

The interaction between companies internal processes and the service encounter and its affect on the perceived quality

A case study within the automotive industry

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This article is based on a master's thesis produced at one case company and one comparative case company within the automotive industry during the spring of 2015. Through the case study the affect of the interaction between companies internal processes and the service encounter on the perceived quality was examined.

Background and introduction

The competition is constantly increasing in all markets. The competition has made it important for a company to deliver a solution and fill customers needs, more than only providing them with a physical product. The companies have to create complete solutions often consisting of services to complement the physical product and in that way meet the customers' needs and demands.

The automotive industry is one example of an industry that in recent years has experienced increased competition. The amount of competitors able to deliver high quality vehicles has increased, making it hard for companies to compete with high quality as their only feature. Instead these companies offer complete solutions that involve different services. The amount of services, both connected to the purchase and the aftermarket, provided by companies has therefore increased. The services can be of different kinds, it can be financial services and insurances as well as physical services and repairs on the vehicle. The service a company is able to provide the customers on the aftermarket is many times a key selling point for making a deal. How the services on the aftermarket are organised to make the customers satisfied differ between the companies.

When providing a service a company will meet the customers in different encounters, so called service encounters. In the automotive industry most of these service encounters take place on the aftermarket, in the workshops when the vehicles are served or repaired. These encounters will have a large affect on the customer satisfaction as well as the experience of quality. The encounters are in turn affected by their interaction with the internal processes. Despite that the interaction between the service encounters and the internal processes of the companies is poorly examined, as well as the affect they have on the perceived quality.

Purpose

The purpose is to describe and analyse the interaction between companies' internal processes and the service encounter and its affect on the perceived quality, within the automotive industry.

Methodology

To fulfil the purpose a case study was preformed with a combination of descriptive and explanatory approaches. A starting point was to define the three different concepts, internal process, service encounter and perceived quality, out of existing literature. Existing literature was also used to form a theoretical framework, consisting of the three models: process mapping, service blueprint and seven criteria for good

perceived quality. These were later applied on empirical data from the case company. The empirical data was gathered through interviews and observations on workshops owned or authorized by the case company. This was also complemented with data collected in customer interviews as well as observations and interviews at an extra case company used for comparison.

Teory

The purpose was as mentioned fulfilled using three different theoretical models: Process mapping to provide an understanding of the *internal processes*, service blueprint to map the *service encounters* and seven criteria for good perceived quality to assess the *perceived quality*. To be able to understand the interaction between the first two models and their affect on the perceived quality, they first needed to be examined one at a time before being linked together.

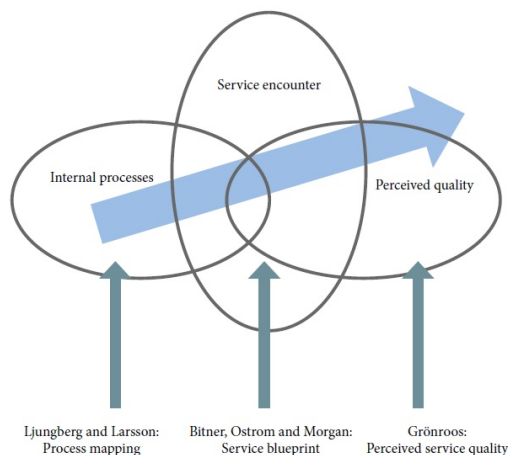


Figure 1: Theoretical framework

Internal Processes

In the companies there are processes that rule the way that the work is performed within the company. To be able to understand why things are in a certain way within a company, a map of the processes is helpful. The process maps gives an understanding of processes as well as the communication and information flow.

Service Encounters

When the amount of service within a company increases so do the amount of the service encounters, and the importance of

these. Since the customers judge the company based on all interaction they have with them, the company has more occasions to get a better or worse relationship with their customers. This makes it of great importance for the company to manage the service encounters.

Perceived Quality

Some customers are very good at telling companies what they think, especially when they think things are bad. Despite that it can be hard for a company to understand just what makes their customers satisfied and what makes them perceive a high or good quality. Many times the companies has notions of what they think makes their customers satisfied, but the research in this area is rare and the reports few. By using the seven criterions for high perceived quality as a foundation a better understanding of the customers can be given.

The case companies and findings

A main case company acting in the truck industry, and a competitive case company, a company acting in the car industry, has been selected for the study. They were selected since they both are large and well-known companies within the automotive industry providing services on the after market. Since the study was focused on the aftermarket, two authorised private owned and two truck workshops fully owned by the Truck Company, as well as two private owned car workshops, were the foundation for the process mapping and service blueprint. The material was collected through observations and interviews with workshop staff at the different workshops as well as with interviews with truck customers.

Internal processes

In the two case companies the processes are organised differently. Within the truck workshops the processes are overlapping and within the same flow, while they in the car workshops are organised in parallel flows. The information flow uses different ways in the two different case companies. Within the truck company the information is

transferred many times between different people with different roles, while the car company in most cases only have one person handling the customer.

Service encounters

The service encounters are many in both car and truck workshops and many service encounters occur over telephone and only a few takes place face-to-face. What differs is the amount of people involved in the service encounters. In the car workshops the service encounter often takes place between two persons, the customer and a personal service technician responsible for the customer. In the truck workshops more people are involved in the encounters both from the customers and the workshops part. The service encounter is therefore more personal at cars but more effective on trucks since it is easier to get in contact with someone else if the usual contact person is absent.

Perceived Quality

In the customer satisfaction measurements provided by the Car Company it can be seen that the customers perceive the quality higher when they get a personal relationship. The most important factors for truck customers to perceive a high quality is to get fast correction, meaning that they get help quickly when the truck breaks down, and also to have staff with a high competence.

Conclusion

By integrating the process maps and service blueprints a better understanding of the interaction between the internal processes and the service encounters in the case companies can be achieved. The integrated maps visualize what persons are involved in the process and were from the customer's point of view activities take place. From these maps it could be found that a majority of the actions in the processes in both the car and truck workshops takes place backstage, which makes them invisible to the customers. This leads to the customers basing a large part of their assessment of the quality on the truck or car.

The main difference between the truck and car workshops is the flow structure and the number of persons participating in the service encounters. The need of the customers that needs to be filled for them to perceive high also differs. This is reflected in the fact that the internal processes and the service encounters are organized differently as mentioned.

The car workshops has organised their processes in parallel flows with few people involved in order to get a personal service encounter. The truck workshops processes on the other hand are overlapping within the same flow and with a lot of persons involved. This allows the truck workshops to be flexible and adaptable. It also makes the service encounters involve many persons and the information transfer complex. However, the flexibility makes it possible for the truck workshop to help the customer fast and easy relocate competence to best fit the changed needs.

The differences in how the processes and the service encounters are organised is probably a result of the car- and truck workshops acting on different markets, B2B and C2B. The customer structures are different on these markets and so are the needs. What can be concluded is that the internal processes and the service encounters are organised based on the workshops customers' needs, for the customers to perceive a high quality. But how it is done differs depending on market, customer structure and the size of the workshop.