

# Consumer Behavior in Service Encounters: I

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# Overview

- How consumers seek, choose, purchase, experience and evaluate services
- Two most important influences- consumers life stage and the generation in which he/she was born
- Different generations of consumers have personalities shaped by events, history and people drive their needs for different types of services .

# Search, experience and credence properties

## Search Qualities

- attributes a consumer can determine prior to purchase of a product. Eg color, price, fit, feel Eg jewelry, cars clothing

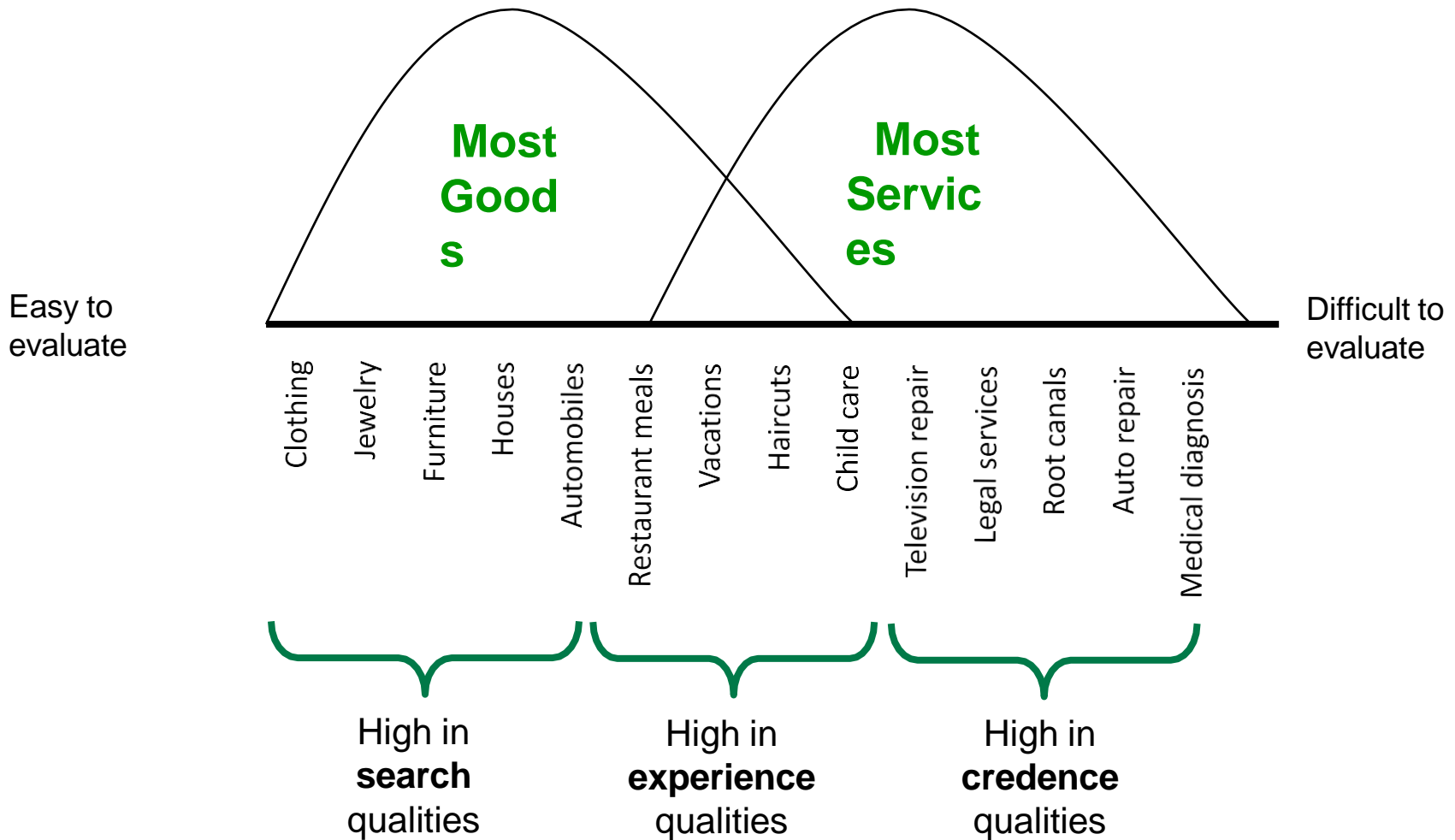
## Experience Qualities

- attributes a consumer can determine after purchase (or during consumption) of a product eg taste wear ability Eg vacations and restaurant meals

## Credence Qualities

- characteristics that may be impossible to evaluate even after purchase and consumption Eg surgeries

# Continuum of Evaluation for Different Types of Products



# Perceived risks in purchasing and using services

- Perceived risk is relevant for services – that are diff to evaluate before purchase and consumption
- First time users – more uncertain
- Eg functional risks: unsatisfactory performance outcome, financial risk: monetary costs, temporal risk : wastage of time, consequence of delays, physical risk : personal injury and damage to possessions, psychological risk : personal fear and emotions, social risk and sensory risk

# How do customers handle perceived risks?

- Seek info from personal/family sources (family, friends, peers)
- Rely on firm that has good reputation
- Guarantees and warranties
- Visit service facilities or trying aspect of services before purchasing
- Ask knowledgeable employees about competing services
- Examine tangible cues or physical evidence
- Use internet for competitor service offerings and to search for independent review and ratings

# Risk reduction strategies developed by suppliers

- Offer performance warranty
- Money back guarantee
- Prospective customers can preview service through brochures/web/tv
- Encourage prospects to visit service facilities
- Institute visible safety procedures
- Train staff to be respectful and empathetic in their dealings with customers
- Provide toll free no/website
- Deliver messages to cell phone (delayed flights by airlines)
- Giving customers online tracker to track order status

# Strategic responses to manage risk

- Services high in experience/credence attributes- lot of intangible elements are involved
- Thus variability of inputs/outputs leads to QC issues
- Thus present a special challenge to marketers regarding reassuring customers and reducing risks
- Eg products high in experience attributes- generate free trials for prospective customers
- Advt also used to stimulate consumer interest. Eg credit card use
- Providers of services with high credence attributes often display their credentials to reassure of quality service Eg Doctors, architects
- Evaluation of such services may be also affected by customers interaction with physical environment
- Smart providers also engage in evidence management- an organized approach to present coherent evidence- employees dress, behaviour, furnishings, equipment and facilities



# Understanding Customers service expectations

- Customers evaluate service quality by comparing what is expected with what they receive from supplier
- If expectations are met/exceeded, customers believe that they have received high quality service. If price/quality relationship is acceptable and other situational factors are positive- customers likely to make repeat purchases and remain loyal to that supplier
- Customers expectation of a good service varies from one business to another. Pre experience also plays an imp part
- Expectations also vary depending upon positioning Eg no frills airline service vs full service airline service.
- Service expectations change over time influenced by advt, pricing, new tech, service innovations, social trends, increased access to info through various media Eg Parents involvement in medical care for child

# Customer expectations

- Customer expectations are beliefs about service delivery that serve as a standards or reference points against which performance is judged.
- Because customers compare their perceptions of performance with these reference points when evaluating service quality, knowledge about customer expectations is important
- Knowing what customers expect is the first step in assuring service quality

# Possible Levels of Customer Expectations

