**LESSON PLAN**

**Chapter 4: Services Marketing Framework**

**Chapter Overview**

This chapter is probably best covered in two class periods. It’s foundational material and worth spending more time on to ensure students internalize the framework. The purpose of this chapter is to acquaint students with the Gaps Model of Service Quality and how services marketers use it. The Gaps in the model are: 1. Listening Gap, 2. Design and Standards Gap, 3. Performance Gap, 4. Communications Gap, and 5. Customer Gap (the most important one, but entirely caused by the first four Gaps).

Students should take the Chapter 4 quiz when you have finished covering this chapter in class.

Students should continue to work on the Services Marketing Audit Project. The material in this chapter equips them to complete the Gap Analysis portion of the project.

**Learning Objectives**

* Present the Gaps Model of Service Quality
* Differentiate between Provider Gaps and the Customer Gap
* Explain each gap of the Gaps Model of Service Quality, its causes, and its relationship to other gaps

**Mind the Gaps**

Start class by overviewing the Gaps Model of Service Quality. It was proposed in 1985 by Parasuraman, Zeithaml, and Berry. The gaps are:

# **The Listening Gap:** the gap between what customers expect from a service and service provider and what the service provider understands or knows about the customers’ expectations.

# **The Design and Standards Gap:** the gap between a service provider’s understanding of customer expectations and how it designs services to meet those expectations.

# **The Performance Gap:** the gap between customer-based standards and employee service performances to those standards.

# **The Communications Gap:** the gap between what external (marketing) communications promise customers and what they actually experience.

# **The Customer Gap:** the gap between what customers expect and what they perceive they get.

# Gaps 1 through 4 are referred to as Provider Gaps.

**In-class discussion or activity:**

Before going into further detail on these gaps, have some discussion around these Gaps. Discuss:

* Which of these gaps seem most critical? In other words, if you managed a service business, which of these gaps would concern you the most?
* How aware do you think most service providers are of these gaps, and whether or not they have them?
* What relationship exists between these gaps? In other words, does a gap in one of these areas potentially cause a gap in another area?

There are several points this discussion should make and reinforce:

1. The most critical (worrisome) gap is 5, the Customer Gap. This is basically the disconnect that customers have when they expect one thing but get something different.

Point out that sometimes customers expect a level of service, and what they get exceeds their expectations! This type of “disconnect” isn’t usually a problem. It’s a problem when the disconnect goes in the other direction, what is experienced falls short of expectations, that it creates problems for the service provider.
2. Unless service brands are regularly asking their costumes through research, most brands and providers have poor awareness of the gaps they have.
3. The gaps are definitely related. For example, Gap 1 widens Gap 2. Gaps 1 through 4 collectively create Gap 5, the Customer Gap, which is the most critical gap. The implication of this: if you want to close Gap 5, you must work to close Gaps 1 through 4.

# **Gap 1: The Listening Gap**

# Refer to the slides and review the definition of the Listening Gap: the gap between customer expectations for service and the service provider’s understanding of those expectations.

**In-class discussion or activity:**

To help students understand the Listening Gap, discuss:

* Share a time when you felt a brand you do business with listened to you. Share an example of when you tried to talk to or communicate with a brand, but they didn’t listen. How did you feel about either scenario?
* How do brands “listen” to their customers?

When brands “listen” well, customers feel that brands understand and care about them. This in turn grows satisfaction and loyalty.

Use the examples students share and their input on how brands “listen” for further discussion.

**What Listening to Customers Means**

Good service brands understand that customers won’t naturally share or communicate their wants, needs, problems, or desires. As the text shares, emphasize that listening is not a passive, but an active, ongoing process.

It is only through an active listening process that Gap 1 can narrow.

**How Brands Listen to Customers**

From a technical, process standpoint, listening = research. There are various ways that service marketers can do research to listen to customers, including focus groups, surveys, social media sentiment analysis, and more. Most brands don’t have difficulty with this technical aspect of research.

The difficulty many brands have in listening to customers is attitudinal, or bluntly, arrogance. A sense that “we already know what our customers want” and therefore they don’t feel the need to ask or learn.

Listening to customers involves research. You can review the various forms of research in the text lists, giving examples of each.

**In-class discussion or activity:**

Get a fast food restaurant receipt that has a link to a post transaction survey:

* Use the link in the classroom to take the survey and let students see this particular technique for listening to customers.
* Discuss what the fast food brand is seeking to learn from each question.
* Discuss how the restaurant chain might use the data they collect to make changes, and what kind of changes they could make.

**Why Brands Don’t Listen Well**

It’s hard to imagine why a brand wouldn’t listen to its customers, but many don’t, or don’t do it well. Review the reasons the text shares for brands failing to listen well:

* Poor or dysfunctional culture.
* No research process or inability/unwillingness to use data it already has.
* Poor upward communication that prevents management from seeing frontline problems.
* No relationships with customers.
* Poor service recovery process or failure to learn from service recovery.

# **Gap 2: The Service Design and Standards Gap**

# Refer to the slides and review the definition of the Service Design and Standards Gap: the gap between the company’s understanding of customer expectations and how it uses that understanding to develop services and set standards for them.

**In-class discussion or activity:**
Ask students to share examples they can think of for service standards. It may help to give them an example: *15 minutes can save you 15% or more* (GEICO). Explain to students that in this example, this isn’t just advertising copy, it’s a service promise consumers expect them to keep.

* What other service standards can students recall?
* Where do you think the brands came up with these standards? Did they arbitrarily determine them, or did they research what customers expected and set the standards that way?

Emphasize that service standards should be based on what customers expect, and those standards are often communicated to customers through service promises in the form of advertising and other communications.

Gap 2 occurs when service providers are unable to translate customer expectations into proper service design and standards for service delivery.

**Lost in Translation**

A key point to make to students is that Gap 1, the Listening Gap, can cause Gap 2. Discuss how: if you don’t listen to customers and know what they expect, how can you hope to meet their expectations?

Service providers that don’t listen well are unlikely to have insight from customers on which to design services and set standards for them.

Sometimes service providers attempt to listen to their customers, but come away with a flawed understanding of their expectations. Customer expectation information is collected, but it gets “lost in translation” meaning improperly interpreted or understood.

What’s also true is that service providers may have listened perfectly to customers and have a complete understanding of their expectations. But, for various reasons the text discusses, that understanding is ignored. The reason is usually a form of corporate arrogance.

**Customer-Based Service Standards**

Standards are service quality aspirations. Firms should set standards for service quality, and they should base those standards on customer expectations, not the firm’s capabilities.

The high-level process of setting customer-based standards requires first that providers understand customer expectations (listening) and then design services around them, setting performance targets or standards for those services.

Review the areas in which firms often set standards: accuracy (performing the service right), consistency (performing it the same every time), efficiency (effective utilization of time and resources), interaction (performing it courteously and professionally), quality (creating a memorable experience), and responsiveness (performing within acceptable time frames).

**Why the Service Design and Standards Gap Exists**

Explain to students that it is intuitive for service providers to design and deliver services that meet customer expectations. So what gets in the way of this? No firm deliberately sets out to sabotage their own service delivery efforts. The text shares several reasons why this still happens:

* Poor design: making assumptions about customer expectations or taking shortcuts in the design process.
* Standards: the lack of standards, or setting them in the wrong way.
* Physical evidence: the service design may be brilliant, but the physical evidence of the service and the service environment may be all wrong. Firms are often blind to their environment, because they’re in it all the time. They may not realize it’s communicating the wrong things about the service, its quality and standards.

Service providers can avoid or narrow this gap by designing services to meet customer expectations and setting standards for services based on those expectations.

# **Gap 3: The Service Performance Gap**

# Refer to the slides and review the definition of the Service Performance Gap: the gap that occurs when a service performance does not meet customer-driven standards.

**In-class discussion or activity:**

Ask students to share examples of services they used that failed to meet their expectations. For each story a student shares, discuss:

* What expectations did they have going into the service encounter?
* What was the performance gap and what impact did it have on their feelings toward the service provider and their overall satisfaction?
* Was the service provider aware of the performance gap?
* What could have been done to avoid this performance gap?

During this discussion, it’s important to share that a performance gap can go both ways. We tend to think of a gap as negative, when performance fails to meet our expectations. But a gap can also exist when the performance exceeds our expectations! This latter possibility is a more rare outcome.

**The Challenge of Consistent Performance**

In your discussion, a key point to make is that customers value consistency. They like and come to expect the same outcomes from a service performance, every single time.

The challenge is that humans are often the “actors” in the service performance. Even well-trained humans have difficulty performing at consistently high levels.

**In-class discussion or activity:**

Discuss the challenge of consistent performance in services:

* Do all students, who receive the same educational experience (for example in this class), make consistently high grades?
* What causes performance to vary? In this class? In the services arena?
* Are customers ever the cause of service performance inconsistencies? How?

Discuss how motivation, attitude, training, pressure, distractions, anxiety, or any other factor can cause consistency of even the simplest service performances to vary. Key point: humans are infinitely variable.

The blame for inconsistency doesn’t fall entirely on the shoulders of service employers. Customers are co-creators of the services they consume. They too are infinitely variable, and not always motivated participants in the service process.

How does technology help make service delivery more consistent? Is technology 100% fool-proof?

**Why the Service Performance Gap Exists**

Review this list of what causes this gap to narrow or widen:

* People (causes include training, management, skills, attitude, personality, etc.)
* Customers (causes are largely customer willingness to play their role. E.g. the Baby Boomer generation that resents having to use self-checkout at Walmart.)
* Technology (well designed and implemented technology narrows the gap; poorly designed or implemented technology or tech that customers don’t understand widens it.)
* Channels (many service brands are not in complete control of the service performance because they rely on franchisees or partners who don’t always comply with standards.)
* Demand (a service process that delivers consistent outcomes under normal demand can fail when demand soars.)

Gap 1 (Listening) and Gap 2 (Service Design and Standards) can have a ripple effect and contribute to the widening of this gap. Failure to listen and understand customer expectations prevents proper service performances. Failure to design services and set customer-based standards can also negatively impact service performances. Service providers must constantly audit and measure service performances to detect and correct this gap.

# **Gap 4: The Communications Gap**

# Refer to the slides and review the definition of the Communication Gap: the difference between what a service provider says (communicates) about service and how it’s actually delivered.

**In-class discussion or activity:**

Select and share some examples in class of ads that made outrageous product claims:

<https://247wallst.com/special-report/2020/06/05/39-most-outrageous-product-claims-of-all-time/2/>

While most of these are products, they are good examples of brands that communicated something that they couldn’t deliver on. For any examples you use, discuss whether the deceit was intentional or accidental, and if intent makes a difference to the consumer.

Explain that ads are often how brands communicate with customers. There are other ways as well: the corporate website, social media posts, and even things brand representatives say.

**Words Have Meaning**

Customers expect brands to be true to their word. However, it’s far too easy for brands to have well-intentioned communications experience various interpretations. It’s therefore critical for brands to carefully consider how customers will hear and interpret communications.

Consider this scenario: you enter a service establishment as a customer and are told “we’ll be right with you.” What does “be right with you” mean? **Discuss this with the class: ask them how they would interpret it**. The customer gets to decide what it means, and to a customer, it could mean “I’ll be with you in 2 minutes.” But to the busy service provider, it may mean “I’ll be with you in about 10 minutes.” Who’s right? This type of imprecise communication leads to a communications gap and conditions customers not to trust communications from the service provider. It’s also very common.

Whether communication gaps are intentional or unintentional, they lead to a loss of customer trust in what brands are saying.

**Why the Communications Gap Exists**

Review the reasons why the communication gap exists and widens:

* Strategy (failure to coordinate and align communications in an integrated way).
* Expectations management (failing to communicate in a way that sets customer expectations honestly).
* Overpromising (committing to more than the service provider can deliver. This usually results from an eagerness to please a customer, not from an intent to deceive).
* Internal communications (failure for the team that emits the communications to ensure that the operational part of the company can live up to promises made).
* Pricing (price is a strong influence in setting expectations. The more expensive a service is, the more we expect from it).

This gap should be one of the easier ones to narrow. Service providers should simply practice more care and integrity in what they communicate. But coordinating communications in large service organizations pushes back against this, as does expediency, or stretching the truth just a little to put a provider in a more favorable light.

# **Gap 5: The Customer Gap**

# Refer to the slides and review the definition of the Customer Gap: the gap between what a customer expects from a service, and their perception of what they actually got.

**In-class discussion or activity:**

To make a point about perception, create a slide with the following text on it and show it to your students:

**FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF YEARS.**

Before showing the slide to the students, tell them their task is to read the text on the slide you’re about to put on the screen and count how many times the letter “F” appears in the text. Give them about 30 seconds to read and count before taking the slide down. Then ask them:

* How many of you saw 2 “F’s”?
* How many saw 3?
* 4?
* 5?
* 6?
* More than 6?

Students who see only two “F’s” are victims of a paradigm that causes us not to perceive the letter “F” when it appears in the word “OF.” This is because of how we pronounce “OF” as “UV” phonetically. Our brains don’t hear an “F” but hear a “V” so we skip past it and don’t count it. However, the correct number of “F’s” in the sentence is 6.

The key takeaway from this exercise is that perceptions are not always accurate! But they are always our perceptions, and to us, they are real and correct. When confronted with evidence that one of our perceptions is incorrect, we’re often slow to accept the true reality.

Discuss how the example bad review in the text illustrates how a customer’s perception can be completely wrong and the implications of this to a service provider.

Review the table from the text that shows how the relationship between expectations and perceptions affect satisfaction and the size of the customer gap:



As this table implies, service providers need to make sure the perceptions of service match or exceed the expectations for service.

**Closing the Customer Gap**

The strategy to narrow or close the customer gap is simple: close all the Provider Gaps (Gaps 1 through 4) because they cause the Customer Gap. This simple strategy is a key element of services marketing! The aggregate effect of having even small Provider Gaps is often a significant (wide) Customer Gap.

A final point to make: managing and closing the Provider and Customer Gaps is not something to do once. It has to be something that is always going on. A good parallel is working out: if you don’t do it regularly, your fitness will decline.

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# **Putting the Gaps Model to Work**

The Gaps Model of Service Quality has practical value in the following ways:

* It creates awareness: opens the eyes of service providers to the reality and existence of these gaps.
* It provides an audit framework: service providers can use the model to assess their gaps and manage their width.
* It influences culture and operations: service providers should ensure that the behaviors, attitudes, and actions that narrow these gaps become part of the culture and influence how the firm operates.

**Takeaways**

* The Gaps Model of Service Quality consists of five Gaps: four Provider Gaps and the Customer Gap.
* The Provider Gaps are related to each other. As one gap widens, it can impact and widen one or more of the other gaps, including the Customer Gap.
* The most critical or important gap is the Customer Gap. The strategy for closing or narrowing it is to narrow or close the Provider Gaps.
* Managing the gaps is an ongoing effort.