

Guru's view

It's time to get to first principles in service design

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Abstract

Current approaches to service design and service quality have provided second order principles that fail to account for underlying cognitive processes of customers in service encounters. It is proposed that behavioral science research should be used to address this shortcoming, and five "first order" principles are presented based upon a review of the behavioral science literature.

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For the past several years my colleague Sriram Dasu and I have been engaged in an exciting effort to transfer research findings from the behavioral sciences to service encounter design (Chase and Dasu, 2001). Our thesis is that the basic disciplines of cognitive psychology, behavioral decision theory, and social psychology have much to tell us about service design and service quality. We also contend that most of the business literature in service design and service quality suffers from a major shortcoming – its heavy reliance on empirical studies of what people say they felt about a service, not the underlying factors that shaped these feelings. As a result, principles stemming from service studies are really "second order". In contrast, findings from behavioral science can provide the bases for "first order" principles since they are the result of in-depth analysis of the way people form perceptions and judgments of experiences. For example, a key finding by Nobel Prize winning psychologist Daniel Kahneman and his colleagues is that when people evaluate experiences retrospectively, they recall them as snapshots, not movies. The snapshots are of the highs (or lows), the ending value, and the slope (Kahneman and Tversky, 1999). It is findings such as these that have led us to propose the following principles.

Principle 1. Give the bad news first

When confronted with a good news/bad news situation, most people prefer to hear the bad news first. The theory behind this is that people want to get the bad news out of the way to avoid dread, and are happy to forestall good news in order to savor the prospect of a positive outcome.

Principle 2. A miss is worse than a mile

Near misses generate great anguish and often a false sense of how easily a poor outcome could have been avoided. Service providers need to be aware of this, particularly when communicating bad news to customers. For example, a ticket agent wouldn't be doing anyone a favor by informing a sports enthusiast "if he had called just a minute earlier he could have been watching the NBA finals live instead of watching it on his television set". Similar issues arise in virtually every type of service encounter.

Principle 3. Let the customer control the process

One of the intriguing findings in the behavioral literature is that customers are far less likely to



complain about service quality when they themselves have control over some part of it. A study of patients' reactions to blood tests showed that perceived pain was reduced when they were allowed to choose the arm from which the blood was to be drawn. Similar situations exist in the areas of self-service where customers are less likely to blame the system than themselves if they perform a self-service task incorrectly.

Principle 4. Segment the pleasure, combine the pain

Research has shown that when an experience is broken into a series of identifiable segments, people recall the entire process as being longer than it really is. Thus, the obvious conclusion is to break up pleasant processes into clearly identifiable chunks, and unpleasant processes into a singular "get it over with" activity. These findings are counter to the common practice found in outpatient clinics, for example, of having the patient wait in multiple places. In this type of painful service encounter the wait should be consolidated into a single chunk. It also goes counter the boarding process at Southwest Airlines, where customers have to stand in two lines prior to boarding, even though a stopwatch study may show this as being a faster boarding process than with pre-assigned seats. There is some preliminary empirical evidence to suggest that customers indeed prefer a single stage queuing system to a multistage system when you control for the total waiting time and the time in the system. A roller coaster ride with distinct segments is likely to be perceived as longer (and hence of more value) than an equivalent one without the demarcation.

This principle also has application to customer service help lines. Using a phone help line menu is rarely a fun experience, and smart service companies would like to have their customers remember the process as being short. As we are all well aware, getting to the department where a problem can be resolved requires the caller to listen to instructions and press (or speak) the correct number. Each such response can be viewed as a segment of the wait, thereby increasing the perceived time on line (pain). In fact, even if the actual time required to run through say four menu queries to get the desired department is less than that to run through two, people recall four as taking longer.

Principle 5. Finish strong

This is the most generally agreed upon finding in behavioral research on memory. This suggests that the common wisdom that the start and the finish of the service – the so-called service bookends – are of equal importance does not stand up under research scrutiny. Given that there is a base level of competent performance at the beginning of the service, it's not how good you start, it's how good you finish that determines customer satisfaction. The admonition from gymnastics coach – "Stick the dismount" – captures the flavor of this principle. This principle, as well as the others, has application in cyberspace as well: Internet encounters begin at the front page of a Web site. For most companies, no expense is spared to make this opening attractive, with great thought put into graphics and information content. However, after starting strong, too many Web encounters go down hill, and end abruptly, with the last segment focusing on the action users must take, not on the quality of the final experience provided.

Conclusion

The application of the above behavioral principles has potentially significant implications for interpreting existing service quality measurement approaches, as well as for service design. Take, for example, the SERVQUAL dimension of empathy. One of the principles listed above is to tell the bad news first. A person could exhibit warmth and understanding, but by simply changing the order of presentation, his empathy score may well be lowered. Similar impacts exist for conveying near misses. We are in the process of developing principles based upon other behavioral findings that pertain to such common service quality issues as failure prevention, service recovery, and waiting line management.

As a final comment, the order of presentation of the principles reflects their content!

References

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About the author

Richard B. Chase is Justin B. Dart Professor of Operations Management and Director of the Doctoral Program, Marshall School of Business – University of Southern California. He has written and lectured extensively on the subject of service design. Two of his *Harvard Business Review* articles, “Where does the customer fit in a service operation?” and “The service factory” (with D. Garvin), have been cited as classics. His most recent *Harvard Business Review* article is “Want to perfect your company’s service? Use behavioral science” (with S. Dasu). His book, *Operations Management for Competitive Advantage* (with R. Jacobs and N. Aquilano), now in its 10th edition, has been among the most widely adopted textbooks in the field for over 25 years.

He was cited as one of the major contributors to operations management in the *International Journal of Production Research* in 1994, and the *Journal of Retailing* identified him as one of the leading scholars in services marketing in 1995. His work has been quoted in such leading books as Tom Peters’ *Liberation Management*, Davidow and Malone’s *The Virtual Organization*, and in Heskett *et al.*’s *The Service Profit Chain*. His money back service guarantee for his MBA course on service management has received international attention in the business press.

He is a Fellow of the Academy of Management and the Decision Sciences Institute, and serves on the editorial boards of all of the leading operations management journals.