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services marketing strategy

Valarie A. Zeithaml, Mary Jo Bitner, and Dwayne D. Gremler

Services marketing strategy focuses on delivering processes, experiences, and intangibles to customers rather than physical goods and transactions. It involves integrating a focus on the customer throughout the firm and across all functions. All company functions – marketing, selling, human resources, operations, and R&D – must work together to create effective services marketing strategy. Rather than the traditional goods marketing focus on transactions and exchange, services marketing strategy is centered on the customer, usage, and relationships (Vargo and Lusch, 2004a).

Services, which can be defined as *deeds, processes, and performances*, fall into several categories. Many services, such as hotels, transportation, and health care, are offerings in and of themselves and are the primary revenue-producing activities of the firms. Another category of service is customer service, which includes the service provided in support of a company's core products. Typically, customer service does not directly produce revenue but rather addresses customer requests, questions, and complaints, besides providing answers and solutions. Service can also be a value-add for manufactured products – many companies provide training, installation, and repair services for the goods they produce – often for a fee. Finally, many services are derived from or are provided by manufactured products such as cell phones, computers, software, and mobile phones. In early writings on services, scholars distinguished services from goods by noting that they were intangible, perishable, variable, and that the producer and consumer were inseparable. Recently, it has been suggested that these distinctive characteristics should not be viewed as unique to services but that they are also relevant to goods, that "all products are services," and that "economic exchange is fundamentally about service provision" (Vargo and Lusch, 2004b). Although this view is rather abstract, it does suggest that all types of organizations can gain valuable insights from services marketing frameworks, tools, and strategies.

The four Ps of marketing (product, price, promotion, and place) are only partially adequate to conduct effective services marketing strategy. Three additional Ps – *people, process*, and *physical evidence* – are also needed. Because services are usually produced and consumed simultaneously, customers are often present in the firm's factory, interact directly with the firm's personnel, and are actually part of the service production process. Therefore, all human actors (the P corresponding to people) play a part in service delivery and thus influence the customer's perceptions. The firm's personnel, the customer, and other customers in the service environment each provide cues to the customer regarding the nature of the service itself. Employee dress, personal appearance, attitudes, and behaviors all influence the customer perceptions of the service. Physical evidence pertains to the environment in which the service is delivered; all tangible components that facilitate performance or communication of the service also affect services marketing. This includes all the tangible representations of the service such as brochures, letterheads, business cards, report formats, signage, and equipment, and the *servicescape*, the physical facility where the service is offered. This P (physical evidence) is needed for services because customers often have little on which to judge the actual quality of an intangible offering and thus will rely on any tangible components of the service offering. Finally, process – including the operating systems, procedures, mechanisms, and flow of activities by which the service is delivered – is an element of the services marketing mix. This P (process) addresses how the service is delivered, which, in many cases, may be perceived by customers to be as important as the outcome of the service. In the discussion that follows, the impact of these additional three Ps in services marketing strategy will be obvious.

Gaps Model of Service Quality

Executives of services organizations have long struggled with how to approach service design and delivery in an organized manner. The dominant approach to viewing the delivery of service quality in a structured and integrated way is called the *gaps model of service quality*

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(Parasuraman, Zeithaml, and Berry, 1985). The gaps model positions the key concepts, strategies, and decisions in delivering quality service in a manner that begins with the customer and builds the organization's tasks around what is needed to close the gap between customer expectations and perceptions. The gaps model provides a comprehensive and integrating framework for delivering service excellence and customer-driven service innovation.

The model is particularly relevant in service strategy because it captures the cross-functionality inherent in service management. Although the authors are marketing academics and their original publications appeared in marketing journals, their work has been widely cited and used across academic disciplines and implemented in different functions within organizations. The model draws heavily from logic, theories, and strategies in operations, human resources, marketing, and increasingly from information systems.

The model, illustrated in Figure 1, is anchored on the customer and integrates customer focus throughout all gaps within the model. As depicted in the model, a firm's primary goal should be to meet or exceed customer expectations, and strategies used to achieve that objective (whether operations, human resource, or technology-based) are all focused on the customer. Every gap and every strategy used to close the gaps in the model retains a focus on the customer at its core.

The central focus of the model is the *customer gap* – the difference between customer expectations of what will be delivered and perceptions of the service as it is actually delivered. The other four gaps in the model are known as the *provider gaps* and each represents a potential cause behind a firm's failure to meet customer expectations. Closing the customer gap – delivering quality service – at the top of the model is a complex undertaking involving many different organizational and employee skills and tasks. These tasks can be sorted into four other gaps – the provider gaps – each of which needs to be closed in order to close the customer gap.

The following four provider gaps, shown under the horizontal line in Figure 1, are the underlying causes behind the customer gap:

Gap 1: The listening gap
Gap 2: The service design and standards gap
Gap 3: The performance gap
Gap 4: The communication gap.

At its most basic level, the logic of the model suggests that the customer gap is a function of any one or all of the four provider gaps. Early publications of the gaps model enumerated the complex reasons that cause each of these provider gaps. Later publications and a leading services marketing textbook (Zeithaml, Bitner, and Gremler, 2009) have further elaborated on the gaps by delineating specific strategies for closing each of them. We will expand briefly on key strategies used to close each of the gaps.

The Customer Gap

The customer gap is the heart of the gaps model. It represents the difference between customer expectations and perceptions of service performance. The model suggests that closing this gap by matching or exceeding customer expectations will result in the achievement of service quality from the customer's perspective. In the years since the introduction of the model, there has been significant focus on both customer expectations and perceptions in terms of conceptualizing these constructs, developing measures for them, and studying their effects.

A prominent focus of both academic and practical research has involved identifying the dimensions of service quality. Considerable exploratory and empirical work resulted in the identification of five dimensions:

1. *Assurance*: Knowledge and courtesy of employees and their ability to inspire trust and confidence.
2. *Empathy*: Caring, individualized attention the firm provides its customers.
3. *Reliability*: Ability to perform the promised service dependably and accurately.
4. *Responsiveness*: Willingness to help customers and provide prompt service.
5. *Tangibles*: Appearance of physical facilities, equipment, personnel, and communication materials.

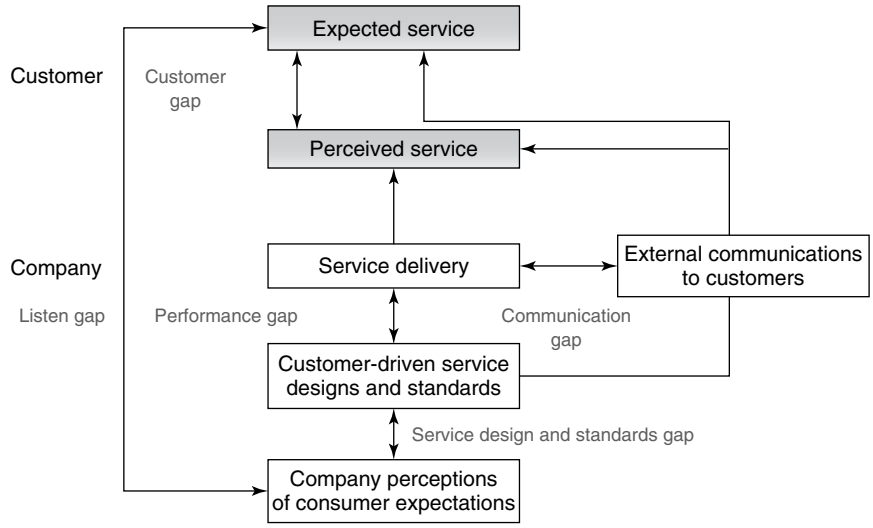


Figure 1 Gaps model of service quality.

The five dimensions of service quality have been captured in a questionnaire called *SERVQUAL*, consisting of a total of 21 items measuring these dimensions. The SERVQUAL measure has been applied in and adapted to many industry settings. Related streams of research have developed in parallel to study service encounters, customer satisfaction, customer loyalty, and their relationships with service quality. None of these now-prominent streams of research existed prior to the 1980s, and all continue to spawn research today.

Gap 1 – The Listening Gap

Provider gap 1, *the listening gap*, is the difference between customer expectations of service and company understanding of those expectations. A primary cause in many firms for not meeting customers' expectations – that is, the customer gap – is that the firm lacks accurate understanding of exactly what those expectations are. Many reasons exist for managers not being aware of what customers expect: They may not interact directly with customers, they may be unwilling to ask about expectations, or they may be unprepared to address them. Closing the listening gap requires that management or empowered employees acquire accurate information about customers' expectations. Customer expectations must be assessed accurately before new services are developed, and they must be tracked after the services are introduced.

Figure 2 lists the three key strategies for closing the listening gap. Each of these strategies is backed by research and practical applications. The first strategy is to listen to customers in multiple ways through customer research and employee upward communication. Such research includes the full range of traditional marketing research methods such as surveys, focus groups, and complaint handling. There have also been research methods uniquely useful in service situations such as SERVQUAL surveys, mystery shopping, and critical incidents analysis. A distinguishing factor between marketing research on goods and services is that services research must capture human performance. Whereas goods research can evaluate goods independent of the individuals who create them, service is often created in the interaction between customers and contact personnel. The behavior of personnel can be highly variable across individuals as well as with employees from day to day, so constant monitoring must occur. For that reason, additional techniques are needed to assess and feedback information about the performance of individuals. *Mystery shopping* – hiring people

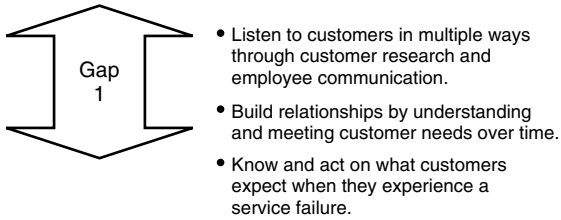


Figure 2 Strategies for closing the listening gap.

to pose as customers to evaluate performance – is typically used in restaurants and other retail service settings. *Critical incidents research*, in which a customer recalls and discusses both satisfying and unsatisfying experiences with a service provider and its employees, is particularly useful in examining and improving service encounters. Another marketing research approach that is particularly useful in service firms is the *trailer call*, a short survey that follows ("trails") a service event or encounter. The trailer call offers quick feedback on employees and also allows a company to fix its processes in a timely fashion.

The second strategy that closes provider gap 1 is to focus on building relationships by understanding and meeting customer needs over time. In firms where customers and companies have interpersonal contact, this can involve many different strategies: learning customers' names, their businesses, their industries, and their histories with the firm. Even in direct marketing or online situations, a firm can develop a virtual relationship with customers by learning their preferences and history. The stronger the firm's relationship with its customers, the better is the firm's ability to listen to customers (and thus close the listening gap).

The final key factor associated with provider gap 1 is lack of service recovery, or a failure to understand and act on what customers expect when there is a service failure. Even the best companies, with the best of intentions and clear understanding of their customers' expectations, sometimes fail. It is critical for an organization to understand the importance of service recovery – why people complain, what they expect when they complain, and how to develop effective service recovery strategies for dealing with inevitable service failures. Such strategies might involve a well-defined complaint-handling procedure and an emphasis on empowering employees to react on the spot, in real time, to fix the failure; at other times, it involves a service guarantee or ways to compensate the customer for the unfulfilled promise. Firms that learn from their failures – which often result from not fully understanding their customers' expectations – can reduce or eliminate the listening gap.

Gap 2 – The Design and Standards Gap

Closing gap 1 through research and effective management of customer relationships is necessary, but not sufficient, for achieving service excellence. Even when a company has a thorough and ongoing understanding of its customers' expectations, it is still very possible, in fact, quite easy, to fail to deliver quality service. Focusing on gap 2, the design and standards gap, is the next step toward ensuring against such failure. This gap is concerned with translating customer expectations into actual service designs and developing standards to measure service operations against customer expectations.

Figure 3 summarizes several key strategies for closing gap 2. The first strategy is to employ well-defined new-service development and innovation practices for designing services. Some have referred to this as *formalization* of a "services R&D" practice. While standardized new-product development processes and R&D are common in technology and manufacturing, they are still quite rare in services (for a major exception, we note the investment of the IBM Corporation in service innovation research through its global research labs). A formalized process typically involves a series of steps beginning with strategy formulation and idea

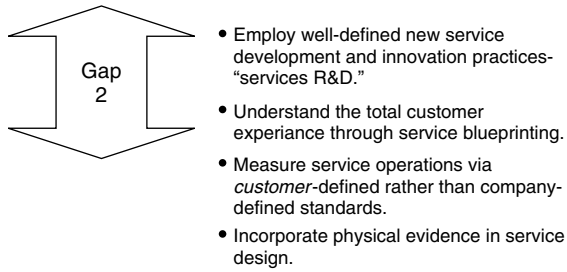


Figure 3 Strategies for closing the design and standards gap.

generation and ending with full-scale implementation. Because of the nature of services (their process orientation, intangibility, cocreation by customers), it is more challenging to engage in these typical steps that are so well established in other industries. However, it is clear that following a well-defined process, engaging customers along the way, and carefully planning and prototyping the complexities of service implementation are all essential in ensuring service designs that meet customer expectations. Building prototypes of services and planning for eventual full-scale implementation again means that operations, marketing, and, in many cases, human resource functions must work together.

A second strategy for closing gap 2 relates to understanding the total customer experience and designing all elements of that experience in ways that meet or exceed customer expectations. This involves considering everything that occurs from the moment the customer engages the service through the entire length of the service experience. Common elements of the service experience that need to be designed include customer-facing processes, the physical space where the service is delivered, and the interactions between service employees and customers. Viewing these operational elements from the customer's perspective and designing them to be consistent with expectations, or to reinforce a desired service image, are critical to closing gap 2. Because of the special challenges inherent in designing services, techniques such as *service blueprinting* have evolved to aid in the design process (Zeithaml, Bitner, and Gremler, 2009). The purpose of a service blueprint is to make a complex and intangible service concrete through its visual depiction of all of the steps, actors, processes, and physical evidence of the service. The key feature of service blueprints is their focus on the customer – the customer's experience is documented before any of the internal processes are determined.

A third strategy for closing gap 2 involves measuring service operations via *customer-defined standards*. These are standards set to correspond to customer expectations rather than to firm-focused goals. The quality of service delivered by customer-contact personnel is critically influenced by the standards against which they are evaluated and compensated. Standards signal to contact personnel what the management priorities are and which types of performance really count. When service standards are absent or when the standards in place do not reflect customers' expectations, quality of service as perceived by customers is likely to suffer. Customer-defined standards can either take the form of operational (hard) or perceptual (soft) standards.

The final strategy that closes gap 2 involves the use of physical evidence in service design and in meeting customer expectations. This includes everything tangible in the service-delivery process, such as business cards, reports, signage, Internet presence, equipment, and facilities used to deliver the service. The servicescape, the physical setting where the service is delivered, is a particular focus of physical evidence and is critical in industries such as restaurants and hotels to communicate about the service and make the entire experience pleasurable. In these cases, the servicescape plays a variety of roles, from serving as a visual metaphor for what the company stands for to actually facilitating the activities of both consumers and employees.

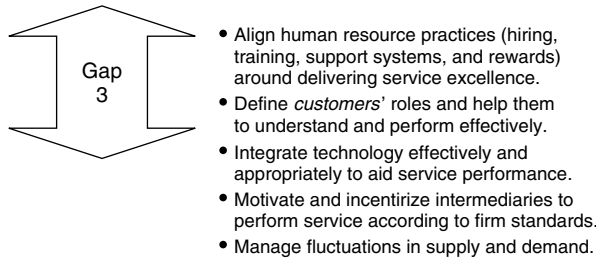


Figure 4 Strategies for closing the service performance gap.

Given the importance of physical evidence and its potentially powerful influence on both customers and employees, it is important for firms to think strategically about the design and management of the tangible evidence of service.

To accomplish the type of customer-focused service design described above means that marketing and operations functions within the firm must at least share information, and, in the best case, actually collaborate in designing the service and setting standards for its delivery. Because of the interpersonal nature of many services it is critical to design and plan for the human element as well; thus, effective service design and customer-defined standards will reflect collaboration with the human resource function in the organization. These types of cross-functional collaborations are not as essential in goods marketing where process, people, and physical evidence (the new-services marketing mix elements) are not as critical in defining the product.

Gap 3 – The Performance Gap

Although a company may have closed both the listening gap and the service design and standards gap, it may still fall short of providing service that meets customers' expectations if it is unable to deliver service in the way the service was designed. Gap 3, the service performance gap, must also be closed to make sure there is no discrepancy between customer-driven service design and standards and actual service delivery. Even when guidelines exist for performing service well and treating customers correctly, high-quality service performance is not a certainty. Standards must be backed by appropriate resources (people, systems, and technology) and also must be enforced to be effective – that is, employees must be measured and compensated on the basis of performance along those standards. Thus, even when standards accurately reflect customers' expectations, if the company fails to provide support for those standards – if it does not facilitate, encourage, and require their achievement – standards do no good. When the level of service delivery falls short of the standards, it falls short of what customers expect as well. Narrowing gap 3 by ensuring that all the resources needed to achieve the standards are in place reduces the customer gap.

The key strategies for closing gap 3 are depicted in Figure 4. The first strategy is to align the firm's human resource strategies around delivering service excellence. In particular, in order to deliver service as it was designed a firm needs to ensure that employees are willing and able to deliver quality services and that they are motivated to perform in customer-oriented, service-minded ways. In creating such a workforce, an organization must hire the right people, develop those people to deliver service quality, and retain the best people. To effectively deliver service quality, considerable attention should also be focused on recruiting and hiring the right service personnel. Service employees need two complementary capacities: *service competencies* – the skills and knowledge necessary to do the job – and *service inclination* – an interest in doing service-related work. Once the right people are in place, to provide quality service they need to be developed through ongoing training in the necessary technical skills and interactive skills. An organization that hires the right people and trains and develops them to deliver service quality must also work to retain them. If a

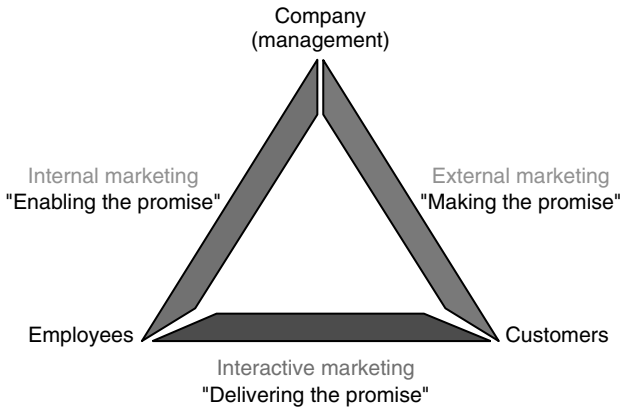


Figure 5 The services marketing triangle.

company wants the strongest service performers to stay with the organization, it must reward and promote them. Organizations use a variety of rewards to retain the best employees; traditional approaches such as higher pay, promotions, and one-time monetary awards or prizes are often linked to service performance.

Services marketing is about promises made and promises kept to customers. A strategic framework known as the *services triangle* (Figure 5) visually reinforces the importance of people in the ability of firms to keep their promises and succeed in building customer relationships (Bitner, 1995; Kotler, 1994; Grönroos, 2007).

The triangle shows the three interlinked groups that work together to develop, promote, and deliver services. These key players are labeled on the points of the triangle: the company (or SBU (small business unit) or department or "management"), the customers, and the providers. Providers can be the firm's employees, subcontractors, or outsourced entities who actually deliver the company's services. Between these three points on the triangle, three types of marketing must be successfully carried out for a service to succeed: external marketing, interactive marketing, and internal marketing.

On the right side of the triangle are the *external-marketing* efforts that the firm engages in to set up its customers' expectations and make promises to customers regarding what is to be delivered. Anything or anyone that communicates to the customer before service delivery can be viewed as part of this external-marketing function. But external marketing is just the beginning for services marketers: promises made must be kept. On the bottom of the triangle is what has been termed *interactive marketing* or *real-time marketing*. This is where promises are kept or broken by the firm's employees, subcontractors, or agents. People are critical at this juncture. If promises are not kept, customers become dissatisfied and eventually leave. The left side of the triangle suggests the critical role played by *internal marketing*. Management engages in these activities to aid the providers in their ability to deliver on the service promise: recruiting, training, motivating, rewarding, and providing equipment and technology. Unless service employees are able and willing to deliver on the promises made, the firm will not be successful, and the services triangle will collapse.

All three sides of the triangle are essential to complete the whole, and the sides of the triangle should be aligned – that is, what is promised through external marketing should be the same as what is delivered; and the enabling activities inside the organization should be aligned with what is expected of service providers.

For many services, customers are participants in service production and cocreators of value and, therefore, play a key role in the service-delivery process – that is, customers themselves can influence whether the service

meets customer-defined specifications and can potentially contribute to the widening of gap 3. Therefore, a second strategy for closing the performance gap is to define customers' roles and assist them in understanding and performing their roles effectively. Sometimes customers widen gap 3 because they lack understanding of their roles and exactly what they are to do in a given situation or because they are unwilling or unable to perform for some reason. To reduce this gap the organization needs to clearly define and communicate what the customer's role entails – in essence, the customer's job description. Once the customer's role is clearly defined, the firm needs to help facilitate that role. In a sense, the customer is a "partial employee" of the organization, and strategies for managing customer behavior in service production and delivery can mimic, to some degree, the efforts aimed at service employees discussed in the previous paragraph.

A third strategy for closing gap 3 involves integrating technology effectively and appropriately to aid service performance. For service workers (and customers) to be efficient and effective in performing their jobs, technology that facilitates their efforts is often required. Technology can help employees to be more effective and efficient in serving customers. Technology can also help customers become more educated and involved in cocreating service. In some cases, technology can serve as a substitute for employees, and actually deliver the service to the customer without any need for human interaction. These types of services – called *self-service technologies* – are prevalent today across industries.

A fourth difficulty associated with provider gap 3 involves the challenge in delivering service through such intermediaries as retailers, franchisees, agents, brokers, subcontractors, and outsourcers. Because quality in service often occurs in the human interaction between customers and service providers, control over the service encounter by the company is crucial, yet it rarely is fully possible. Most service (and many manufacturing) companies face an even more formidable task: attaining service excellence and consistency in the presence of intermediaries who represent them and interact with their customers yet are not under their direct control. Franchisers of services depend on their franchisees to execute service delivery as they have specified it. And it is in the execution by the franchisee that the customer evaluates the service quality of the company. With franchises and other types of intermediaries, someone other than the producer is responsible for the fulfillment of quality service. This issue has become particularly relevant as firms increase the outsourcing of their customer support to other countries; concerns about language, quality control, and consistency of performance are the ultimate trade-offs for lower costs. Because firms often provide service through intermediaries, they must develop ways to either control or motivate these intermediaries to meet company goals and perform as well as their own employees.

A final issue in provider gap 3 is the need in service firms to synchronize demand and capacity. Because services are perishable and cannot be inventoried, service companies frequently face situations of over demand or under demand. Lacking inventories to handle over demand, companies lose sales when capacity is inadequate to handle customer needs. On the other hand, capacity is frequently underutilized in service companies during slow periods. Most companies rely on operations strategies such as cross training or varying the size of the employee pool to synchronize supply and demand. Marketing strategies for managing demand – such as price changes, advertising, promotion, and alternative service offerings – can supplement approaches for managing supply.

Gap 4 – The Communication Gap

Even when a firm has done everything suggested by the other three gaps to ensure service quality, there can still be a failure to meet customer expectations if communications about the service do not match with what is delivered. Thus, the final provider gap that must be closed is the *communication gap*, or gap 4. This gap focuses on the difference between service delivery and what is communicated externally to customers through advertising, pricing, and other forms of communications.

Figure 6 captures several key strategies for closing gap 4. The first strategy revolves around

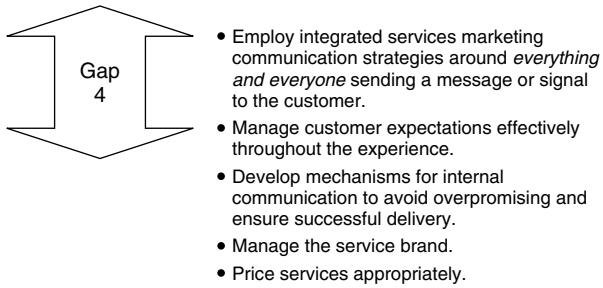


Figure 6 Strategies for closing the communication gap.

integrated services marketing communication that ensures that everything and everyone sending messages or signals about the service does so in a manner that is consistent with what customers expect and what is actually delivered. The challenge with this strategy is that there are a myriad of communication channels and modes that send messages to customers – more today than every before – including traditional websites, personal sales, direct mail, print media, blogs, virtual communities, mobile advertising, and television. Beyond these types of channels, which are also available to goods-producing firms, service customers receive additional communication from servicescapes, customer service representatives, and everyday service encounters with company employees. Ensuring that all of these channels communicate effectively and consistently is a daunting task, yet one that is essential to an integrated communication strategy. Unfortunately, the people within companies that deal with these different communication vehicles are not always located in the same department, leading to disparate, conflicting messages.

A second key strategy for closing the communication gap is to manage customer expectations effectively throughout the service experience. Many services (e.g., many business-to-business services and consumer membership services) take place over an extended time frame that might mean a few hours, days, weeks, or even years. These extended service experiences often change over time, varying from the original service promise as a result of business realities (for either the provider or the customer) that change the nature of the service, customer needs that change over time, and financial pressures that may cause increases in pricing or adjustments to the service contract. Thus, communications to the customer must also evolve through time to ensure that expectations and service performance match. This might mean managing customer expectations relative to new business realities, often in the form of managing expectations downward when a service previously provided is discontinued or when prices for similar services must be increased.

A third strategy for closing gap 4 is to develop mechanisms for internal communication so that the customer hears consistent messages before the sale and during service delivery. A common cause for the communications gap is overpromising on the part of customer-contact employees, salespeople, and marketing communications. While a certain amount of promotion is needed in many cases to gain a sale, excessive promotional activity can be detrimental when it exceeds the ability of the delivery organization to keep the promises made. Customers gained in the short term through excessive promises can be lost just as quickly through a failure to deliver. A number of internal communication strategies can help avoid the latter problem. These strategies including effective vertical communication that keeps employees informed of corporate plans and marketing messages so that they communicate accurately to consumers. Selling the brand inside the company also helps employees to see its value and to be realistic about what can and should be promised to customers. Horizontal communication across marketing, operations, and service design teams can also help align promises with service-delivery capabilities.

A fourth strategy to close the communications gap is to create a strong brand image for

the service. A brand image – reinforced by brand characters, slogans, logos, and similar images – serves to unify perceptions of the brand. Service organizations such as Chick-fil-a, with its ubiquitous cow, or McDonalds, with its golden arches, have successfully created brand images over time that reduce the communications gap.

A fifth issue in provider gap 4 is associated with the pricing of services. In packaged goods (and even in durable goods), customers possess enough price knowledge before purchase to be able to judge whether a price is fair or in line with competition. With services, customers often have no internal reference points for prices before purchase and consumption. For this reason, determining the value of a service to customers, called *demand-oriented pricing*, can be complicated. Further, pricing strategies such as discounting, "everyday low prices," and couponing obviously need to be different in service cases in which the customer has no initial sense of prices. Even cost-based techniques for developing prices for services are more complicated than those for pricing tangible goods, largely because the dominant cost factor is labor. Placing a value on an employee's time is more difficult than knowing the costs of components of a physical good.

Service Equals Profits

Through the 1980s and early 1990s, many firms jumped on the service bandwagon, investing in service initiatives and promoting service quality as ways to differentiate them and create competitive advantage. Many of these investments were based on faith and intuition by managers who believed in serving customers well and who felt in their hearts that quality service made good business sense. Indeed, a dedication to quality service has been the foundation for success for many firms, across industries. Since the mid-1990s firms have demanded hard evidence of the bottom-line effectiveness of service strategies. Fortunately, researchers are building a convincing case that service strategies, implemented appropriately, can be very profitable. Work sponsored by the Marketing Science Institute suggests that corporate strategies focused on customer satisfaction, revenue generation, and service quality may actually be more profitable than strategies focused on cost cutting or strategies that attempt to do both simultaneously (Rust, Moorman, and Dickson, 2002). Research from the Harvard Business School builds a case for the "service–profit chain," linking internal service and employee satisfaction to customer value and ultimately to profits (Heskett *et al*., 1994). Furthermore, considerable research has shown linkages between customer satisfaction (often driven by service outcomes) and profits (Anderson and Mittal, 2000). The University of Michigan American Customer Satisfaction Index (ACSI) provides data suggesting that customer satisfaction is directly linked to shareholder value. Firms in the top 50% of the ACSI rankings show significantly higher shareholder value than do firms in the bottom 50% (Fornell, 2004). An important key to these successes is that the right service strategies are chosen and that these strategies are implemented appropriately and well.

Conclusion

Services marketing strategy focuses on delivering processes, experiences, and intangibles to customers rather than physical goods and discrete transactions. Delivering experiences successfully and building customer relationships are complicated undertakings involving many different strategies and tactics. Although companies have often found it difficult to attack service problems in an organized manner, a well-established model called the gaps model focuses on the customer and describes the approaches necessary to close the gap between customer expectations and perceptions. Figure 1, the full gaps model, shows that closing the all-important customer gap is a function of closing four gaps on the service provider side: the listening gap, the service design and standards gap, the performance gap, and the communication gap. Each of these gaps involves concepts and tools designed to minimize the gaps, and these were discussed in this article.

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