

A Closer Look at Customer Service: A Conceptual Model

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Abstract

The role of customer service in industrial and consumer goods markets as well as services markets is examined. Customer service has often been examined from a functionalist perspective in the physical distribution field and from a satisfaction and service quality perspective in the services field. An integrative conceptual model of customer service is proposed that considers both perspectives.

Introduction

The services marketing literature has focused considerable effort on differentiating services from physical goods. It is now generally accepted that services have a number of distinct characteristics: intangibility, simultaneous production and consumption, no inventories, etc. (Berry 1980; Lovelock 1981; Shostack 1977; Zeithaml, Parasuraman and Berry 1985). Recent services marketing literature has moved to more specific research topics: services strategies (Lovelock 1983; Zeithaml, Parasuraman and Berry 1985); price bundling of services (Guiltinan 1987); needs (Gillett 1986); satisfaction (Crosby and Cowles 1986; Fisk 1981; Oliver 1980; Snyder 1986); and customer service (Christopher 1983; Cunningham and Roberts 1974; Garfein 1987; Lovelock 1985; Kyj 1987; Tucker 1983).

Customer service plays an integral part in an organization's success and is often used in conjunction with promotional campaigns to get a consumer's attention. Service organizations often build their strategies around their customer service policies, as was the case with American Express when it introduced its Platinum Card (Garfein 1987). Sony, General Motors, and Proctor & Gamble use customer service as a competitive marketing tool (Kyj 1987).

Defining customer service is difficult. Johnson and Wood (1982) define customer service as a collection of activities performed by companies to "keep customers happy." This definition states the goal of a customer service policy and is too abstract to be viable. Because of the importance of customer service, a more specific definition is desirable. Not only is customer service difficult to define, it is difficult to measure. For example, is customer service measured in terms of "quality" or in terms of "satisfaction/dissatisfaction"? Or do organizations measure customer service in terms of number of returned goods or complaints about the organization's staff?

This paper has three goals. The first goal is a literature review on customer service to select a definition that best fits the services marketing field across industries. Second, the paper critiques existing models of customer service. Finally, a model of customer service that can be applied across industries will be presented.

Customer Service Defined

As previously mentioned, Johnson and Wood (1982) believe the purpose of customer service is to "keep

customers happy." Kyj (1987) defines customer service as the set of activities used by an organization to "win and retain customers." Like Johnson and Wood, Kyj defines customer service as if it were a goal, not as a specific task.

Earlier definitions of customer service focused almost exclusively on the manufacturing sector along with its logistics function (Hutchinson and Stolle 1968; Stephenson and Willet 1968). Tucker (1983) in a review of the major physical distribution customer service studies over the past two decades, points out that the "strategic nature of customer service is its interface with the other functional areas." (p. 38). These authors view customer service from a functionalist perspective. The functional areas referred to by Tucker (1983) include warehousing, transportation, packaging, and materials handling. This viewpoint is too narrow.

Customer service must deal with more than logistical tasks. Christopher (1983) and Lovelock (1983) both acknowledge that the importance of customer service varies from industry to industry. Customer service should be part of the functional tasks associated with the service sector as well as the manufacturing sector. Thus, it is just as critical for baggage handlers to efficiently unload an airplane at a terminal as it is for a teller to handle a deposit in a bank. These examples show the importance of viewing customer service from a broader perspective.

Stages of Customer Service

Marketers generally agree that customer service activities occur before, during, and after the actual transaction (Christopher 1983; Cunningham and Roberts 1974; Kyj 1987; LaLonde and Zinszer 1976; Lovelock 1985). LaLonde and Zinszer (1976), found these categories do occur across industries. A typical customer services stages formulation is the following (LaLonde and Zinszer 1976, p. 156):

- I. Pre-Transaction Phase
 1. Develop a corporate customer service policy.
 2. Explain the policy to the customers.
- II. Transactional Phase
 3. Seller must constantly monitor inventory.
 4. Order Cycle takes place.
 - a. Order transmittal.
 - b. Order processing.
 - c. Order picking and assembling.
 - d. Order delivery.
 5. Activities concerning invoicing, returns handling, or adjustments because of error.
- III. Post-Transactional Phase
 6. Provide additional technical services.
 7. Provide support materials and supplies.
 8. Provide repair services.

In a critique of this framework, Rakowski (1982) extended the model to five categories: precontact, personal contact, predelivery, delivery, and post-delivery. However, these extra phases do not add

any more clarity or parsimony to LaLonde and Zinszer's (1976) model.

Thus, customer service is a myriad of activities that fall into three phases of operation and will vary depending upon the product or market situation. Because of their research work across industries, LaLonde and Zinszer (1976) developed a broadened definition of customer service:

"a complex of activities including all areas of business which combine to deliver and invoice the company's products in a fashion... perceived as satisfactory by the customer and which advance our company's objectives" (p. 118).

Aspects of the Customer Service Function

Lovelock (1985) thinks the nature of the customer service function varies not only by industry, but also by type of organization. He thinks certain factors would be critical to developing a customer service program within a company. The factors are (Lovelock 1983, pp. 273-274):

- 1 - Presence or absence of intermediaries
- 2 - High contact vs. low contact
- 3 - Institutional vs. individual purchases
- 4 - Duration of service delivery process
- 5 - Capacity constrained services
- 6 - Frequency of use and repurchase
- 7 - Level of complexity
- 8 - Degree of risk

In attempting to define customer service, different authors have either taken a physical distribution approach or service function approach. Tucker (1983) states why service marketers should adopt a broader definition of customer service:

"...the physical distribution approach essentially views customer service as one individual element in marketing. In contrast, the marketing approach does not see functional barriers to customer service. Instead, it views customer service activities as occurring in all four categories of the marketing mix. For this reason, the marketing orientation to customer service is broader in scope than the physical distribution approach," (p. 42).

With these considerations in mind, we will use Lovelock's (1985) definition of customer service because it has a service sector orientation. The definition is:

"Customer service is a task ... that involves interactions with customers in person, by telephone, or by mail. It is designed, performed, and communicated with two goals in mind: operational efficiency and satisfaction." (p. 268).

Customer service is not to be confused with the concept of a service encounter. A service encounter is "the direct interactions between a retail or service firm and its clients." (Czepiel, Solomon and Surprenant 1985, p. ix). Customer service often involves a service encounter; however, many customer services are backstage activities that do not involve direct interactions with customers.

Customer Service Models

The services' marketing literature contains no specific models of customer service (Tucker 1983). The models that bear the closest resemblance to customer service are the service quality models.

Parasuraman, Zeithaml, and Berry (1985) provide a comprehensive model of service quality from the customer's point of view, however the model does not deal explicitly with customer service. The authors' major finding was that there is

"a set of key discrepancies or gaps that exist regarding executive perceptions of service quality and the tasks associated with service delivery to customers. These gaps can be major hurdles in attempting to deliver a service which customers perceive as being high quality." (p. 44).

The services literature also offers a variety of articles that explore the implementation of customer service programs (Christopher 1983; Lovelock 1983; Kyj 1987; Tucker 1983; Vredenburg and Wee 1986) but no actual models.

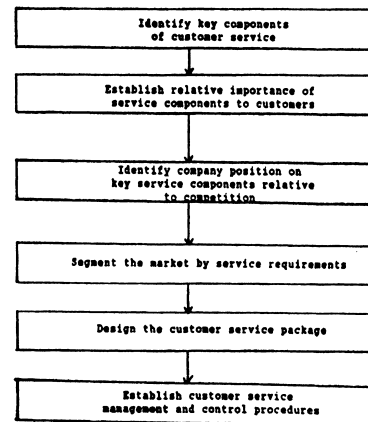
A Customer Service Framework

Christopher (1983) thinks customer service is too important and expensive to be left to chance. The author considered three basic requirements for the implementation and management of a customer service policy program:

"(1) The differing perceptions of the various parties to the purchasing decision in terms of customer service must be recognized; (2) The trade-off potential between the various components of the customer service mix must be evaluated; and (3) The unique customer service requirement of each product/channel/market segment must be identified" (Christopher 1983, p. 5).

Christopher designed a framework (Figure 1) for developing customer service policies. His framework is general enough to be applied to different industries and specific enough to cover the major components of customer service.

FIGURE 1
FRAMEWORK FOR DEVELOPING CUSTOMER SERVICE POLICIES



From Christopher, Martin (1983), "Creating Effective Policies for Customer Service," *International Journal of Physical Distribution and Materials Management*, 13 (2), 3-24.

Christopher's (1983) model is important because the managerial framework he presents is designed to flow through the pre-transaction, transaction, and post-transaction phases of customer service. These same phases will be essential parts of the customer service model presented later in this paper.

Customer Service and Satisfaction

Satisfaction is the most important construct underlying the customer service concept. Customer service is evaluated based on the level of satisfaction the customer receives from the service provided. Oliver (1980) analyzes satisfaction from the perspective labeled expectancy disconfirmation. In his review of the satisfaction literature, Oliver notes "satisfaction is a function of an initial standard and some perceived discrepancy from the initial reference point." (p. 460).

In his review of customer service models, Tucker (1983) notes that most studies assume that the relationship between customer service and satisfaction is linear. He notes, "while some algebraic models have been proposed to represent the relationship between customer service variables and dependent variables, the linear additive model has most frequently been used by researchers." (p. 45).

There are few models of services satisfaction. One model by Fisk (1981) dealt with the satisfaction/dissatisfaction construct by building a theoretical consumption/evaluation model for services. This model did not include customer service as a component and was not intended as a managerial model.

Crosby and Cowles (1986) built a role consensus model of satisfaction with service interactions. The model is as follows:

$$\text{Interaction Satisfaction} = f(\text{role performance})$$

$$\text{Role Performance Index} = \sum D_i \times P_i$$

Where D_i = Customer's rating of the desirability of performance dimension i .

P_i = Service provider's performance of the behavior implied by dimension i .

n = number of performance dimensions (p. 41).

This model is focused on customer expectations and evaluations of an individual's service encounter. It does not consider the role of customer service.

This review has shown that the majority of customer service models are managerially oriented. The literature has provided several satisfaction models, but they do not consider the customer service construct. Finally, customer service cannot be confined to physical goods, but must also be considered as a major component of services. The final section of this paper presents a general model of customer service.

A Customer Service Model

This Customer Service Model has several purposes. The first purpose is for it to apply equally well to both physical goods (industrial and consumer goods) and services. Its ultimate goal is the operational efficiency that appears in the definition of customer service developed by Lovelock (1985). By meeting this goal the model will prove its conceptual relevance along with its practical application. The second purpose of this model is comprehensiveness. In order to perform this task, the model must consider the importance of quality and satisfaction in achieving the customer service goal. This is achieved in the model by defining satisfaction as a function of service quality. The final purpose of the Customer Service Model is to measure a consumer's satisfaction/dissatisfaction levels for the overall customer service provided by

an organization, regardless of whether it is a service or a manufacturing organization.

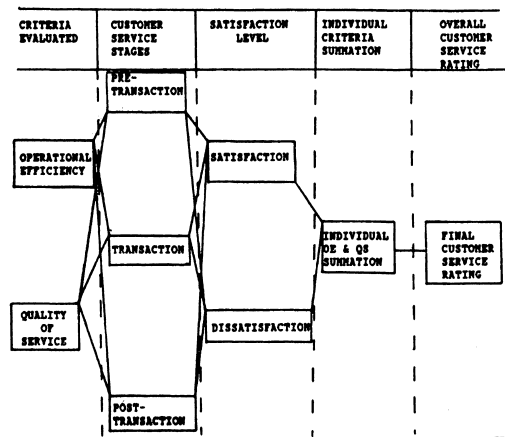
Explaining the Customer Service Model

This Customer Service Model builds on LaLonde and Zinszer's (1976) work that broke customer service into the pre-transaction, transaction, and post-transaction phases. This model also considers Parasuraman, Zeithaml, and Berry's (1985) work on service quality. The satisfaction/dissatisfaction work by Crosby and Cowles (1986), Fisk (1981), Garfein (1987), Gillett (1986), and Snyder (1986) also influenced the framework of this model.

The Customer Service Model (Figure 2) is composed of five phases, each of which contains three stages of analysis. The five phases are:

- 1) Determine customer service variables that are to be evaluated within the operational efficiency and quality of service categories.
- 2) Evaluate these variables in each of the three stages of the model: pre-transaction, transaction, and post-transaction.
- 3) Based upon the equation: Satisfaction = Perceptions - Expectations, rate each of the variables as satisfactory or Unsatisfactory.
- 4) Sum the individual variables
- 5) Develop an overall Customer Service appraisal.

FIGURE 2
CUSTOMER SERVICE MODEL



In the first phase of the model, the customer identifies the criteria to be evaluated. These criteria are evaluated on operational efficiency and quality of service. Operational efficiency is the actual handling of the task or group of tasks requested by the customer. The customer rates the organization on the physical performance of these tasks. "Service quality is a measure of how well the service level delivered matches customer expectations" (Lewis and Booms 1983, p. 99). In this portion of the model, the customer evaluates the quality of the customer service received from the organization in contrast to what was expected.

An example of the first phase of the model would be a hotel guest on a business trip who evaluates the importance of four amenities. The variables might include such items as frequency of shuttle buses between the hotel and the airport, provision of fax

and typing services at the hotel, efficiency of hotel check-in and check-out, and availability of meeting rooms. After the consumer determines the criteria to be evaluated, he will grade them on operational efficiency and quality of service.

In the second phase of the model, the customer evaluates each variable in the three stages of the model. Like LaLonde and Zinszer (1976) and Fisk (1981), the proposed Customer Service model also analyzes satisfaction in three distinct stages. For example, in the pre-transaction stage the future guest may inquire if the hotel provides fax services while he is making the reservations. In the transaction stage, the guest may actually use the fax services while he is staying in the hotel. In the post-transaction stage, the guest pays for the hotel and this particular service.

In phase three, the model evaluates each of the variables from phase one as either satisfactory or unsatisfactory. Crosby and Cowles (1986) built a model that defines satisfaction as a function of role performance. This Customer Service model defines satisfaction as a function of service quality. This means that satisfaction levels increase as the quality of service increases. Continuing with our hotel example, the guest has a preconceived notion about the type of customer service he should receive from the hotel and its staff regarding each of these variables. In short, the guest is looking for an expected level of customer service from the hotel's staff.

During stage four, the model sums, in each stage, the customer's opinion of the organization's operational efficiency and quality of service provided and then determines the customer's satisfaction level for each variable. Supporting information for this phase model draws from Garfein's (1987) work on satisfaction levels. Oliver's (1980) work on how individuals make "summary comparative judgments apart from and as an input to their feelings of satisfaction" (p. 460) was also instrumental in building this phase of the Customer Service model. Thus, the hotel guest has an operational efficiency and quality of service rating for the fax service in each of the three stages. Finally a satisfactory or unsatisfactory rating is assigned to the hotel's fax service.

In phase five, the model develops an overall customer service appraisal. The hotel guest has arrived at individual satisfaction/dissatisfaction ratings in phase four. Now the guest must add each of the individual variable ratings and come up with an overall customer service rating of the hotel. Thus, the guest may assign a satisfactory rating to the fax service, the shuttle bus, and the meeting rooms but be dissatisfied with the hotel's checkout procedures. Nonetheless, the guest may assign an overall satisfactory rating to the hotel when all four variables were totaled. The Customer Service Model appears in this mathematical form:

$$\text{Customer Service Rating} = \sum_{n=1}^h \text{OE}_n + S_n$$

where OE_n = operational efficiency
 S_n = satisfaction
 n = stage of the customer service model:
before, during, or after the transaction.
Satisfaction = $f(\text{service quality})$

This equation shows that a customer service rating (phase five) is reached by summing the operational efficiency and satisfaction criteria (phase four). The mathematical formulation also points out that this summation process takes place during all three customer services stages (phase two).

Limitations

This Customer Service Model has several limitations. First, this model is concerned with developing an overall rating of customer service, it does not attempt to explain what variables a researcher should use to test its effectiveness. Therefore to empirically test this model, a researcher would have to choose operational and service quality functions that are related to the specific industry under study.

Second, this model only considers satisfaction/dissatisfaction ratings. Other models (Garfein 1987) consider varying degrees of satisfaction. Thus, a satisfaction rating on a lightly weighted operational efficiency variable may not outweigh low satisfaction, or even a dissatisfaction rating, on a more highly ranked variable. There is then the possibility of error in formulating the summation of the evaluative criteria variables.

Conclusion

This model of Customer Service performs several valuable functions. First, it should stimulate thought about a model that can effectively meet the needs of service marketers as well as physical goods marketers. The importance of parsimony in a model should never be overlooked.

Second, this model uses several basic tenets of customer service and services marketing research. The model holds to the three basic stages of customer service developed by LaLonde and Zinszer (1976) and includes the importance of satisfaction and quality of service (Oliver 1980; Parasuraman, Zeithaml, and Berry 1985).

Last, operational efficiency, a physical consideration, is an important element of this model. The variables that are important to each specific industry or organization will fit neatly into this phase of the model. Thus, the model allows the organization the freedom to test which operational variables are important to its constituency.

As previously mentioned, research by Parasuraman, Zeithaml, and Berry (1985) revealed customers evaluated service quality on similar criteria across industries. The next step for the Customer Service Model is to empirically test it and determine whether customers evaluate customer service on similar criteria across industries.

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