

# THE MOMENT OF TRUTH: A KEY TO SUCCESSFUL SERVICES MARKETING

Jens Hultman

Department of Entrepreneurship, Marketing and Management  
Jönköping International Business School, P.O. Box 1026,  
SE 511 11 Jönköping, Sweden  
(jens.hultman@jibs.se)

## ABSTRACT

This paper highlights the importance of the moment of truth in services marketing. The moment of truth is argued to be a notion that bridges the concept of the service encounter with the concept of the expected and experienced quality. This paper is outlined as follows: First, the service encounter is framed and the paper then addresses the concepts of service quality and expectations. When addressing expectations, specific attention is given to the zone of tolerance, a concept outlining the boundaries within which the expectations are seen as either met or not met. Second, implications for managers in service markets regarding the moment of truth are outlined. The paper concludes by raising current issues such as outsourcing, quality control and over performance in service production.

## INTRODUCTION TO THE FIELD OF SERVICES MARKETING

Although it is still to some extent in the shadow of its big brother (the broad scientific discipline of marketing), services marketing developed independently from its antecedent over the last couple of years. Marketing has its history as a scholarly discipline that emerged during the 1930's and service marketing has a history that can be traced back to the 1950s. For an extensive elaboration on the history and development of services marketing as a scientific discipline, reports by Brown *et al.* (1994) and Grönroos (1994) are recommended. Of course, the histories of the two fields are intertwined. Services marketing started as a wave of criticism within

the field of marketing. Some of the early contributions to the discipline showed that there was a need to acknowledge the significant differences in the marketing of products compared to the marketing of services (e.g., Judd, 1964; McDowell, 1953; Regan, 1963; Shostack, 1977).

Despite these early contributions, and despite the fact that, in retrospect, it is obvious that there has been a long tradition of product bias in marketing, it was not until the mid 1980's that the field of services marketing really became established (Brown *et al.*, 1994). It was during the 1980's that the first textbooks on services marketing (e.g., Lovelock, 1984; Normann, 1984) were published and it was at this point the first journals with a distinct focus on services marketing were launched (e.g., *Journal of Services Marketing* was launched in 1987 and *International Journal of Service Industry Management* was launched in 1990).

With the emergence of service marketing as a discipline of its own, a certain number of generic characteristics that distinguishes a service from a product as well as a few important concepts developed. The characteristics that distinguish a service from a product (see discussion on the usual distinctions between service markets and product markets in Lovelock (2001) are usually the following:

- Intangibility – services, unlike products, cannot be felt, demonstrated in advance or transported as products.
- Perishability – services, unlike products,

cannot be stored. In most cases, production, consumption and sales are done at the same location.

- Inseparability – the production of services, unlike the production of products, is difficult to separate from the consumption of services. In most cases, the customer takes part in the production through some form of interaction.
- Variability – services, unlike many products, are homogeneous when it comes to output. Services cannot be standardised to the same extent as products, partly because the customer's participation in production creates an additional aspect of variation.

In addition, it has become quite popular, within the field, to say that a service is something that you can buy but that you cannot drop on your foot, thus emphasising the intangibility that services have and that distinguishes a service from a product (e.g., Grönroos, 1990). As a contrast to this definition, it ought to be stressed that one should be mindful of the dangers of regarding services as something completely different from products. There has, in fact, also been some scholarly interest to figure out the similarities between products and services, even though the main focus seems to be on how to distinguish the differences (e.g., Axelsson and Wynstra, 2002).

A few of these aspects in which services and products demonstrate distinct similarities can be illustrated. First, both services and goods need to have the purpose of fulfilling a specific need; they have some function for the customer. Second, both services and goods need to be competitive; they need to provide a specific value that differentiates it from services/goods provided by competitors. Third, we can discuss both services and goods in terms of three levels; core, actual and augmented (e.g., management consultancy). Fourth, many services and goods have both tangible and intangible elements.

The purpose of this paper is to conceptually

demonstrate how customer expectations, the service encounter and service quality are bridged by the notion 'moment of truth' in services marketing. Even though the paper mainly concentrates on the conceptual aspects of bridging the concepts together, the bridging arguments will, when applicable, be underpinned with empirical illustrations. Within the field, too many have treated the different constituting blocks of services marketing in isolation. Instead of following on this trail, this paper aims at bridging the concepts and to show how evaluation in terms of service quality is a pathway to determine and evaluate expectations. In services marketing, since the production and consumption is simultaneous, all these concepts are interconnected when the technical quality (the benefit) is transferred in the interaction between the service provider and customer, at the moment of truth.

The paper is outlined as follows. First, the service encounter is framed and the paper then addresses the concepts of service quality and expectations. When addressing expectations, emphasis has been put on the zone of tolerance, a concept outlining the boundaries within which the expectations are seen as met or not met. When addressing service quality, specific attention was given to how the total perceived quality is a match between expected quality and experienced quality. The first section was concluded by defining and discussing the moment of truth. Second, implications for managers in service markets regarding the moment of truth are outlined. The paper is concluded by bringing up current issues like outsourcing, quality control and over performance in service production, and relating these to the previous elaboration on the moment of truth.

#### FRAMING THE SERVICE ENCOUNTER

If we return to the four characteristics that differentiate a service from a product that was outlined in the introductory section, one very

important implication can be drawn. The implication refers to the definition of services adopted in this paper; that a service is an act or performance offered by one party to another, and, that a service is constituted by a set of activities that provides the customer with a technical quality, the sought benefit of the service offer (Lovelock, 2001). The implication is that the customer is a key actor in the activities that constitute the service. In addition, since the production and consumption is simultaneous, the interaction between the customer and the service provider in what is distinguished here as the service encounter becomes central.

The service encounter can be defined as a moment of interaction between the customer and the firm (Czepiel *et al.*, 1985). A service can have one or several service encounters. For example, if you travel by air, you are likely to encounter the employees of the airline at several occasions during your flight from A to B. You will meet personnel at the check-in, cabin crew, and lounge crew and many more. The services they provide you with might either be services provided to you directly by the airline (e.g., cabin crew), or by some related firm from which the airline purchases services from (e.g., security personnel). Regardless of who the service provider really is, they are all there to make your (and others) business or pleasure trip as safe and convenient as possible – they all perform activities that make up the service that you have bought when you purchased the flight ticket.

In a publication that attempts to distinguish particular events and behaviours that causes either very satisfactory service encounters or very unsatisfactory service encounters, Bitner *et al.* (1990) asserted that, in fact, from the customer's point of view, the interaction is the service. Categorising services and the importance of personal interaction, some scholars (e.g., Lovelock, 2001) have made a distinction between high-contact services (e.g., cabin crew) and low-contact services, (e.g., airline service call center

or catering personnel). Even though it may be so that services differ in terms of how much personal customer interaction that is necessary, it might also be so that some services, though still demand some form of interaction, do not require face-to-face interaction. One such instance is the growing number of self-service equipment that we, as consumers, are confronted with (Meuter *et al.*, 2000). For example, most airports today offer self service check-ins. Instead of waiting in line at the check-in desk, customers can use automatic check-in counters, and thus have their first face-to-face contact with airport personnel at the airport security where your hand-luggage is cleared and your boarding pass and passport is controlled.

When reviewing the literature on service marketing and especially literature on the service encounter, expectations stand out as a central concept. Due to the intangibility and variability of service performances, the expectations very much affect the buying decision. A service customer cannot 'test' the service in advance, but based on prior experience, word of mouth, expectations and other variables, customers decide to buy a specific service. For example, a frequent flyer who travels hundreds of thousands of miles every year might be more demanding, and thus expect more, due to his or her prior experiences, needs and knowledge than most other airline customers. Expectations can be described as beliefs about the service offer which, when compared with the perceived quality that is actually delivered, are presumed to influence the satisfaction and perception of the value of that service offer (Coye, 2004). The fulfillment of expectations can be described with the help of the notion of the zone of tolerance. Berry and Parasuraman (1991) suggested that the zone of tolerance could be defined in the following way:

*"[...] a range of service performance that a customer considers satisfactory. A performance below the tolerance zone will engender customer*

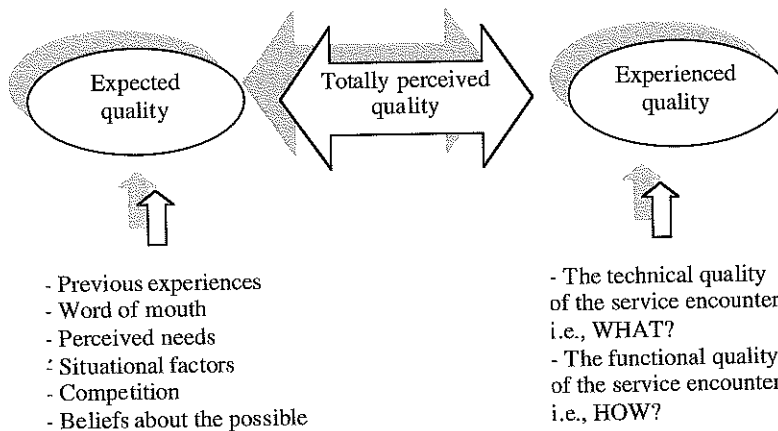
*frustration and decrease customer loyalty. A performance level above the tolerance zone will pleasantly surprise customers and strengthen their loyalty."*

Here, it is important to stress that the zone of tolerance does not look the same for all customers, neither is it static when taking into consideration single customer expectations over time (Johnston, 1995). Customer expectations vary in accordance with other variables, for example; present competition, situational factors, experience and making of the zone of tolerance wider or narrower.

In the section where the notion of customer expectations was conceptually outlined, it was asserted that, when compared with the perceived quality that actually is delivered, expectations are presumed to influence customer satisfaction. Naturally, service quality is one additional central concept in the field of services marketing. This calls for an elaboration on quality. Undoubtedly, the SERVQUAL model developed by Parasuraman and associates (e.g., Parasuraman *et al.*, 1988; 1991) is one of the models most frequently referred to and elaborated on within the field. Quality seems to be a tricky business. The challenge with service

quality is that you cannot demonstrate the service in advance and you cannot replace a dysfunctional service as you (to some extent) can do with a product. The service is produced and consumed at the same time – created in cooperation.

The experienced quality of a service encounter can be discussed in the what-dimension, i.e., technical or outcome related, and, in the how-dimension, i.e., functional or process related (Grönroos, 2000). For example, the quality of airline services is more than just transporting passengers from A to B. For the passengers to arrive at B is just part of the deal – the what-dimension. For most passengers, the how-dimension is also important. The how-dimension would then be the functional aspect, arriving safely and at the right time and all other augmented aspects of mere transport from A to B. In addition to the how- and what-dimensions, we can add extended aspects and important concepts of quality: relational quality (service package presentation) and design quality (service package design). The total perceived quality is then a match between the expectations on quality and the experience of quality in the service encounter (Figure 1).



**Figure 1.** Totally perceived quality as a match between expected quality and experienced quality. Adapted and modified from Grönroos (2000) and Lovelock (2001).

As a collective term, the concept of moment of truth refers to the critical moment in time when the service encounter, the expectations and experienced quality are brought together. The concept was originally coined and developed by Swedish scholars and practitioners (e.g., Carlzon, 1987; Normann, 1984). It seems that the notion has attracted more scholarly attention in Sweden and Scandinavia than in other parts of the world, even though most textbooks mention it (e.g., Lovelock, 2001). The moment of truth is also the notion for which the personal face-to-face interaction during the service encounter can be summarised (Normann, 1978; 1984). As mentioned earlier, there can be many service encounters. Yet, for each service, there is only one moment of truth. The logic to using the bullfighting metaphor is the following (Normann, 1984):

*"[...] services are the result of social acts which take place in direct contact between the customer and representatives of the service company. [...] we could say that the perceived quality is realized at the moment of truth, when the service provider and the service customer confront one another in the arena. At the moment they are very much on their own. What happens then can no longer be directly influenced by the firm's representative and the expectations and behaviour of the client which together will create the service delivery process."*

When the matador and the bull confront one another in the arena, the moment of truth means that the outcome is death for one of the two. Fortunately, the bullfighting metaphor has a distinct difference from the reality of service marketing. Death is not the expected outcome for one of the parties in services marketing as it terrifyingly is at the bullfight arena. Nevertheless, the moment of truth constitutes a situation of profound importance. For example, as described by Mr. Carlzon (1987), the former

CEO of SAS (Scandinavian Airline Systems), a good service is to take the individual customer's needs into consideration in the service encounter. This could mean helping a customer who has lost his ticket to board the flight anyway or helping an elderly man to an aisle seat close to the exits so that he easy can board the airplane.

First, the moment of truth is when the service really happens. This is when the technical quality (the benefits) of the outcome is transferred to the customer, both in the what-and how-dimension. The exchange of what is bought is then either accepted or not accepted; the experienced quality is either within or outside the zone of tolerance. Second, the moment of truth is what leaves impressions - for better or worse. For the services marketer, the moment of truth is a true moment of opportunity. Moments of truth have the potential of becoming the basis for word-of-mouth marketing, one of the most effective and efficient forms of marketing that exists (Dye, 2000). However, just as the success in the moment of truth opens up for opportunities, a failure in the moment of truth opens up for potential hazards and threats. An unattended unsatisfied customer can affect many other customers buying behaviour. Third, moments of truth build expectations. It is not only so that the moment of truth puts the focus on a specific on-going service production and evaluation.

On the contrary, the moment of truth in one service encounter will inevitably – for good and for bad – be the foundation on which future expectations are built. One of the things that constitute expectations is experience, and this relationship creates a cycle where old experiences create the basis of future expectations. Fourth, it is not only the customer who is affected by the outcome of the moment of truth. Rather, the fact that the service provider carries the moment of truth onwards to the next encounter, shapes a cyclical movement that either could be positive or negative in the sense that successful service

encounters and moments of truth could not only uplift the customer, but also uplift the service personnel creating a feeling of self esteem and self confidence (Normann, 1984). A negative experience would then create the opposite outcome in such a circle.

#### THE MOMENT OF TRUTH: A DISCUSSION ON IMPLICATIONS FOR MANAGERS

Regarding the moment of truth and services marketing, this section of implications will return to the concepts by discussing current issues like outsourcing, quality control and over performance in service production. Here, the contribution is to bridge the concepts together and by showing how not only expectations and quality are interrelated, but also expectations, quality, the concept of the service encounter and the moment of truth are closely linked to one another.

The first implication refers to the risks of over performance. As mentioned in the former section, hardly any discussion about the possible risks of performing in a way that exceeds customer expectations was done in previous studies. On the contrary, it seems to be assumed that a performance level above the tolerance zone will pleasantly surprise customers and strengthen their loyalty. (Barry and Parasuraman, 1991).

The reality is, however, perhaps more complex than this. Since the moment of truth determines the level of how well the expectations are met, and since the moment of truth is the foundation on which future expectations are built on, a service encounter that exceeds the expectations on quality might lead to a cycle where the service firm constantly needs to outperform itself for every new service encounter. Bringing up the risks of over performance is not to say that firms should 'just meet the customer's expectations'. Of course, there is an element of differentiating from customers by outperforming them. The point is merely to elevate the potential

risks of over performance. Over performance can indeed lead to short term customer satisfaction, but at the same time undermines the service system. Eventually, the outperforming trend will need to come to an end and, at that point, the customer's reaction certainly will be negative.

The second implication refers to a phenomenon that in today's business society seems to be more common. That is, to outsource (i.e., to outsource means to start buying services that before was performed inside the company) certain activities that fall under the logic of not being best performed in-house, and therefore not contributing satisfactorily to the firm's overall achievements. In the business services world today, to stage the right set of personnel and material resources is perhaps more complicated than ever. A recent report by Karmarkar (2004) shows that outsourcing and offshoring (i.e., to outsource or set up own production overseas – mainly to regions where the firm can take advantage of well-trained but less expensive workers) have forced many service firms to reconsider strategy and to redesign their service systems. The outsourcing certain activities or sets of activities has, of course, both advantages and disadvantages. The diversion of risk (i.e., to spread the risk of having to deal with demand fluctuations) and focus on core activities are often key reasons to outsource. The increased dependency on suppliers and decreased control are often seen as the main problems with outsourcing (e.g., Axelsson and Wynstra, 2002; van Weele, 2002).

Since the moment of truth is a point in time where the outcome of the interaction by no means can be controlled by the firm, an emphasis on the management's role in the service encounter is necessary. Instead of being in control of the service encounter per se, the managerial task is rather to stage a service system where the front end personnel get the right tools to perform a service encounter that meets the expectations of quality by the customer. To provide a solid

foundation becomes more complicated, but also more important, when parts (or most) of the activities in a service system are produced by external suppliers through outsourcing. In effect, this means that not only has the firm no control of the service encounter, it has also to some extent lost control of the foundation on which the service encounter is performed. After all, a decision to make or to buy parts of the service system is to weigh the benefits of having a spread of risk against the drawbacks of having even less control over the service encounter and moment of truth.

### CONCLUSION

Even though it is not literally a matter of life and death as it is at the bullfight arena, the moment of truth can still be a matter of survival of a firm. It seems quite clear that the micro-aspects of the service encounter are connected to the macro-aspects of market share and general success of the firm. Hopefully, this connection has been made clear in the paper. Based on the implications elaborated on in the former section, I would like to conclude this paper with a few prescriptive and normative aspects in the form of critical factors regarding the key to successful services marketing – the moment of truth. The first critical factor is to manage ‘make and buy’ decisions in the service system. Here, questions like the following can (and should) be asked:

- What service activities do we perform and which of these can be (or are being) performed externally?
- If we outsource a certain activity: how can we manage control of and dependency on the supplier of the service?

The second critical factor is to manage human and physical resources. Even though a firm cannot control the moment of truth or the service encounter, they still can manage the foundation on which the service encounter takes place. Here,

questions like the following can (and should) be asked:

- What does the resource structure in the service system look like (financial, human, material, immaterial, relationships)?
- Which of these activities in the service system are critical and how do we allocate the adequate resources (acquire facilities, recruit personnel) to make them successful service encounters?

Increased emphasis can be put on the concept of the moment of truth. I have attempted to outline the moment of truth as a collective term meaning the moment in time when the service encounter, the expectations and experienced quality are brought together. The aim has been to show how not only expectations and quality are interrelated, but also expectations, quality, the concept of the service encounter and the moment of truth are closely linked to one another. In today's world where outsourcing and offshoring becomes more common, it is vital to manage the aspects of the foundation on which the moment of truth takes place.

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