If customers have multiple service providers to choose from, or if they can provide the service for themselves (such as lawn care or personal grooming), their levels of adequate service are higher than those of customers who believe it is not possible to get better service elsewhere. An airline customer who lives in a provincial town with a small airport, for example, has a reduced set of options in airline travel. This customer will be more tolerant of the service per-formance of the carriers in the town because few alternatives exist. He or she will accept the scheduling and lower levels of service more than will the customer in a big city who has myriad flights and airlines to choose from. The customer's perception that service alternatives exist raises the level of adequate service and narrows the zone of tolerance.

It is important that service marketers fully understand the complete set of options that cus-tomers view as perceived alternatives. In the provincial town, small airport example just

discussed, the set of alternatives from the customer's point of view is likely to include more than just other airlines: taxi service to a nearby large city, rail service or driving. In general, service marketers must discover the alternatives that the customer views as comparable rather than those in the company's competitive set.

A third factor affecting the level of adequate service is the *customer's self-perceived service role*. We define this as customer perceptions of the degree to which customers exert an influence on the level of service they receive. In other words, customers' expectations are partly shaped by how well they believe they are performing their own roles in service delivery.[7] One role of the customer is to specify the level of service expected. A customer who is very explicit with a waiter about how rare he or she wants his or her steak cooked in a restaurant will probably be more dissatisfied if the meat comes to the table overcooked than a customer who does not articulate the degree of cooking expected. The customer's active participation in the service also affects this factor. A customer who does not get his or her car serviced regularly is likely to be more lenient on the car manufacturer when he or she experiences problems than one who conscientiously follows the manufacturers service schedules.

A final way the customer defines his or her role is in assuming the responsibility for complaining when service is poor. A dissatisfied customer who complains will be less tolerant than one who does not voice his or her concerns. A car insurance customer acknowledged responsibility in service provision this way: 'You can't blame it all on the insurance broker. You need to be responsible too and let the broker know what exactly you want.'

Customers' zones of tolerance seem to expand when they sense they are not fulfilling their roles. When, on the other hand, customers believe they are doing their part in delivery, their expectations of adequate service are heightened and the zone of tolerance contracts. The comment of a car repair customer illustrates this: 'Service staff don't listen when you tell them what is wrong. I now prepare a written list of problems in advance, take it to the car dealership, and tell them to fix these.' This customer will expect more than one who did not prepare so well.

Levels of adequate service are also influenced by *situational factors*, defined as service performance conditions that customers view as beyond the control of the service provider. For example, where personal emergencies such as serious car accidents would likely intensify customer service expectations of insurance companies (because they are temporary service intensifiers), catastrophes that affect a large number of people at one time (floods or storms) may lower service expectations because customers recognize that insurers are inundated with demands for their services. Customers who recognize that situational factors are not the fault of the service company may accept lower levels of adequate service given the context. In general, situational factors temporarily lower the level of adequate service, widening the zone of tolerance.

The final factor that influences adequate service is *predicted service* (Figure 3.7), the level of service that customers believe they are likely to get. This type of service expectation can be viewed as predictions made by customers about what is likely to happen during an impending transaction or exchange. Predicted service performance implies some objective calculation of the probability of performance or estimate of anticipated service performance level. If customers predict good service, their levels of adequate service are likely to be higher than if they predict poor service. For example, travellers may expect poorer service from some of the no-frills airlines such as Ryanair or easyJet in comparison to some of the full-cost airlines (British Airways, KLM, Air France). This prediction will mean that higher standards for adequate service will exist in the full-cost airlines. On the other hand, customers of mobile phone companies may know that the companies' call centre operations will provide poor service around Christmas time when myriad people are setting up the mobiles that they have received as gifts. In this case, levels of adequate service decrease and zones of tolerance widen.
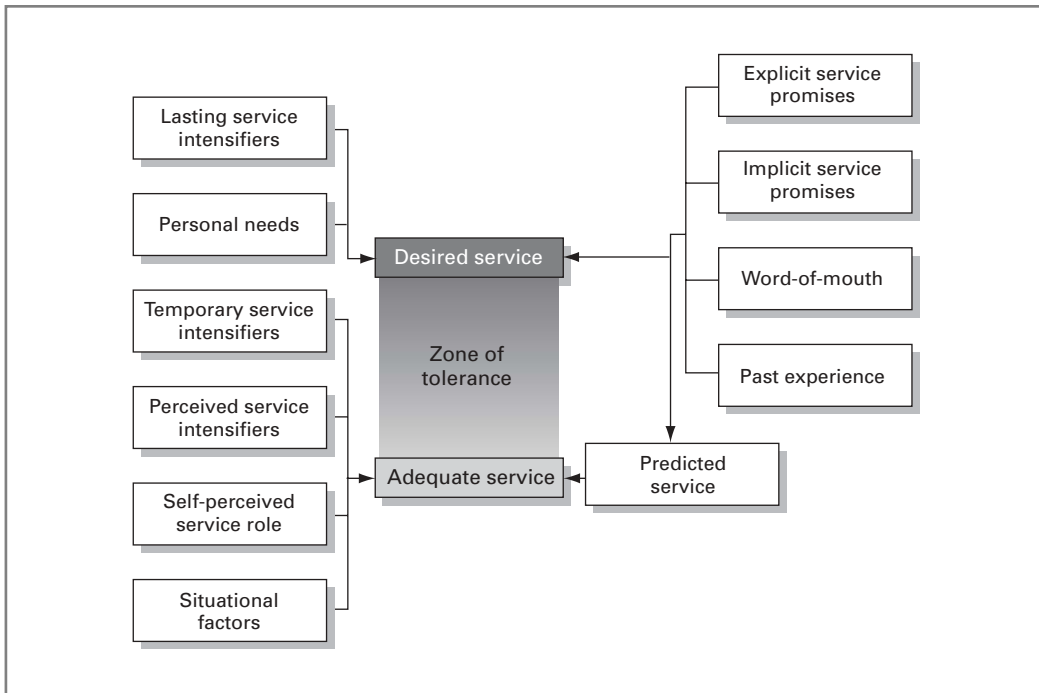
FIGURE 3.7 Factors that influence desired and predicted service

Predicted service is typically an estimate or calculation of the service that a customer will receive in an individual transaction rather than in the overall relationship with a service provider. Whereas desired and adequate service expectations are global assessments comprising many individual service transactions, predicted service is almost always an estimate of what will happen in the next service encounter or transaction that the customer experiences. For this reason, predicted service is viewed in this model as an influencer of adequate service.

Because predictions are about individual service encounters, they are likely to be more concrete and specific than the types of expectation levels customers hold for adequate service or desired service. For example, your predicted service expectations about the length of time you will spend in the waiting room the next time you visit your doctor will likely be expressed in terms of the number of minutes or hours you have spent in the waiting room on your last visit.

Service encounter expectations versus overall service expectations

In Chapter 4 we discuss the difference between overall service quality and service encounter quality, viewing the service encounter as a discrete event occurring over a definable period of time (such as a particular hotel stay or a particular check-in experience at the hotel). Customers hold expectations of the quality of each service encounter, just as they hold expectations about the overall service quality of a firm. When the expectations are about individual service encounters, they are likely to be more specific and concrete (such as the number of minutes one must wait for a receptionist) than the expectations about overall service quality (like speedy service).

Sources of both desired and predicted service expectations

When consumers are interested in purchasing services, they are likely to seek or take in information from several different sources. For example, they may call a store, ask a friend or deliberately track newspaper advertisements to find the needed service at the lowest price. They may also receive service information by watching television or hearing an unsolicited comment from a colleague about a service that was performed well. In addition to these active and passive types of external search for information, consumers may conduct an internal search by reviewing the information held in their memory about the service. This section discusses one internal and three external factors that influence both desired service and predicted service expectations: (1) **explicit service promises**, (2) **implicit service promises**, (3) word-of-mouth communications and (4) past experience.

Explicit service promises are personal and non-personal statements about the service made by the organization to customers. The statements are personal when they are communicated by salespeople or service or repair personnel; they are non-personal when they come from advertising, brochures and other written publications. Explicit service promises are one of the few influences on expectations that are completely in the control of the service provider.

Promising exactly what will ultimately be delivered would seem a logical and appropriate way to manage customer expectations and ensure that reality fits the promises. However, companies and the personnel who represent them often deliberately over-promise to obtain business or inadvertently over-promise by stating their best estimates about delivery of a service in the future. In addition to over-promising, company representatives simply do not always know the appropriate promises to make because services are often customized and therefore not easily defined and repeated; the representative may not know when or in what final form the service will be delivered.

All types of explicit service promises have a direct effect on desired service expectation. If the sales visit portrays a banking service that is available 24 hours a day, the customer's desires for that service (as well as the service of competitors) will be shaped by this promise.

Service spotlight

The Ibis hotel chain promises to solve any problem you have with your room or hotel in 15 minutes otherwise they will not charge you for your stay.

Read their Quality Commitment on line at www.ibishotels.com.
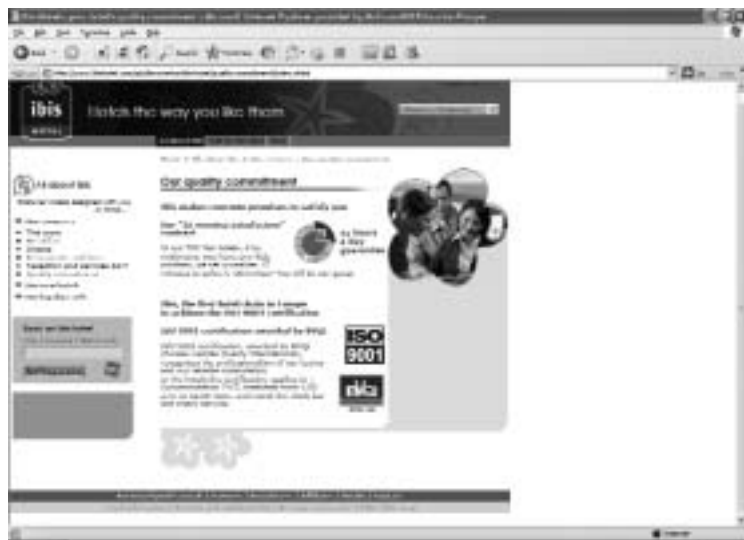
Explicit service promises influence the levels of both desired service and predicted service. They shape what customers desire in general as well as what they predict will happen in the next service encounter from a particular service provider or in a certain service encounter.

Implicit service promises are service-related cues other than explicit promises that lead to inferences about what the service should and will be like. These quality cues are dominated by price and the tangibles associated with the service. In general, the higher the price and the more impressive the tangibles, the more a customer will expect from the service. Consider a customer who shops for insurance, finding two firms charging radically different prices. He or she may infer that the firm with the higher price should and will provide higher-quality service and better coverage. Similarly, a customer who stays at a five-star hotel is likely to desire and predict a higher standard of service than from a hotel with less impressive facilities.

The importance of *word-of-mouth communication* in shaping expectations of service is well documented.[8] These personal and sometimes non-personal statements made by parties other than the organization convey to customers what the service will be like and influence both predicted and desired service. Word-of-mouth communication carries particular weight as an information source because it is perceived as unbiased. Word of mouth tends to be very important in services that are difficult to evaluate before purchase and before direct experience of them. Experts (including *consumer reports,* friends and family) are also word-of-mouth sources that can affect the levels of desired and predicted service.

Past experience, the customer's previous exposure to service that is relevant to the focal service, is another force in shaping predictions and desires. The service relevant for prediction can be previous exposure to the focal firm's service. For example, you probably compare each stay in a particular hotel with all previous stays in that hotel. But past experience with the focal hotel is likely to be a very limited view of your past experience. You may also compare each stay with your experiences in other hotels and hotel chains. Customers also compare across industries: hospital patients, for example, compare hospital stays against the standard of hotel visits. In a general sense, past experience may incorporate previous experience with the focal brand, typical performance of a favorite brand, experience with the brand last purchased or the top-selling brand, and the average performance a customer believes represents a group of similar brands.[9]

How might a manager of a service organization use the information we have developed in this chapter to create, improve, or market services? First, managers need to know the pertinent expectation sources and their relative importance for a customer population, a customer segment and, perhaps, even a particular customer. They need to know, for instance, the relative weight of word of mouth, explicit service promises and implicit service promises in shaping desired service and predicted service. Some of these sources are more stable and permanent in their influence (such as lasting service intensifiers and personal needs) than the others, which fluctuate considerably over time (like perceived service alternatives and situational factors).

The different sources vary in terms of their credibility as well as their potential to be influenced by the marketer. Table 3.1 shows the breakdown of various factors and how services marketers can influence them. Chapter 16 details these and other strategies that services marketers can use to match delivery to promises and thereby manage expectations.

Factor	Possible influence strategies
Explicit service promises	Make realistic and accurate promises that reflect the service actually delivered rather than an idealized version of the service.
	Ask contact people for feedback on the accuracy of promises made in advertising and personal selling.
	Avoid engaging in price or advertising wars with competitors because they take the focus off customers and escalate promises beyond the level at which they can be met.
	Formalize service promises through a service guarantee that focuses company employees on the promise and that provides feedback on the number of times promises are not fulfilled.
Implicit service promises	Ensure that service tangibles accurately reflect the type and level of service provided.
	Ensure that price premiums can be justified by higher levels of performance by the company on important customer attributes.
Lasting service intensifiers	Use market research to determine sources of derived service expectations and their requirements. Focus advertising and marketing strategy on ways the service allows the focal customer to satisfy the requirements of the influencing customer.
	Use market research to profile personal service philosophies of customers and use this information in designing and delivering services.
Personal needs	Educate customers on ways the service addresses their needs.
Temporary service intensifiers	Increase service delivery during peak periods or in emergencies.
Perceived service alternatives	Be fully aware of competitive offerings, and where possible and appropriate, match them.
Self-perceived service role	Educate customers to understand their roles and perform them better.
Word-of-mouth communications	Simulate word of mouth in advertising by using testimonials and opinion leaders.
	Identify influencers and opinion leaders for the service and concentrate marketing efforts on them.
	Use incentives with existing customers to encourage them to say positive things about the service.
Past experience	Use marketing research to profile customers' previous experience with similar services.
Situational factors	Use service guarantees to assure customers about service recovery regardless of the situational factors that occur.
Predicted service	Tell customers when service provision is higher than what can normally be expected so that predictions of future service encounters will not be inflated.

TABLE 3.1 How services marketers can influence factors

Issues involving customer service expectations

The following issues represent current topics of particular interest to service marketers about customer expectations. In this section we discuss five of the most frequently asked questions about customer expectations:

1 What does a service marketer do if customer expectations are 'unrealistic'?

2 Should a company try to delight the customer?

3 How does a company exceed customer service expectations?

4 Do customer service expectations continually escalate?

5 How does a service company stay ahead of competition in meeting customer expectations?

What does a services marketer do if customer expectations are 'unrealistic'?

One inhibitor to learning about customer expectations is management's and employees' fear of asking. This apprehension often stems from the belief that customer expectations will be extravagant and unrealistic and that by asking about them a company will set itself up for even loftier expectation levels (that is, 'unrealistic' levels). Compelling evidence, shown in Table 3.2, suggests that customers' main expectations of service are quite simple and basic: 'Simply put, customers expect service companies to do what they are supposed to do. They expect fundamentals, not fanciness; performance, not empty promises.'[10] Customers want service to be delivered as promised. They want planes to take off on time, hotel rooms to be clean, food to be hot and service providers to show up when scheduled. Unfortunately, many service customers are disappointed and let down by companies' inability to meet these basic service expectations.

Asking customers about their expectations does not so much raise the levels of the expectations themselves but rather heightens the belief that the company will do something with the information that surfaces. Arguably the worst thing a company can do is show a strong interest in understanding what customers expect and then never act on the information. At a minimum, a company should acknowledge to customers that it has received and heard their input and that it will expend effort trying to address their issues. The company may not be able to – and indeed does not always have to – deliver to expressed expectations. An alternative and appropriate response would be to let customers know the reasons that desired service is not being provided at the present time and describe the efforts planned to address them. Another approach could be a campaign to educate customers about ways to use and improve the service they currently receive. Giving customers progress updates as service is improved to address their needs and desires is sensible because it allows the company to get credit for incremental efforts to improve service.

Some observers recommend deliberately under-promising the service to increase the likelihood of meeting or **exceeding customer expectations**.[11] While under-promising makes service expectations more realistic, thereby narrowing the gap between expectations and perceptions, it also may reduce the competitive appeal of the offer. Some research has indicated that under-promising may also have the inadvertent effect of lowering customer *perceptions* of service, particularly in situations in which customers have little experience with a service.[12] In these situations customer expectations may be self-fulfilling; that is, if the customer goes into the service experience expecting good service, he or she will focus on the aspects of service provision that are positive, but if he or she expects low service she may focus on the negative. Thus a sales-

Type of service	Type of customer	Principal expectations
Car repair	Consumers	Be competent. ('Fix it right the first time.')
		Explain things. ('Explain why I need the suggested repairs – provide an itemized list.')
		Be respectful. ('Don't treat me like a dumb female.')
Car insurance	Consumers	Keep me informed. ('I shouldn't have to learn about insurance law changes from the newspaper.')
		Be on my side. ('I don't want them to treat me like a criminal just because I have a claim.')
		Play fair. ('Don't drop me when something goes wrong.')
		Protect me from catastrophe. ('Make sure my family is provided for in the event of a major accident.')
		Provide prompt service. ('I want fast settlement of claims.')
Hotel	Consumers	Provide a clean room. ('Don't have a deep-pile carpet that can't be completely cleaned … you can literally see germs down there.')
		Provide a secure room. ('Good bolts and peephole on door.') Treat me like a guest. ('It is almost like they're looking you over to decide whether they're going to let you have a room.')
		Keep your promise. ('They said the room would be ready, but it wasn't at the promised time.')
Property and accident insurance	Business customers	Fulfil obligations. ('Pay up.')
		Learn my business and work with me. ('I expect them to know me and my company.')
		Protect me from catastrophe. ('They should cover my risk exposure so there is no single big loss.')
		Provide prompt service. ('Fast claim service.')
Equipment repair	Business customers	Share my sense of urgency. ('Speed of response. One time I had to buy a second piece of equipment because of the huge downtime with the first piece.')
		Be competent. ('Sometimes you are quoting stuff from their instruction manuals to their own people and they don't even know what it means.')
		Be prepared. ('Have all the parts ready.')
Vehicle rental/leasing	Business customers	Keep the equipment running. ('Need to have equipment working all of the time – that is the key.')
		Be flexible. ('The leasing company should have the flexibility to rent us equipment when we need it.')
		Provide full service. ('Get rid of all the paperwork and headaches.')

TABLE 3.2 Service customers want the basics

person who sells to a customer with a realistic promise may lose the sale to another who inflates the offering. In Chapter 16 we describe various techniques for controlling a firm's promises, but for now consider two options. First, if the salesperson knows that no competitor can meet an inflated sales promise in an industry, he or she could point that fact out to the customer, thereby refuting the promise made by competitive salespeople.

The second option is for the provider to follow a sale with a 'reality check' about service delivery. I bought a new house from a builder. Typical sales promises were made about the quality of the home, some less than accurate, in order to make the sale. Before being given the keys to the new house, the builder and I conducted a final check on everything. At the front door, the builder turned to me and pointed out that each new home has between 3000 and 5000 individual elements and that in his experience the typical new home had 100 to 150 defects. Armed with this reality check, I thought the 32 defects found in my house seemed minor. Consider my response in the absence of that reality check.

Should a company try to delight the customer?

Some management consultants urge service companies to 'delight' customers to gain a competitive edge. The *delight* that they refer to is a profoundly positive emotional state that results from having one's expectations exceeded to a surprising degree.[13] One author describes the type of service that results in delight as 'positively outrageous service' – that which is unexpected, random, extraordinary and disproportionately positive.[14]

A way that managers can conceive of delight is to consider product and service features in terms of concentric rings.[15] The innermost bull's-eye refers to attributes that are central to the basic function of the product or service, called *musts*. Their provision is not particularly noticeable, but their absence would be. Around the musts is a ring called *satisfiers*: features that have the potential to further satisfaction beyond the basic function of the product. At the next and final outer level are *delights*, or product features that are unexpected and surprisingly enjoyable. These features are things that consumers would not expect to find and they are therefore highly surprised and sometimes excited when they receive them. For example, a student may consider the musts to consist of lecturers, rooms, class outlines and lectures/seminars. Satisfiers might include lecturers who are entertaining or friendly, interesting lectures and good audiovisual aids. A delight might include a free textbook for students signing up for the course.

Delighting customers may seem like a good idea, but this level of service provision comes with extra effort and cost to the firm. Therefore, the benefits of providing delight must be weighed. Among the considerations are the staying power and competitive implications of delight.

Staying power involves the question of how long a company can expect an experience of delight to maintain the consumer's attention. If it is fleeting and the customer forgets it immediately, it may not be worth the cost. Alternatively, if the customer remembers the delight and adjusts his or her level of expectation upward accordingly, it will cost the company more just to satisfy, effectively raising the bar for the future. Recent research indicates that delighting customers does in fact raise expectations and make it more difficult for a company to satisfy customers in the future.[16]

The competitive implication of delight relates to its impact on expectations of other firms in the same industry. If a competitor in the same industry is unable to copy the delight strategy, it will be disadvantaged by the consumer's increased expectations. If students were offered that free textbook in one of their classes, they might then expect to receive one in each of their classes. Those classes not offering the free textbook might not have high enrolment levels compared with the delighting class. If a competitor can easily copy the delight strategy, however,

neither firm benefits (although the consumer does!), and all firms may be hurt because their costs increase and profits erode. The implication is that if companies choose to delight, they should do so in areas that cannot be copied by other firms.

How does a company exceed customer service expectations?

Many companies today talk about exceeding customer expectations – delighting and surprising them by giving more than they expect. This philosophy raises the question, Should a service provider try simply to meet customer expectations or to exceed them?

First, it is essential to recognize that exceeding customer expectations of the basics is virtually impossible. Honouring promises – having the reserved room available, meeting deadlines, showing up for meetings, delivering the core service – is what the company is supposed to do. Companies are *supposed* to be accurate and dependable and provide the service they promised to provide.[17] As you examine the examples of basic expectations of customers in Figure 3.9, ask yourself if a provider doing any of these things would delight you. The conclusion you should reach is that it is very difficult to surprise or delight customers consistently by delivering reliable service.

How, then, does a company delight its customers and exceed their expectations? In virtually any service, developing a customer relationship is one approach for exceeding service expectations. Ritz-Carlton Hotels provides highly personalized attention to its customers. In each hotel within the chain, a special organization exists called guest recognition. This special function uses the CLASS database to remember over 800 000 guests and generate information for all appropriate staff. It stores: likes/dislikes; previous difficulties; family interests; personal interests; preferred credit card; recency/frequency of use of the hotel; lifetime usage/amount of purchase. In this way staff are able to understand what is 'new or different' about an individual customer.[18]

Another way to exceed expectations is to deliberately under-promise the service to increase the likelihood of exceeding customer expectations. The strategy is to under-promise and over-deliver. If every service promise is less than what will eventually happen, customers can be delighted frequently. Although this reasoning sounds logical, a firm should weigh two potential problems before using this strategy.

First, customers with whom a company interacts regularly are likely to notice the under-promising and adjust their expectations accordingly, negating the desired benefit of delight. Customers will recognize the pattern of under-promising when time after time a firm promises one delivery time (we cannot get that to you before 5 p.m. tomorrow) yet constantly exceeds it (by delivering at noon).

Service spotlight

easyJet produces a timetable that suggests that flights will be longer than they actually are, allowing them to give the impression that their timekeeping is good as most flights will arrive early or on time. However, over time regular customers may come to expect an early arrival and be disappointed when this does not happen.

Second, under-promising in a sales situation potentially reduces the competitive appeal of an offering and must be tempered by what competition is offering. When competitive pressures are high, presenting a cohesive and honest portrayal of the service both explicitly (through advertising and personal selling) and implicitly (such as through the appearance of service facilities

and the price of the service) may be wiser. Controlling the firm's promises, making them consistent with the deliverable service, may be a better approach.

A final way to exceed expectations without raising them in the future is to position unusual service as unique rather than the standard. Emphasizing that because of special circumstances or a special situation, the service will be altered from the norm. For example, a restaurant may offer customers a free dessert by claimimg that the chef is trying out some new recipes/creations.

Do customer service expectations continually escalate?

As we illustrated in the beginning of this chapter, customer service expectations are dynamic. In the credit card industry, as in many competitive service industries, battling companies seek to outdo each other and thereby raise the level of service above that of competing companies. Service expectations – in this case adequate service expectations – rise as quickly as service delivery or promises rise. In a highly competitive and rapidly changing industry, expectations can thus rise quickly. For this reason companies need continually to monitor adequate service expectations – the more turbulent the industry, the more frequent the monitoring needed.

Desired service expectations, on the other hand, are far more stable. Because they are driven by more enduring factors, such as personal needs and lasting service intensifiers, they tend to be high to begin with and remain high.

How does a service company stay ahead of competition in meeting customer expectations?

All else being equal, a company's goal is to meet customer expectations better than its competitors can. Given the fact that adequate service expectations change rapidly in a turbulent environment, how can a company ensure that it stays ahead of competition?

The adequate service level reflects the minimum performance level expected by customers after they consider a variety of personal and external factors (Figure 3.6), including the availability of service options from other providers. Companies whose service performance falls short of this level are clearly at a competitive disadvantage, with the disadvantage escalating as the gap widens. These companies' customers may well be 'reluctant' customers, ready to take their business elsewhere the moment they perceive an alternative.

If they are to use service quality for competitive advantage, companies must perform above the adequate service level. This level, however, may signal only a temporary advantage. Customers' adequate service levels, which are less stable than desired service levels, will rise rapidly when competitors promise and deliver a higher level of service. If a company's level of service is barely above the adequate service level to begin with, a competitor can quickly erode that advantage. Companies currently performing in the region of competitive advantage must stay alert to the need for service increases to meet or beat competition.

To develop a true customer franchise – immutable customer loyalty – companies must not only consistently exceed the adequate service level but also reach the desired service level. Exceptional service can intensify customers' loyalty to a point at which they are impervious to competitive options.

Summary

Using a conceptual framework of the nature and determinants of customer expectations of service, we showed in this chapter that customers hold different types of service expectations: (1) desired service, which reflects what customers want; (2) adequate service, or what customers are willing to accept; and (3) predicted service, or what customers believe they are likely to get. These different levels of service are reflected within the customer's zone of tolerance which establishes the variability in the service delivery that the customer is willing to accept.

Customer expectations and tolerance levels are influenced by a variety of factors. The types and sources of these are the same for end consumers and business customers, for pure service and product-related service, and for experienced customers and inexperienced customers.

Key concepts

Exceeding customer expectations	68
Expectations	55
Explicit and implicit service promises	65
Self-perceived service role	61
Temporary and lasting service intensifiers	61
Zone of tolerance	58

Further reading

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Discussion questions

1 What is the difference between desired service and adequate service? Why would a services marketer need to understand both types of service expectations?

2 Consider a recent service purchase that you have made. Which of the factors influencing expectations were the most important in your decision? Why?

3 Why are desired service expectations more stable than adequate service expectations?

4 How do the technology changes influence customer expectations?

5 Describe several instances in which a service company's explicit service promises were inflated and led you to be disappointed with the service outcome.

6 Consider a small business preparing to buy a computer system. Which of the influences on customer expectations do you believe will be pivotal? Which factors will have the most influence? Which factors will have the least importance in this decision?

7 Do you believe that any of your service expectations are unrealistic? Which ones? Should a service marketer try to address unrealistic customer expectations?

8 In your opinion, what service companies have effectively built customer franchises (immutable customer loyalty)?

9 Intuitively, it would seem that managers would want their customers to have wide tolerance zones for service. But if customers do have these wide zones of tolerance for service, is it more difficult for firms with superior service to earn customer loyalty? Would superior service firms be better off to attempt to narrow customers' tolerance zones to reduce the competitive appeal of mediocre providers?

10 Should service marketers delight their customers?

Exercises

1 Keep a service journal for a day and document your use of services. Ask yourself before each service encounter to indicate your predicted service of that encounter. After the encounter, note whether your expectations were met or exceeded. How does the answer to this question relate to your desire to do business with that service firm again?

2 List five incidents in which a service company has exceeded your expectations. How did you react to the service? Did these incidents change the way you viewed subsequent interactions with the companies? In what way?

Notes

1 The model on which this chapter is based is taken from V.A. Zeithaml, L.L. Berry and A. Parasuraman, 'The nature and determinants of customer expectations of service', *Journal of the Academy of Marketing Science* 21, no. 1 (1993), pp. 1–12.

2 R.B. Woodruff, E.R. Cadotte and R.L. Jenkins, 'Expectations and norms in models of consumer satisfaction', *Journal of Marketing Research* 24 (August 1987), pp. 305–14.

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[10] Parasuraman, Berry and Zeithaml, 'Understanding customer expectations', p. 40.

[11] Davidow and Uttal, 'Service Companies'.

[12] W. Boulding, A. Kalra, R. Staelin and V.A. Zeithaml, 'A dynamic process model of service quality: from expectations to behavioral intentions', *Journal of Marketing Research* 30 (February 1993), pp. 7–27.

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[14] T.S. Gross, *Positively Outrageous Service* (New York: Warner Books, 1994).

[15] J. Clemmer, 'The three rings of perceived value', *Canadian Manager* (Summer 1990), pp. 30–2.

[16] Rust and Oliver, 'Should we delight the customer?'.

[17] Parasuraman, Berry and Zeithaml, 'Understanding customer expectations', p. 41.

[18] See http://corporate.ritzcarlton.com