case study

Quality Service Starts with a Reservation: Setting and applying standards

By Inez Ribustello and Robert M. O'Halloran

Introduction

Service quality has been a hospitality issue for many years and will continue to be a competitive advantage going forward. The service industry, in general, and the hospitality industry, in particular, continue to grow and are an increasingly important part of our economy. Service has become a differentiating factor in lodging and restaurant selection by guests. Service experiences are at the forefront of modern business competition (Klaus and Maklan, 2012) particularly given the increasingly strong ties to customer satisfaction and sustained firm profitability (Grewal et al. 2009).

Many see the hospitality industry from a guest perspective whereas others see businesses that appear straight forward. For example, a guest comes in, orders, and the service provider meets their needs.   Good service requires good listening skills, cognitive and memorization skills, psychomotor skills i.e., body language, as well a little showmanship and personal style (O'Halloran & Deale, 2001). The issue is that each hospitality business has its own service brand; both personal service from employees and structured professional service offered by each business or company, in a more regimented environment.

Literature Review

In the context of the wider service industry, researchers use more generic service management paradigms as the philosophical and theoretical frameworks for the study of hospitality (Goluboyskaya et al. 2017). Additionally, the nomenclature of hosts, guests, the host-guest relationship, generosity and altruism are being replaced by terms such as service providers (or employees), customers/clients, customer–employee interactions (or service encounters), value for money and ulterior motives. These latter terms are characteristically transactional in nature. Researchers have conceptualized hospitality as an essence or spirit, and service as a process. Researchers have also argued that service has become the dominant paradigm in the commercial hospitality context (Goluboyskaya et al. 2017).

What customers value most is changing (Crick and Spencer, 2011). Managers must provide some degree of hospitality but balance that with the requirement to be efficient and profitable (Crick and Spencer,

2011). Additionally, customers do not respond uniformly to specific service initiatives nor do they respond the same way to service problems (Crick and Spencer, 2011). It is important to consider what kind of rapport the company has with a dissatisfied customer when initiating a solution and during the recovery process (Crick and Spencer, 2011).

An example of this is a frequent guest of an Applebee's or Buffalo Wild Wings who expects the server to introduce themselves and tell the guest their name. This customer believes a server introduction is good service. Many fine dining establishments do not condone servers introducing themselves by stating their name. In fact, they frown upon servers stating their name as the service experience is not about the server, but instead all about the guest.

It is also important to understand the operational definition of service with regards to hospitality. Definitions of service generally describe an act of hospitality or service. Hospitality organizations are in the relatively unique position of attempting to bridge two worlds – the domestic and the commercial – as they deliver on the service promise (Crick and Spencer, 2011). The word "hospitality" is often used to describe the rather broad field that incorporates lodging, food service, leisure, conventions, travel, and attraction (Ottenbacher et al. 2009). Pizam and Shani (2009) highlight the distinction between hospitality and "hospitableness," arguing that the latter refers to authentic kindness and generosity while the former refers to the creation of experiences. "Setting the Table", by New York restaurateur, Danny Meyer, has captured the attention of hospitality businesses in pointing out that excellence can be achieved only if companies treat their customers (and their employees) with warmth, genuine kindness and thoughtfulness in addition to the processes of effective service management (Goluboyskaya et al. 2017).

Service quality has many benefits, such as providing a competitive advantage to a business, establishing customer satisfaction and customer loyalty, and contributing to its image (Bloemer et al. 1998; Ghobadian et al. 1994; Gronroos, 1984). In the very first article published in International Journal of Service Industry Management, Grönroos (1990a) articulated six principles of service management of which four specifically highlighted the importance of effectively managing service employees in order to drive customer-related outcomes. These principles included, providing frontline employees decision-making authority, designing reward systems aligned with

Inez Ribustello *is affiliated with On The Square and Tarboro Brewing Company.*
Robert M. O'Halloran *is affiliated with East Carolina University*

customer-perceived quality, exerting supervisory control by enabling employees and creating a supportive service culture, and an organizational focus on flexibly deploying resources. Examination of the dimensions of service quality, by mainly focusing on customers' quality evaluations (Amin et al. 2013; Wu, 2013) will determine the service quality perception level of customers (Akbaba, 2006; Bojanic and Rosen, 1994; Getty and Getty, 2003).

Meeting customer expectations relative to service quality has a direct relationship with the profitability of a service firm. Because service quality drives customer satisfaction, satisfied customers are more likely to be retained as loyal customers of a firm. This can increase the customer-base of a firm, allowing a firm to charge premium prices for their service products, and, because of this, increase employee retention and productivity – a concept referred to as the service-profit chain (Heskett et al. 1994 in Rauch et al. 2015). In today's highly competitive environment that is characterized by rapidly changing customer needs, losing customers is costly. Maintaining strong, sustainable, and mutually beneficial relationships with customers lies at the heart of the contemporary marketing paradigm and is considered to be a significant competitive advantage for firms (Wong et al. 2007; Athanasopoulou, 2009, 2012). In service, the trend is even more evident. Service providers have switched their focus from transaction-based strategies that can be easily copied by competitors to more relational-based ones (Rust et al. 2004; Nguyen and Mutum, 2012).

Service Characteristics

Service quality is an antecedent of consumer satisfaction that, in turn, impacts purchase intentions (Cronin and Taylor, 1992). Consumer satisfaction also increases shareholder value (Anderson et al. 2004). Therefore, the hospitality business operator, who can provide better service and value, has the competitive advantage (Stevens et al. 1995). There has been much discussion of quality dimensions and descriptions. It can be suggested that a hospitality organization should show tangibles (Adapted from Patton et al. 1994) as outlined below.

- Having personnel who are clean, neat and appropriately dressed.
- Serving food and beverages that are consistently high in quality.
- Giving you a space that is visually attractive.
- Having décor consistent in keeping with its image and price range.
- Having buildings, lobbies, and public areas which are visually attractive.
- Having up to date equipment.

Reliability:
- Having utilities and equipment that work well.
- Being dependable and consistent.

- Quickly correcting anything that is wrong.
- Providing promised or advertised services on time.

Responsiveness:
- Providing prompt and quick service.
- Having personnel shift to help where needed.
- Having staff that gives extra effort to handle your special requests.

Assurance:
- Having personnel who seem well-trained, competent and experienced.
- Making you feel comfortable and confident in your dealings with them.
- Giving employees support so they can do their jobs well.
- Having personnel who are both able and willing to give you information about hotel and outside services.
- Having knowledgeable reservationists who answer your questions completely.

Empathy:
- Making you feel like a special and valued guest.
- Having employees who are sympathetic and reassuring if something is wrong.
- Eliminating unnecessary bureaucracy to contact a hotel manager or supervisor.
- Having employees who are sensitive to your individual needs and wants rather than always going by the book.
- Anticipating your individual needs and wants.
- Providing complimentary services like courtesy shuttles, morning coffee and morning newspaper.
- Having restaurant and room service menus that include healthful and/or special diet options.

The greater a customer's perception of a service firm's performance, as compared to their expectations of the firm, the higher the customer will perceive the level of service quality. Reliability is defined as the dependability, consistency and accuracy with which the service is performed by the provider. Responsiveness refers to the willingness of the service personnel to assist customers in a timely, efficient manner and includes items such as helpfulness, friendliness and warmth of the service staff. Assurance is the degree to which the service personnel inspire trust and confidence among the customers of the firm. Empathy is related to the caring personal attention extended to customers, as well as the level of understanding personnel demonstrated relative to customer needs; and the tangibles component refers to appearance of the physical facilities, as well as the perceived quality of the materials, personnel and equipment utilized by the service provider (Kandampully, 2007).

The predecessors to the five-dimension SERVQUAL structure are: (1) tangibility; (2) reliability; (3) responsiveness; (4) competence; (5)

courtesy; (6) credibility; (7) security; (8) access; (9) communications; and (10) understanding (Getty and Getty, 2003). The SERVQUAL model, which has been validated across a range of service industries and evaluates the gaps that may exist between customers' perceptions of a firm's performance (P) and their expectations (E) relative to five service quality dimensions: reliability, responsiveness, assurances, empathy, and tangibles (Parasuraman et al. 1988). Descriptions of the five dimensions, as defined by Parasuraman et al. (1988, p. 6) are:

Dimension	Description
Tangibles	Physical facilities, equipment, and appearance of personnel
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring, individualized attention the firm provides its customers

A stable workforce of skilled, experienced, and knowledgeable employees can be considered key to the provision of high-quality service and long-term service relationships in most service settings (Bendapudi and Leone, 2003). Employee dimensions stressing service quality guide the actions of workers by providing them with training on quality methods, performance feedback, and the autonomy to serve customers. Such components are directed at the underlying psychological and behavioral states of employees with the goal of providing self-efficacy, expertise, and engagement (Smith, 1998). Therefore, employees who are more prepared and confident are more likely to positively affect customer experiences.

Business Dilemma

The Diamond Ranch restaurant is an upscale bistro style restaurant located in the southeastern United States. They are outside the nearest metropolitan area but can be accessed from that area in less than one hour. The restaurant has always prided itself on good service and excellent food and beverage, including a fine wine list. The restaurant seats 80 and has a lounge that seats 20. Service with a personal touch has been the restaurant's motto for years. The owners and managers have been debating their reservation processes. When the restaurant opened, reservations were all taken over the phone. As the popularity of the restaurant increased and demand for reservations also increased, they decided to adopt additional lines of access for reservations. The owners adopted the Open Table system for reservations in hopes to make reservations easier to make for the guest. After implementing the Open Table online reservation, a telephone customer interaction occurred that prompted the need for a larger discussion and perhaps better public relations and marketing for the

Diamond Ranch restaurant.

An interested customer called the restaurant to see if they accepted reservations. The host answering the phone responded, "Yes, we do. I can make the reservation for you while we're on the phone or if you'd prefer, you can make it via the Open Table website." The customer opted to make the reservation with the person over the phone and had, by all accounts, a positive experience and felt valued by the restaurant. The reservation, the Manns, party for 4 people, for dinner.

The Manns arrived at the restaurant at 7:00pm and stated they had a reservation and would like to be seated. After checking in, the host politely told them that their reservation was for 7:30 p.m., in contrast to their perception of a 7:00pm reservation. Restaurant employees indicated that they would do their very best to seat them as soon as possible. The guests were offered bar seats as a place to sit while waiting for their table. The Manns were notably perturbed that their reservation was "made" incorrectly. The host, when speaking with the manager, indicated that it was clear from their body language and facial expressions that they were unhappy and on the verge of becoming angry. Additionally, the bartender, had observed the interaction and was in tune to their unhappiness. He offered them water and asked if they wanted to order a cocktail. The bartender also shared the Diamond Ranch menu with the couple, so they can get an idea of what they might want to order. They were seated in less than 15 minutes from the time they entered the restaurant. Their server was also made aware of the situation. She (server) made sure bread was sent out immediately and then took their order which was entered into the POS system quickly. The server also made the kitchen manager aware that the ticket should be prioritized in the kitchen.

The guest's food was prepared and served in a timely manner. The service as judged by the manager, was friendly, efficient and professional. The Manns left the restaurant having enjoyed their dinner and letting management know on the way out how delicious the meal was and how great service had been.

However, the next day, the woman who made the reservation, presumably Ms. Mann, logged on to *Facebook, Yelp, Chowhound and Google Review* to complain about how the restaurant messed up their reservation. The review made no mention of anything other than the reservation mix-up. The managers and staff, after reviewing these posts on multiple social networks, wondered what had happened. Yes, there had been a mix-up, but the restaurant personnel clearly thought the issue had been dealt with when the Manns had departed happy.

At the next owners' and managers' meeting, this scenario was shared with everyone as they discussed how to enhance their reservation system. The conversation went back and forth with some lobbying for no reservations and, instead, seat first come, first serve; whereas others said all reservations should be through Open Table and no reservations over the telephone should be allowed. Their

rationale was that if there was a mistake, it could not be blamed on them. Others argued that to go completely with technology and social media would lose the "personal touch" of the restaurant, a large part of its personality. Is it more important to never be "wrong" and lose the personal interaction? Is it fair to say that flexibility is key to running a restaurant? What is better for some people in terms of making reservations is not necessarily better for others.

This discussion prompted a larger discussion concerning the goal of their service and how the Diamond Ranch defined quality service? The discussion also acted as a catalyst for a process to set a service standard and a communication standard to their guests and potential guests. Questions they pondered included: Do our employees know what quality service is? Do they know how to provide it? Do our guests know what quality service is? Are their expectations reasonable?

As the service management consultant, it is your task to address these issues, and offer recommendations for service style and standards. Additionally, as noted by various observers (e.g. Singh et al. 2017), service jobs are undergoing significant changes as a result of technological innovations, including the use of smartphones in banking, check-in kiosks in airports and hotels, and self-checkouts in grocery stores – all of which suggest a trend toward the automation of many standard customer-facing tasks (e.g. retail, banking). Therefore, owners and managers are pondering over what role technology should play in their service offerings.

You have been asked to develop a plan to implement a new service system (conceptually and operationally including technology if recommended) and outline the training needed to support employees in attaining of the optimal service job performance and to address social media and recommend standard protocols for responding to online reviews.

Conclusion

McColl-Kennedy et al. (2015) stated that we conceptualize service experience as dynamic, experiential, relational activities and interactions, thus highlighting the collective, collaborative, evolving and dynamic nature of service experience (McColl-Kennedy et al. 2015). They offered seven lessons targeting quality service:

> Lesson 1. Recognize
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> Lesson 2. Read customers deeply
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> Lesson 3. Reach out
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> Lesson 4. Offer related/complementary resources
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> Lesson 5. Re-introduce resources
>
> Lesson 6. Revive the magic
>
> Lesson 7. Reward and recognize performers (McColl-Kennedy et al. 2015).

It is also noted that employees may also have different service qual-

ity perceptions because of their personality traits (Ekinci and Dawes, 2009; Kuşluvan et al. 2010) as well as their own previous experiences. Individuals with high self-efficacy beliefs have excessive overconfidence (Moores and Chang, 2009), that may tend to exaggerate their real performance. On the other hand, individuals who have Type A personality traits may be excessively involved in their job, as they have high achievement motivation (Griffin and Moorhead, 2013). Consequently, the highly involved employee will perceive his job performance to be higher than his or her colleagues. An employee with an external locus of control may not negatively perceive his or her service quality, thinking that negative things might be sourced from factors (Rotter, 1990; Spector and O'Connell, 1994) other than his or her span of control.

Leaders, in this case, owners and managers must establish priorities and, to deliver quality service, they must understand what their customers want (Crick and Spencer, 2011). Leaders also play an important role in determining which service innovations to introduce (Victorino et al., 2006). Finally, leaders play an important role in determining the amount of autonomy given to service employees. The authority to solve customer problems is an important factor in determining the implementation of quality service. Empowerment is, however, more than just giving employees more power. The entire organization must be supported by user-friendly systems and processes (Kandampully and Duddy, 2001). The movement away from the production line reflects in part, the recognition of the important role that individual employee actions play in customer satisfaction as well as the impact of new models such as relationship marketing and the service-profit chain (Berry, 1995; Heskett et al. 2008).

Managers, therefore, must be concerned about hiring and retaining those employees who are motivated to perform the emotional, aesthetic, scripted, and voluntary acts that are such an important part of service. They must be concerned about the performance of emotional labor, as employees may withhold smiles and even courteous behavior or "go into robot" (Hochschild, 1983) noting that quality service is not a fixed goal but rather a moving target.

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