

**Moving from the management of quality to the management of customer expectations: the challenge for public leisure facility management.**

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## **Moving from the management of quality to the management of customer expectations: the challenge for public leisure facility management.**

### **Synopsis**

This paper examines the impact of customer expectations on the management of public leisure services, arguing that public leisure providers will need to shift their attention from the management of service quality, to focus on the management of customer expectations of their services.

Improving the quality of public leisure services has been a goal for successive governments; quality management is inherent within both the Compulsory Competitive Tendering and Best Value frameworks that have impacted on public leisure services since the 1980s. As a result, the management of service quality has become an integral part of the service strategies of public leisure providers, leading to significant improvements in the quality of public leisure services. Associated with these improvements in service quality are raised expectations of these services. Customer expectations have not only required the use of quality initiatives, but have been subsequently further raised by quality management activities.

This paper considers the impact of this, arguing that customer expectations are likely to rise to levels that make it financially unviable for public leisure managers to continue with a strategy of service improvement. It suggests that an alternative strategy of managing expectations may be more appropriate. This argument is set out by first, considering the effect of customer expectations on the management of public leisure services, second, discussing how these expectations are formed and consequently, how they can be managed.

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### **Introduction**

**Expectations of public leisure services are extremely diverse, reflecting the nature of the services offered by this sector. Expectations of public leisure services are held by a myriad of customer groups including those wanting state of the art equipment in local authority fitness suites, parents who require safe holiday activities for their children and youngsters hoping to access to football goals on evenings and weekends. This extensive and disparate range of customer expectations should be taken into account by those who are responsible for public leisure in order to deliver services of a high quality.** This paper examines the impact of customer expectations on the management of public leisure facilities, arguing that the managers of these leisure services will need to shift their attention from the management of service quality, to a focus on the management of the expectations of their customers. ~~Improving the quality of public leisure services has been a goal for successive governments, inherent within both the Compulsory Competitive Tendering and Best Value frameworks that have impacted on public leisure services since the 1980s. As a result, the management of service quality has become an integral part of the management strategies of public leisure providers, leading to improvements in the quality of these services.~~<sup>1, 2, 3</sup>

This is particularly the case for multi-purpose leisure facilities, the major provider of active leisure opportunities in the public sector and it is these leisure services that are the focus of this paper. Multi-purpose leisure facilities differ significantly from other leisure services, such as parks, libraries or galleries as customers are charged to use these facilities. Moreover, these charges are usually more than an attempt to simply cover costs and for some services (health and fitness, function room hire) reflect market rates. Over the past two decades this revenue earning capacity has

led to the emergence of a quasi-commercial operating context for leisure facilities. Although, often significantly subsidised by the local authority, facilities, such as health and fitness suites and services, such as 'Learn to Swim' classes compete directly with the commercial sector and generate revenue for the local authority. Public sector managers have faced this challenge with the introduction of quality management strategies that allow them to deliver services of such quality that they are able to compete directly with those offered by the commercial sector.

Associated with these improvements in quality are raised expectations of these services. Customer expectations have not only required public leisure facility managers to use quality initiatives, but have then been subsequently further raised by these quality management activities.<sup>4</sup> Customer expectations of leisure services are high for both the public and commercial sectors leading both to have to improve service quality in order to attract and maintain customers. **The historic acceptance of lower quality public provision in exchange for lower participation fees has eroded to such an extent that levels of service quality in the public sector are now, on the whole, equal to those of the commercial sector and are likely to remain so.** ~~Consequently, levels of service quality in the public sector are, on the whole, equal to those of the commercial sector as customers rarely make allowances for the different financial bases that these two types of organisations have.~~

This paper considers the impact of this, arguing that customer expectations could potentially rise to such a level that it may not be financially viable for public leisure managers to attempt to meet these. It suggests that in order to maintain competitiveness, managers of public leisure facilities are likely to have to move away from continually trying to improve service quality, to being concerned with the management of customer expectations. This paper sets out this argument by considering the effect of customer expectations on public leisure facilities, how these expectations are formed and how they can be managed.

Prior to this discussion, it is important to note that this paper is not concerned with customer satisfaction, which, although influenced by customer expectations, is considered to be a different concept to service quality. **It is possible to identify two different types of expectations that customers have for services. First, as will be discussed in more detail in the following section, customers expect services to provide certain attributes and use these expectations to make judgements about service quality. For example, a public leisure facility that provides a bigger range of activities than another will be perceived to be providing a service of higher quality. If a facility does not provide car parking, it will be perceived to be providing a service of lower quality than one with a car park – even if its activity range is greater. Finally, staff are expected to be helpful and if they are not, there is little that a facility can do to overcome the impression of poor quality that this creates. Thus customers have expectations of what should be provided by a service and these expectations shape perceptions of service quality.**

**Second, customers have expectations of each service encounter and these shape feelings of satisfaction with the service. These expectations are perceptual in nature as satisfaction with a service is determined by the customer's perception of how well the service encounter has met their expectations of it, rather than by any attributes provided by the facility. For example, although a facility may provide a car park, if a customer has to park at the far end of the car park and misses the start of their activity, they are likely to feel dissatisfied with the service, perceiving the car park not to have met their expectations. Alternatively, if they do not miss the start of their activity, the fact that they had to park at the far end of the car park is likely to have little or no impact on their satisfaction with the service.**

The distinction has been made between the two concepts by arguing that expectations leading to satisfaction consist of what a customer thinks a service firm

has to offer, while expectations leading to perceptions of service quality are what a customer thinks a service firm should offer.<sup>5</sup> Or, satisfaction can be considered as an outcome that emerges from the experience of the service, while service quality is concerned with the attributes of the service itself.<sup>6</sup> **Using the example above, a car park has been provided to meet expectations of quality, but whether a customer is satisfied with the car park is determined by the impact of car parking on their expectations of the service encounter.** This paper is concerned with customer expectations of the attributes of public leisure facilities and thus with expectations that lead to impressions of service quality.

### **Customer expectations and service quality**

The emergence of quality management within public leisure facilities became apparent in the mid-1980s and was evidenced by two main features. First, a focus on the customer, epitomised in the concept of 'customer care', began to emerge as being of importance to managers, indicated by the increasing prevalence of the concept within the professional press, as a focus for training courses and perhaps more tellingly, within product advertising. Second and in parallel, was the increasing prominence of operational systems for assuring quality, like the International Standards Organisation's accredited quality programme, ISO9002.

Quality management, as evidenced by the prevalence of quality programmes in UK public leisure facilities, has been attributed to the actions and interactions of three key factors. First, the increasing professionalism of the leisure industry was a major factor influencing the introduction of quality management techniques within local authority leisure services.<sup>4,7</sup> Public leisure professionals, looking for ways of managing in the prevailing climate of consumerism, market competition and resource constraint, were drawn to quality management as it was considered to provide a means of managing both the need to be efficient and effective.<sup>3,4</sup>

The decision, made by public leisure professionals, to introduce quality management techniques, was heavily influenced by government legislation.<sup>1,2,4</sup> The 1991 Citizen's Charter legislation, Compulsory Competitive Tendering (introduced into Leisure Services in 1989) and Best Value have required the delivery of better, more efficient public leisure services, the delivery of which has been facilitated by quality management strategies.<sup>4</sup>

Finally, the aforementioned rise of a customer focus within local authority leisure services management is felt to have been a key driver of quality management in local authority leisure services.<sup>3,4,8,9</sup> It has been argued that this customer focus emerged as a result of growing customer expectations of public leisure services, leading to the development of quality management strategies.<sup>4</sup>

Quality management strategies and customer expectations are inextricably intertwined. First, knowledge of what customers expect from public leisure facilities allows managers to identify what is important to customers when they use these services. Second and more importantly, it is necessary to understand the level of expectations that customers have for the service and its attributes as it is generally accepted that customers use their expectations of a service to determine whether the service received is of an acceptable level of quality.<sup>5,10,11,12,13</sup> Customers use their expectations as a standard to assess the quality of the service that they are using.

Although not without criticism<sup>14,15,16</sup>, pioneering work done by Parasuraman et al<sup>12</sup> identified that if the service delivered meets a customer's expectations of it, then the service is considered to be of an acceptable level of quality. If the service exceeds expectations, then the customer is 'delighted' and perceives service quality to be good. Alternatively, if the service does not meet expectations, then service quality is perceived to be poor. Thus, in order to provide services that are perceived to be of an acceptable quality it is necessary for managers to meet customer expectations of their facilities.

Public leisure facility managers have attempted to achieve this by first, identifying what customers expect of their facilities through consultation initiatives and second, by implementing quality management techniques, such as quality programmes, in order to meet these expectations.<sup>3,4</sup> This customer-driven strategy of quality management has allowed public leisure facilities to compete successfully with the commercial sector. It is, however, possible to argue that continuing with this approach to meeting customer expectations will become less successful in the future as it is becoming increasingly evident that customer expectations of public leisure facilities are increasing.<sup>4,17,18</sup> It has been noted that

“the expectations of citizens generally are shifting upwards, with a greater emphasis placed on the quality of service. Levels of service which may have been tolerated only a generation ago are now regarded as unacceptable.”<sup>19</sup>

This presents a problem for public leisure managers. If they continue to raise levels of service quality in response to increased expectations, there will come a point where levels of quality will need to be so high that they will be impossible or financially unviable to achieve and maintain.<sup>4,20,21</sup> Consequently, the level of service will fall below customer expectations and quality will be perceived as poor, leading to decreased competitiveness and subsequent decreases in revenue. This is clearly not desirable as public leisure facilities are one of few public services that can make a contribution to the income of local authorities.

There are two ways of addressing this problem. First, it has been identified that expectations are not one-dimension.<sup>22,23</sup> Two levels of standard have been associated with customer expectations – *desired service*: the level of service a customer believes can and should be delivered and *adequate service*: the level of service the customer considers acceptable.<sup>23</sup> For example, a customer may desire not to have to wait in a queue at reception, but will accept that other customers may be at reception when they arrive. Research with customers of public leisure facilities tends to focus on



establishing the desired level of service and the lower, but acceptable levels of service are ignored.<sup>17</sup> Thus, it has been argued that by knowing what is considered acceptable, public leisure managers may be able to reduce levels of service, and costs and still provide services of an acceptable quality.<sup>17,23</sup>

This is, however, a risky strategy for two reasons. First, it is extremely difficult for customers to articulate this difference in their expectations and therefore establish what is adequate, rather than desired. Second, as customers become used to a level of service they begin to expect more. The current level of service becomes the norm, forcing standards to increase to align themselves with rising expectations.<sup>20,21</sup> Thus, delivering adequate service only delays the inevitable as what is considered to be adequate will eventually become unrealistically high as expectations increase. A second way of addressing the problem of increasing customer expectations is by attempting to manage these in order to prevent customers from developing unrealistic expectations of public leisure facilities.

### **The management of customer expectations**

There are two parts to the management of customer expectations and the first of these is to establish what type of expectations customer have, in order to identify whether these are realistic or not. Second, managers need to understand how expectations are created in order to have some influence over the formation of these, in an attempt to control their rise.

It has been argued that customers have six types of expectations: fuzzy, implicit, unrealistic, precise, explicit and realistic.<sup>13</sup> Customers have *fuzzy* expectations when they expect the service provider to deliver 'something', but they do not have a precise picture of what this may be. For example, customer consider that the service is not value for money, but are not sure why. *Implicit* expectations are rarely thought about by customers as these refer to situations or characteristics of the service that are

perceived to be so self-evident that they are only noted if they are missing. This type of expectation is difficult to manage as they often become obvious when something has gone wrong. *Unrealistic* expectations cannot be met and these are the main reason why managers need to establish what customers expect of their leisure facilities. On the positive side, *precise* expectations are the opposite of fuzzy expectations, as customers know exactly what they expect to be delivered. *Explicit* expectations can be identified, expressed and thus managed. Most importantly, *realistic* expectations are those that public leisure providers can actually deliver to customers.

From the above discussion, it is apparent that leisure facility managers need to work with customers to ensure that their expectations of the service are precise, explicit and most importantly, realistic. Figure one provides a framework for this, but in order to move from one side of the framework to the other, managers need to understand how expectations of public leisure facilities are formed.

Insert Figure one about here.

A number of factors have been identified as having an influence on customer expectations of public leisure facilities.<sup>4,17,24,12</sup> Customer needs and wants of the service are the main influence on expectations and have a positive relationship, in that the stronger the want or need, the higher the expectation. Word of mouth communication and publicity material allows people to form expectations of a service they have yet to use and/or play a role in shaping existing expectations. Past experiences of the service will obviously affect expectations of the future use of the service, as does the past use of similar services. Price is also considered to be a key influence on expectations as it suggests the level of service quality to be delivered – the higher the price, the higher the level of quality that is expected.

The risk that customers perceive they are taking in using the service is also important and is also positively related. External media play a role in setting expectations of leisure services as television, radio and advertising allows customers to develop an awareness what is provided by other leisure organisations both home and abroad. Finally, the increasing ease of international travel, growing competition and aggressive advertising has led to an increasingly discerning and informed public.

The above factors fall into two categories: those within the control of leisure facility managers and those that are external to the organisation and thus are outside of the manager's control. If managers can control expectations of their service, they are able to effectively manage the level of service quality that they deliver. They can set standards for quality that are appropriate for both their customers and their resources. However, if customer expectations are influenced by factors outside of management control, as expectations rise, managers will have to respond to this with obvious resource implications.

It is difficult to see what a leisure facility manager can do to influence the role of the media or the ease of travel. They can, however, directly influence the content of publicity materials and set a price that gives an accurate indication of the level of quality that customers can expect. They can also indirectly influence perceived risk by safety procedures, staffing levels, lighting and the provision of lockers. Past experiences and thus word of mouth communications can be managed via the facility's quality management strategies.

**However, what is arguably important for the successful management of customer expectations is two-way communication between leisure facility managers and customers. Managers are in a position to establish customer's needs and wants through consultation carried out via customer surveys, comments cards and focus groups, which have long been an integral part of the**

**management strategies of public leisure facility managers.<sup>25</sup> These activities provide managers with the opportunity to establish what customers expect from leisure facilities, so that these characteristics can be delivered.**

**Communication, however, needs to go beyond simply consulting with customers. Consultation has traditionally been a one-way process where feedback on the service has been collected from customers, by managers who then attempt to react to the information. The management of customer expectations requires a proactive communication process and should involve an ongoing dialogue between facility managers and customers, or representatives of customer groups. This exchange of information will allow managers the opportunity to communicate the aims and objectives of the service, to raise issues relating to service delivery and service quality and therefore facilitate the setting of precise, explicit and realistic expectations of the service. This type of communication process will allow expectations to be managed.**

**This dialogue is possible through a number of mechanisms. Many public leisure managers already hold regular meetings with customers and the purpose of these should be extended from information collecting to information sharing. For example, a number of public leisure providers hold ‘community forums’ and public meetings that allow residents to express their concerns and the council to explain what they are doing.<sup>25</sup> Facility managers have used such community forums to outline how budget cuts will impact on services and the consequences of funding new initiatives. <sup>25</sup> The Audit Commission has identified a number of consultative practices that are already in place within public sport and recreation services, and several of these provide the opportunity for information sharing as well as information gathering. <sup>26</sup> Thus, it would appear that there are mechanisms that facilitate two-way**

**communication and that these are already in place in many public leisure services.**

**Written communication also plays an important role. Regular newsletters will allow managers to provide information about the attributes of the service provided, to communicate the results of discussions with customers and to highlight future service changes and the rationale for these.** In addition, publicity materials need to be informative and accurate as leaflets and brochures with prices and programmes are used by customers to establish how they will use the facility and what they can expect to pay. Moreover, many customers view these written materials as 'contracts' that guarantee what will be delivered and therefore any inaccuracies are likely to cause the service to fall below expectations. More importantly, publicity materials allow providers to set realistic expectations of the facility and its service, as these provide an opportunity for pricing policies to be stated, programming objectives to be communicated and standards of service to be set. Thus, they are a key tool in the management of customer expectations.

~~They are also in a position to establish and influence customer's needs and wants through communication and consultation with customers.~~

~~The key to managing expectations is via communication with customers. Consultation carried out via customer surveys, comments cards and focus groups have long been an integral part of the management strategies of public leisure facility managers.<sup>25</sup> These activities provide managers with the opportunity to establish what customers expect from leisure facilities, so that these characteristics can be delivered. More importantly, consultation also allows managers to set precise, explicit and realistic expectations of the service to be provided and thus, allows expectations to be controlled.~~

Finally, communication is perhaps most important in instances of breakdowns in quality. It has been shown that if clear and timely explanations of the reasons for decreases in quality are provided, customers actually perceive that the service has met their expectations<sup>26</sup> and thus service quality is considered to be at an acceptable level, despite the service breakdown.

## **Conclusion**

The importance of communication with customers is not a new concept to managers of public leisure facilities and consultation has been a key part of the management of service quality for the past two decades.<sup>4,25</sup> It can be argued, however, that communication becomes increasingly important when attempting to manage the level of customer expectations. This is because consultation changes from being simply a mechanism for managers to become informed about customer requirements, to an opportunity for managers to set precise and realistic expectations about the service that can and will be provided. The communication process becomes two-way and by doing so allows public leisure facility managers to manage customer expectations of the services they provide.

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**Figure one: A framework for the management of customer expectations.**<sup>5</sup>

