Service Quality Research/4

Focusing on Problems and Solutions

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When Customers Can Only Articulate the Negative

In the previous article, I mentioned four contexts in which alternatives to traditional qualitative research techniques are likely to be useful. We discussed two of those contexts in the previous article.

The third context - when customers focus on negative aspects of service - is the topic of this article. The basic idea is to let customers express their ideas in a way that is natural for them. We can then use the problems they express as the starting point for providing suitable solutions.

On Consumers' Propensity to Complain

Many customers cannot articulate what they would like, ideally in a product or service. Yet most of them have no difficulty complaining about the things they don't like. It is not clear why it is more difficult for many people to talk about their likes than their dislikes, but this phenomenon has been extensively documented. Many social scientists - socio-linguists in particular - have studied this area of communication extensively.

For instance, socio-linguists have observed that, in many human interactions, a question like:
'Where would you like to go this evening?'
is likely to elicit a response similar to the following:
'Anywhere you like'.
Subsequent conversation may go like this:
'How about the Golden Dragon?'
'I am not in the mood for Chinese food tonight'.
'How about Italian?'
'I had pasta for lunch'.
'French?'
'Too heavy. I'd prefer something really light'.^

It might just be social conditioning - not volunteering our preferences but waiting to comment on the alternatives presented to us. No matter why many of us do this, the fact remains that we all - at least from time to time - tend to criticize what is presented to us rather than attempting to articulate what we would like ideally.

Service Quality and The Complaining Customer

When we think about it, it should become obvious that a complaining customer is attempting to tell us something valuable: how to provide excellent service.

The first important step in providing service excellence is to make the service friction-free.

A complaining customer is attempting to verbalize events that cause friction between the customer and the organization. To treat a complaining customer as a nuisance is to ignore the most valuable feedback an organization can have in moving towards service excellence.

Furthermore, even when the intent of customers is not to complain, they tend to be more articulate about things that bother them than those things that please them. This observation can be used effectively in service quality research.

Problem Detection System

Problem Detection System (PDS) is a technique that exploits the customer's propensity to complain. The technique has two phases. Briefly, it works like this:

Phase 1 (Qualitative)

Step 1

Modified focus groups (as discussed under *Delivering the Unexpected* in the previous article) are carried out to elicit a large number of problems/complaints about current service practices. A minimum of 2 groups is recommended.

Step 2 (Optional)

The list of problems may be further augmented by adding in customer complaints and other potential problems the management can think of. About 200 problems is not too large a list. The list is also sharpened at this stage by eliminating problems that have no solutions and problems that are too similar to one another.

Step 3

These problems are presented to respondents in a focus group setting. The respondents are asked to suggest 'solutions' to the problems. More than one solution can be suggested for a problem. At least 2 groups are recommended.

Step 4

The management reviews the solutions for feasibility. Other solutions may also be suggested at this stage. Finally the best solution is chosen for each problem.

The 'best solution' should also be the most realistic one. Only those solutions that the management can actually implement should be included at this stage. For example, if the problem is *'The lines are long during lunch hours'* and the solutions are *'You should employ more tellers'* and *'Other staff members should help out tellers'*, the first solution may not be feasible. Employing additional tellers costs more. These additional tellers may not be needed except during peak hours. Therefore, in such cases, the second solution is the 'best solution'.

Problems	***F***	***I***	***PS Fxl***		
Lines are too long	35	50	1750		
Staff not knowledgeable	40	30	1200		
Employees are impolite	60	60	3600		
Solutions	***F***	***I***	***PS Fxl***	***PE***	***OS PSxPE***
Other staff help tellers	35	50	1750	20	3500
All staff are trained in basics	40	30	1200	25	3000
Employees are recruited carefully	60	60	3600	50	18000

These four steps completed the first stage of the project. At this time we should have a list of problems (about 200) and a list of solutions corresponding to the problems. We now know what problems people encounter and what solutions we can offer to alleviate the problems. What we still do not

know is how important and frequent these problems are and whether our competitors are already claiming to offer solutions to these problems. A quantitative approach is appropriate for answering these questions.

Phase 2 ('Quantitative')
During this phase, a representative group of customers are interviewed, usually face-to-face. The common sample size is between 200 to 400.

Typically, each problem is printed on a separate card. The respondent is handed these cards and asked, first, to sort the problem cards on a four-point scale of frequency of occurrence. Then the respondent is asked to sort the problem cards a second time on a four-point scale of importance or degree of 'bothersomeness'.

Then the solution statements (each solution on a separate card) are presented, and the respondent is asked to sort them into two piles - those they recognize as advertised by anyone in the category and those not advertised. This step measures the 'pre-emptibility' of the solution. If a given solution is perceived to be offered by your competitors, it has been 'pre-empted' and consequently offers less leverage.

In the analysis of the findings, three basic scores are determined for each of the problem statements:
• a frequency score
• an importance score, and
• a pre-emptibility score
The frequency and importance scores are the percentages of respondents rating each problem in the top two categories of those scales. The pre-emptibility score is the proportion of the respondents who have *not* seen or heard the solution to that problem advertised by any company in the category. The two additional scores are calculated - the Problem Score and an Opportunity Score - as follows:

Problem Score
Frequency Score x Importance Score

Opportunity Score
Problem Score x Pre-emptibility Score

In analyzing the data, we first calculate the median scores for Frequency and Importance. Interest focuses on those problems whose scores are above the median on both scales, i.e. those that fall into Quadrant X as shown in Figure 1.

We now focus our attention on solutions. We take those solutions with the highest problem scores (problems in Quadrant X) and plot them against Pre-emptibility Scores. Medians are calculated for Problem Scores and Pre-emptibility Scores, and interest now focuses on Quadrants A1 and A2, shown in Figure 2, i.e. on those problems whose Problem Scores are above the median on Quadrant X.

What we have at this stage is a set of solutions to problems that are both important and frequent. Also, we have information on how pre-emptible these solutions are. Obviously, the solutions in Quadrant A1 are the ones that are likely to provide the highest leverage to the organization. They are problems that are important and frequent *and* no one else has offered the solution to the problem. However, Quadrant A2 cannot be ignored. Other institutions may have offered solutions to prob-

lems in this quadrant, but the problems are still important and frequent. They cannot be ignored without consequences.

Catering to Specific Market Segment

In a segmented market, management might not need to focus on all Quadrant A1 and A2 problems. For instance, if major problems are convenience related and if the organization is restricted in offering convenience, it may still appeal to a segment of the market by concentrating on aspects of service it *can* provide. Even in a segmented market, the solutions that are most effective come from Quadrants A1 and A2.

Overall Quality and Benefit Segmentation

The type of segmentation described above is benefit segmentation. While terms like 'service', 'excellence' and 'quality' are freely used in the service industry, they are very seldom focused on operational terms. Except in cases where organizational resources are unlimited (which is seldom the case), different service benefits may well contradict one another. For example, highly personalized service may be incompatible with 'no service charges'. An organization may have to choose the *benefit segment in which it wants to excel*.

Service quality is a unitary concept. Consequently, it is counterproductive for an organization to excel in a given area of service while offering poor quality service in other areas. What is meant by benefit segmentation here is that (1) the organization attempts to provide quality service in all areas; and (2) where there is a conflict between two service aspects (in terms of cost or compatibility), the organization deliberately chooses to concentrate on the benefit segment that is compatible with the organizational goals.

In other words, any organization that is interested in improving service quality should do so across the board. Nevertheless, there will be times when quality cannot be improved simultaneously in two areas because they might be incompatible with each other. When this happens, an organization that has not chosen its niche might choose the alternative that is most expedient at that time, which may or may not be in its long-term interests. On the other hand, an organization that has chosen a benefit segment, will consistently choose the alternative that is compatible with its chosen niche, even if it is less expedient at that time. The advantages of this strategy are that a consistent image of the organization is projected, decisions are consistent with the long-term objectives of the company, and the decision rules are clear throughout the organization.

Using the Results

When Problem Detection System (PDS) is used to solve the problems associated with products, the solutions to problems with the highest problems scores (especially those with high pre-emptibility scores) are implemented. In service quality research, the use of the information is somewhat more complicated.

Suppose you carry out a PDS study for automobiles. You find that the following problems have the highest problem scores:

- Doesn't start on a cold morning
- Poor acceleration

Solutions to these problems can be designed and implemented independently of other product features. As long as the product delivers these benefits and this is communicated adequately to consumers, we have 'solved the problem'. There is no reason to anticipate a credibility gap.

In service research, this is not necessarily true. For instance, let's assume the problem is 'The bank does not even know who I am, even though I have been banking there for several years'. The problem can be 'solved' by training tellers to address customers by name as printed on their cheques. However, if the other actions of the employees indicate to the customer that the bank neither knows nor cares who the customers is, the customer might perceive the attempted 'solution' as insincere and manipulative. This might induce or deepen the customer's hostile attitude to the institution.

It is most important to remember that quality - especially as it pertains to service - is *organic*. Different aspects of service are an expression of the underlying quality. For service to be effective, it is not enough to solve a given problem; it is important to solve all related problems as well. Therefore, the best way to use the results of the PDS model is to group problems with high problem scores and assess the underlying factors that give rise to these problems. (The approach here is very similar to the laddering technique described in an earlier article.) Service must be improved in all related areas, with special emphasis on the problems expressed specifically by customers.

Using Caution

As I mentioned earlier, PDS - or any other technique for that matter - is not a neat solution to service quality problems. Many theoretical and practical problems are associated with this model. However, PDS does provide a way of exploiting people's propensity to complain, and gives a method of formalizing the results.

Figure 1

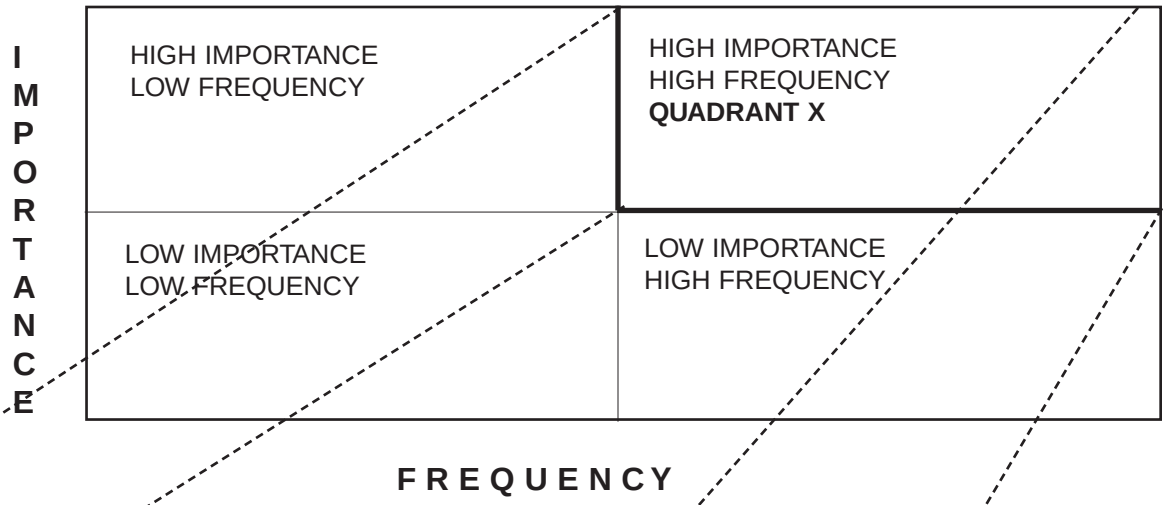
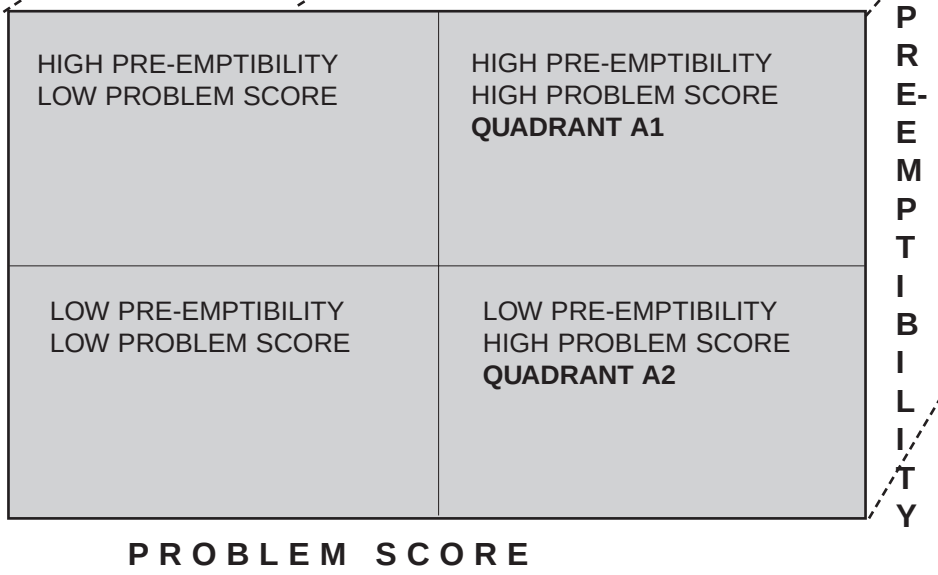


Figure 2



Although the technique uses quantitative analysis, because of its ‘soft approach’ to data analysis, I would consider the approach qualitative. It provides a way of quantifying - however imperfectly - the intensity of problems.