

Case Question Answers for Case 1.1

CHANTALE AND CLINTON CALL FOR SERVICE

Chantale and Clinton are the names of two consumers that purchased a new refrigerator from The Canadian, a large department store chain. It subsequently began to malfunction. They received poor service from the vendor's repair division over an extended period of time and, at the end, wondered what to do next. The primary issues are service failure and poor service recovery. The story demonstrates how regular customers become disenchanted when entry-level employees and supervisors take them for granted and inconvenience them without concern. In the end, the couple passes along negative word-of-mouth about the department store chain to several friends and acquaintances. The experience also could affect their future purchase intentions from the retailer and the refrigerator's manufacturer.

1. *Have you ever experienced a similar situation, with telephone services, cable or satellite television systems, financial institutions, airline, or service providers such as hair care? If so, what did the company do wrong? What was the most important thing the company could have done to make you feel better about the poor service?*

Student stories will vary.

Customer recovery literature suggests that the most important thing a company can do is to first acknowledge that the individual has the right to be upset. If poor service was truly the issue, the marketer (sales rep or inbound telemarketer) should offer an apology that includes the promise to try to rectify the situation and not repeat the mistake in the future. Four pillars of customer service failure

recovery include: (1) promptness, (2) courtesy, (3) effort, and (4) professionalism. The complaint should be answered quickly; the customer service person should be respectful and courteous, even in the face of customer anger; the company should try hard to find an appropriate response; and the customer should believe the response was delivered in a professional manner.

2. *From the perspective of marketing, what element of the marketing mix (markets, products, prices, place, promotion, people) is most at risk for the department store chain?*

The case suggests several instances where the product was defective and that after-the-sale servicing was less than adequate. Further, people were involved, especially those who seemed unconcerned with the product's failure or with satisfying the customers who were upset.

3. *From the perspective of management, what should the repair department's supervisors do to deliver better quality service in the future?*

The five functions of management include planning, organizing, staffing, directing, and control. All five come directly into play. In terms of planning, the company should investigate suppliers to see if better quality products can be acquired to be sold. In the area of organizing, it is clear the chain of command has not been followed and that company employees were not sure how to handle customer complaints.

In the area of staffing, the supervisor could work to ensure that employees who service damaged or defective products were caring and competent. Also, employees who meet directly with the public should be carefully screened to make sure they are customer-oriented as well. Further,

performance appraisal systems should be adjusted to evaluate how well each employee responds to complaints and attempts to deliver quality service.

With regard to actuating, motives to serve customers well include pay incentives, recognition for quality service (e.g., employee of the month), and role modeling of quality customer service. Company leaders should emphasize the value of a retained customer and the cost of one that is lost.

The control process should detect these problems at the individual (performance appraisal), departmental (customer service and sales departments), and organization-wide levels. In this case, top management is advised investigate the reasons for such inadequate treatment of loyal customers.

4. *If you were going to serve as a consultant to the Canadian, what recommendations would you make at the strategic, tactical, and operational levels? How would your recommendations connect with one another?*

Strategically, customer service must be emphasized as a primary company objective. Doing so would include statements in company documents and the mission statement. Tactically, managers should look for ways to emphasize and encourage customer service in each department. At the operational level, managers that insist on quality customer care should be recognized as being the most promotable. These activities can be integrated through company-wide meetings, memos in the company Intranet, and reinforced in performance appraisal and reward systems for all levels, beginning with entry-level but moving to the highest ranks in the organization. In essence, customer service can and should be a company mantra that everyone in the organization clearly understands and accepts.

5. *This case is largely presented from the perspective of, "what not to do." In other words, it focuses on the mistakes made by the company. If you were to re-write the case, could you show how to manage this department from a "what to do" perspective, tying your answer in with the essential link between the service department and future marketing efforts?*

Student answers could contain elements of four issues in marketing management. First, from the perspective of marketing, responses can address how products, prices, distribution systems, and promotions should all emphasize customer service, before, during, and after the sale. Second, in terms of management, the roles of plan, organize, staff, direct, and control could be incorporated into a case that shows how to deliver high quality customer service. Third, customer service as a concept could serve as a theme for the case. And fourth, the case could emphasize customer acquisition, customer interactions, and customer retention as three key marketing management activities associated with customer service.

Teaching Note for Case 1.1

CHANTALE AND CLINTON CALL FOR SERVICE

Professor Christopher A. Ross wrote this teaching note as an aid to instructors in the classroom use of the case Chantale and Clinton Call for Service, No. 9B09A005. This teaching note should not be used in any way that would prejudice the future use of the case.

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SYNOPSIS

Chantale and Clinton had purchased a new refrigerator which subsequently began to malfunction. The case describes the sequence of events as they tried to obtain repair service from the vendor, one of the largest department store chains in Canada.

This case can be used in the consumer behaviour module in the marketing management course at the MBA or undergraduate levels. Used in this module, emphasis can be placed on the controllable and uncontrollable factors that influence individual buyer behaviour. It can also be used in a consumer behaviour course. Finally, it can also be used in a service marketing course where issues of service failure and recovery can be emphasized.

TEACHING OBJECTIVES

1. To illustrate a call for service from the point of view of the consumer.
2. To illustrate the many factors that may influence consumers in the development of their service expectations.
3. To demonstrate and discuss the many possible sources of service failure during a service encounter.
4. To illustrate the possible negative impact on a company when there is a service failure.
5. To illustrate the importance of employee loyalty and training during a service encounter.
6. To discuss and evaluate service recovery procedures.

ASSIGNMENT QUESTIONS

1. What were Chantale and Clinton's service expectations? How did they develop?
2. What is your evaluation of The Canadian's provision of repair service?
3. Should The Canadian or other stores be concerned about incidents of this type? Why or why not?

4. What do you believe were the underlying causes of The Canadian's perceived performance? Why did these develop?
5. What service recovery alternatives were available to The Canadian?
6. Could Chantale and Clinton have done anything differently? If yes, what? If no, why not?
7. The case ends on July 5, 2007. Should they take any further action at this time?

ANALYSIS

This case is best approached by following the sequence of questions shown above. It is important, however, for all students to be on the "same page" regarding their understanding of the events. Thus, it will be useful for the instructor to lay out the timeline on the board. An example is provided below:

- | | |
|------------------------------|--|
| February 2007 | <ul style="list-style-type: none">• The Rileys read an article about the energy inefficiency of old refrigerators and decided that it may be time to change theirs.• Had a child with special dietary needs and therefore needed a refrigerator with extra space.• Shopped around — three brands available: Frigidaire, Kenmore and Bryand. |
| February 8, 2007 | <ul style="list-style-type: none">• Refrigerator delivered; price including warranty, delivery, taxes, etc. was \$1401.56.• Clinton noticed noise. |
| One morning | <ul style="list-style-type: none">• Called service department of The Canadian and inquired about the compressor.• Was told that the recommended internal temperature of four degrees Celsius was for the United States; should therefore adjust to three degrees Celsius.• Was also told that he should not have bought new refrigerator because there would be limited/no energy savings; was also told new refrigerator not durable. |
| April 2007 | <ul style="list-style-type: none">• Called The Canadian for service to dishwasher.• Problem resolved quickly and easily but technician complained about employer; said he was leaving the company's employ because service had deteriorated; he also gave an example. |
| June 11, 2007 | <ul style="list-style-type: none">• Refrigerator not cooling; called The Canadian and a technician came the same day. Leaking refrigerant was diagnosed as the problem; it was repaired and refrigerator appeared to be in good working order.• Asked about the reimbursement for lost food, the technician said that that was possible only after the expiration of the manufacturer's warranty. |
| June 27, 2007
(Wednesday) | <ul style="list-style-type: none">• Clinton — suspicion that something was wrong with the refrigerator. |

- June 28, 2007
(Thursday)
- Problem confirmed.
 - Called service department at 6:30 a.m. and was told someone would be there the same day since this was an emergency.
 - The Rileys asked the cleaning lady to take the call.
 - The Canadian called at 3 p.m.; it was too busy, someone would visit the Rileys tomorrow.
- June 29, 2007
(Friday)
- Clinton cancelled an appointment.
 - Chantale called The Canadian for a more precise time for the next visit.
 - Service technician, Miguel, arrived at 1 p.m.
 - Blockage in line but no nitrogen available.
 - Long weekend coming up, Miguel fixed appointment for Tuesday.
 - Miguel also said that food could be reimbursed.
 - Chantale's brother visiting.
- July 3, 2007
(Tuesday)
- Wheels of car rechecked for balancing, dealer agreed to change tires.
 - Chantale — The Canadian will call back.
 - Chantale called again at 10:00 a.m., was told that someone would call back before noon.
 - 2:30 p.m. — Chantale called The Canadian again.
 - 3:30 p.m. — Chantale called again.
 - 6:30 p.m. — Chantale called once more, found out that service department closed at 4:30 p.m.
- July 4, 2007
(Wednesday)
- Clinton changed tires at dealership.
 - 8:25 a.m. — Chantale called The Canadian and spoke to Christiane; Christiane to call the repair department and the repair department to call the Rileys.
 - 9:30 a.m. — Chantale called The Canadian again — exasperated.
 - 10:45 a.m. — Chantale called service at corporate and spoke to Diane.
 - 2:15 p.m. — Clinton called the store where the refrigerator had been purchased and was told that he should call customer service. Offered a loaner but he must collect it.
 - 2:30 p.m. — Clinton called president's office and spoke to Nicole.
 - 3:00 p.m. — The Canadian called to make an appointment for the next day.
 - Dinner at neighbours'.
- July 5, 2007
- Cleaning lady made note of the brand.
 - Technician arrived at 10:30 a.m. and left at 12:30 p.m. Refrigerator functioning. Took the food claim with him and promised to call in five days.

The timeline shows that the refrigerator began malfunctioning approximately four months after it was purchased. Once the problem was confirmed (June 11), the refrigerator was finally repaired on July 5. Not all of this time delay could be laid at the door of the company, but the Rileys were clearly becoming increasingly impatient as time passed.

1. What were Chantale and Clinton's service expectations? How did these develop?

The Pre-purchase Stage

One could begin by identifying the general cultural, social and personal factors that may have had an impact on Chantale and Clinton's buying behaviour. The most important and immediate factors are discussed below.

Chantale and Clinton were educated customers and we could assume that they were reasonably aware of the business world since they were both consultants to businesses. They were also older customers and therefore would have had, we could presume, a good deal of shopping experience. As consultants, they also had clients who would have demanded excellent service (*were they in the habit of delivering?*). Would they, because of their business, have high *expectations* of The Canadian?

The Rileys were *loyal* Bryand customers. If all their appliances were Bryands, it is clear that they must have been happy with the products and service in the past. They had 27 years of experience purchasing products from this store and apparently had no problems or if they did, then the problems had been satisfactorily resolved. In addition, Chantale, having worked at The Canadian, described its policies as being very customer-oriented. Conclusion: the Rileys were loyal customers who were happy with their past experiences and had certain expectations because of these past experiences. They had *beliefs about what was possible*. In addition to brand, other criteria influencing their purchase, according to the case, were price and service.

Thus, expectations regarding service would have developed as a result of their level of education, their generalized shopping experiences, their specific shopping experiences with The Canadian, their business experience and Chantale's own working experience with The Canadian. This would be in addition to the cultural, social and personal factors. Note that these would all be in place prior to the purchase of the refrigerator.

In the more immediate period, the expectations of the Rileys would have been influenced by their desire for a more energy-efficient refrigerator and the dietary needs of one child. Energy efficiency may partly explain Clinton's call to the service department regarding the compressor. Dietary needs translated into more refrigerator space but the size of the refrigerator is not an issue in the case.

Other factors influencing expectations include the fact that The Canadian had taken back the front-loading washing machine. This action would have reinforced the perception that The Canadian was consumer-oriented and was a "reasonable" establishment. Clinton's positive experience with the tire dealer might have played a role in his expectations. If one business could resolve obvious problems that easily, why not others? Presumably, The Canadian was a bigger business establishment.

But there were some negative influences, although these appeared after the refrigerator was purchased but it is likely that they were sufficient enough to generate some *dissonance* in the minds of the Rileys. The first was the comment of the customer service representative on the wisdom of buying a new fridge in order to save energy. The second was the comment by the same representative about the durability of old versus modern refrigerators. Finally, a third comment, again by the same representative, that Canada was colder than the United States and therefore the internal refrigerator temperature should be adjusted. All of these comments must have created doubts in the minds of the Rileys.

Another incident was the comment of the technician who repaired the dishwashing machine. He was leaving, he said, because service was deteriorating.

What the answer to question 1 demonstrates is that marketers face a number of challenges, including controlling the scripts of their employees during employee-customer interactions, as they try to influence the perceptions of their customers. In many instances, they may not even be aware of the factors that may have moulded the expectations of their clients but they need to be aware that their marketing effort is only one of the many influences on the perceptions, beliefs and purchasing behaviour of their clientele.

2. What is your evaluation of The Canadian's provision of repair service?

This question deals with the *service encounter stage*.

In spite of the above, it is likely that the Rileys had some *zone of tolerance*. The Rileys had made prior evaluations of the service company The Canadian, and thus the company had *experience and credence attributes* in the minds of the Rileys. More than likely, they felt a rather low *perceived risk* in calling for service.

First call for service: This was not a *high contact* situation but it was not *low contact* either. It was taking place in the customers' homes. The results appeared to be satisfactory. It is important to note, however, the response of the repair person when the Rileys asked for advice about compensation for the food that was lost. He said that The Canadian only provided compensation after the expiration of the manufacturer's warranty. But this was a *store/private brand*. In the eyes of the Rileys, The Canadian was the manufacturer. The answer, therefore, does not make much sense and it is likely that the technician was not well-informed about the company's policy or else the policy was flawed. It is possible that we had a situation where there was a problem with the *script* that was used by the employee.

But the Rileys must have been satisfied, especially since the service people arrived on the same day that the call was made. The effect of this, however, is that expectations about service were further reinforced. Is it possible that the Rileys, at least in the case of a refrigerator malfunction, would, in the future, expect same-day service? This is very likely. And if this expectation was not met, there is a very high likelihood that they would experience dissatisfaction (*negative disconfirmation*).

The Rileys made the second call to The Canadian on June 28. They were told that a refrigerator breakdown was an emergency and that someone would visit them that day. No one turned up to repair the refrigerator. The Canadian, to its credit, called at 3 p.m. to say that it was busy and that it would send a repair person the next day. But we must keep in mind that The Canadian deemed it to be an emergency. This, then, was the first real *service failure*.

The next day was Friday and the weekend was coming up. The Rileys must have been anxious to get the job done that day. In addition, Clinton cancelled an appointment with a client, so this was beginning to affect his relationship with his clients. Surely, he must have been feeling some stress.

Miguel, from The Canadian, arrived for the first time but did not have nitrogen. He was, after all, a refrigeration repair person. He should have had nitrogen in his truck; it is an important ingredient for his trade. He therefore had to reschedule another appointment. This was another *service failure*. In addition, Miguel contradicted the first technician when he said that the Rileys could be compensated for lost food. This contradiction is another example of a problem of employee *script*.

In addition, Chantale had experienced the disappointment of having little or nothing cold for her brother to drink. The next repair appointment was scheduled for Tuesday. It is likely that the problem of the refrigerator was on their minds all weekend. The anxiety of the Rileys must have increased.

On Tuesday, July 3, Clinton had a good experience at the tire dealer. If one enterprise could deal satisfactorily with him, why not another? Inevitably, he must have made a mental comparison.

It would appear that all day Tuesday, there were promises made but no one knew who was promising what. Each time that Chantale or Clinton called The Canadian, they spoke to someone new and that person treated the call as a new inquiry. It is fairly clear that the recipients of the call did not check or else there was no log available that showed the number of calls the client had made. In addition, no one bothered to tell the Rileys that there would not be a service call after 4:30 p.m. So the Rileys waited until 6:30 p.m. before finding out that they would not receive a service call that day. (Another *service failure*.)

On Wednesday, July 4, Chantale called The Canadian again and spoke to Christiane. Chantale must have been really angry because Christiane finally gave her the number of the service department at corporate. But at corporate, more or less, the same thing was said. Clinton subsequently called the store where the refrigerator had been bought and was told that service was not the store's business — the fourth *service failure*? Joanne offered a loaner but the Rileys had to pick it up themselves. Clinton, with all his expectations of service quality, found this unsatisfactory. (Was he being unreasonable?)

Finally, Clinton called the president's office (this for a service call!!). He repeated the story and got some action but not much — just a promise that the manager of the repair department was aware of the phone number and was working on the problem. Someone from the service department finally called to fix an appointment for the next day. The explanation for the no-show of the repair person was that no one had made an appointment for the Wednesday (*another service failure*) and there was the need to make a new appointment. Then the Rileys visited with Dorothy and the negative *word of mouth* (WOM) began; the same for the cleaning lady.

July 5 — finally, after about a week Miguel arrived and even he was surprised. The refrigerator was repaired. Miguel called twice afterwards

There is very little good that one could say about the performance of The Canadian. At almost every turn, mistakes were made and very little concern for the client's welfare and satisfaction was demonstrated. Action was finally taken when the president's office got involved. But clearly this is not the way it should be.

It is likely that The Canadian may have a very reasonable explanation for all that took place. In marketing, however, it is important that the situation be seen from the point of view of the customer. From the Rileys' viewpoint, the service was terrible. The only redeeming feature was Miguel, who phoned twice to check if all was OK. In almost every other respect the service left a lot to be desired:

- The answering service — *the service encounter*
 - Miguel's lack of nitrogen — *service delivery*
 - The store and the loaner
 - The president's office
 - The broken promises
 - The conflicting messages — *lack of consistency*
 - The disloyal employees — *service marketing*
- } *service operations*

3. Should The Canadian or other stores be concerned about incidents of this type? Why or why not?

This question is really dealing with the post-encounter stage, where the evaluation of service performance takes place and future intentions develop.

The answer to this question should be a resounding yes. Given the example of the Rileys speaking to the neighbours and to the cleaning lady, it is reasonably certain that the Rileys recounted this story to many of their friends and acquaintances in the coming weeks. It would appear that the depth of the disappointment was such that the Rileys would also always remember this experience. How much of an impact this negative WOM would have is difficult to estimate and a lot would depend on the credibility of the Rileys with their audience. Already, Dorothy was advising her office not to purchase from The Canadian. In the office, co-workers would surely be asking why not and the story would begin to circulate. Negative WOM could be disastrous for a company.

Exhibit TN-1 shows the kind of social interactions that the Rileys may have and the potential impact these may have on the Rileys and their friends.

4. What do you believe are the underlying causes of The Canadian's perceived performance?

The answer to this question requires some amount of speculation since we have only the point of view of the Rileys. But some possible responses are as follows:

- It was summertime and it was possible that many repair people were on vacation. Among many service businesses, things often slow down in the summer time partly because there appears to be the belief that since many clients are on vacation, there would be fewer demands for service. Examples of this phenomenon include hospitals, universities and accounting firms. Many small service companies also close for a period of time during the summer.
- The organization may have been in a cost-cutting mode, especially since department stores are under a great deal of competitive pressure. (Fragmentation of the marketplace is making it more and more difficult for department stores to compete. The Internet has increased "democracy" in the marketplace and consumers have more and more information.) It is ironic but when organizations begin to cut costs, some of the first things to go are service and advertising. Witness the cuts in the extended warranty programme for dishwashing machines — the hose was no longer covered. Even the employee appeared to be disgusted — he obviously was the one who faced client anger.
- Lack of training may have been a possible cause. Training costs are also often subject to cuts when companies are trying to reduce costs. And if employee turnover is a problem, then it is possible that the new employees are not adequately trained before being sent out in the field.
- Attempts to reduce reliance on human beings may have also been part of the problem. The policy of communicating by e-mail rather than by telephone suggests this. But the efficiency of e-mail communications depends on potential recipients reading e-mails as they arrive. In an organizational environment, it is often easy to ignore e-mails, unlike phone calls.
- Size may also have been a cause. The Canadian was a large organization where specialization was the order of the day — witness the reaction of the store employee who said that service was not her business, implying that selling is what she is there for. We see this happening a lot in car dealerships where the sales people have no connection with the service department, even if repeat sales depend on excellent service.

5. What service recovery alternatives were available to The Canadian?

It appears as though the Rileys were taking *private action*, i.e., they may defect and they may also provide negative WOM.

The best strategy for The Canadian is “do it right the first time.”

Otherwise, resolve complaints effectively. The Canadian:

- Could have delivered the loaner.
- Could have sent the repairperson afterhours — pay overtime.
- Could have offered some form of compensation.
- Could have apologized and sent a letter.
- Could have replaced the refrigerator.

To prevent similar occurrences in the future:

- Plan recovery procedures.
- Teach recovery skills to relevant personnel.
- Empower personnel to use judgement and skills to develop recovery solutions.

6. What could Chantale and Clinton have done differently?

This is another speculative question but apart from being far more aggressive, clients are often at the mercy of the organization. It is for this reason they tend to use WOM (private action) to deal with their frustration. But these actions are taken after the incident.

7. Should the Rileys take any action on July 5?

The Rileys were discussing whether they should take any further action. As with the majority of consumers, it is likely that the Rileys will do nothing apart from making a resolution not to purchase appliances from this retailer. But a letter of complaint to the retailer, if well-written, may well result in some form of apology. This may soothe the feelings of the Rileys, but would it have any effect on the operations of the company? If the letter was one of many, maybe yes. If it was isolated, it is likely that things would remain the same, especially since employee behaviour depends on so many different things: recruitment, selection, training, compensation, supervision and so on. The culture of the organization also plays a major role.

LEARNING POINTS

1. Employees must speak in a consistent manner. Confusing and conflicting messages affect a customer's image of the service.
2. Employees must be trained in interaction skills. They are the company.
3. Companies must have the means of having customer call history available so that front line personnel will be aware of when the customer has called and how many times previously.
4. Repair people must have the tools necessary to do the job or else must have easy access to these tools.

5. Customers with bad experiences talk about it and negative word of mouth can be deadly.
6. It is very easy to destroy a reasonably well-established relationship but quite difficult to build one.
7. All employees operate in the field of marketing, including repair people and those who answer the phone.
8. There are costs to the customer when there is a service failure.
9. The behaviour of customers is influenced not only by the immediate but also by what happened in the past.
10. Organizational culture plays a significant role in influencing how employees interact with clients.

SEQUEL

On Tuesday, August 21, the internal temperature of the refrigerator was again high: nine degrees Celsius. Chantale called the service department of The Canadian. Since The Canadian had already made three service calls to the Rileys' residence, the customer service department of The Canadian did three things:

1. It made arrangements for a technician to visit the Rileys the next day.
2. It provided information on the loaner — how to get it, where it was, etc.
3. It ordered a new refrigerator to the Rileys.

On Wednesday, August 22, the technician visited the home of the Rileys. He was the same one who had been in training during the first call. He stayed one and a half hours and could not diagnose the problem. He was on the phone asking for advice most of the time. He finally speculated that it could be a refrigerant leak and that he needed nitrogen, which he did not have with him. He said that he would be back on Friday, August 24.

That same day, Wednesday, Chantale called Louise, an employee at the store outlet. She said that the loaner could be picked up that day. She also said that a new refrigerator would be delivered on Saturday. The loaner was collected by Chantale and the repair appointment for Friday was cancelled.

The new refrigerator was delivered to the Rileys on Saturday, August 25, but the door was damaged. The door from the old refrigerator was installed on the new, just-delivered appliance. A bulb in the new refrigerator was also blown. Chantale picked up a new bulb at the store when she returned the loaner. During these subsequent events, Clinton was out of the country on business.

TEACHING THE CASE

This is not your typical “decision-making” case. It is designed to show all the factors that are involved in trying to market or to deliver customer service. I have taught this case twice to MBA students and in each case the class went really well. Students identify with Chantale and Clinton and they could often give their own horror stories. While these stories may add spice to the class, it is important that the instructor brings the class back to the issue at hand.

I normally begin the case by laying out the timeline on the board. Then I follow the sequence of questions, as laid out in this note. By the end of the case discussion, students often roll back in their seats when they discover all the various factors, including situational ones, which may influence customer behaviour.

Exhibit TN-1

POSSIBLE SOCIAL INTERACTIONS OF THE RILEYS

