

Understanding Critical Incidents

Critical incidents are important in the field of services marketing as they provide an insight into the types of service encounters that trigger an existing loyal customer to decide to switch service providers.

In this activity, students look at a range of critical incidents in services marketing and discuss how they could be addressed.

What is a Critical Incident?

When studying services marketing, the term "critical incident" refers to a service encounter where the customer is extremely dissatisfied with the service firm and/or its staff. Over the normal course of service encounters, most consumers will expect a degree of variability in the firm's overall level of quality - they understand that this can happen.

However, a critical incident is where the consumer believes that the service provider has "cross the line" and the level of service is simply unacceptable. In these situations, some consumers will choose to switch service providers, whereas will complain directly to the firm, or post messages on social media regarding the situation.

Here is a list of potentially critical incidents for a customer of a BANK:

- Rejected for a loan
- Bounced payment
- Closed local branch
- Charge extra fee
- Rude service encounter

And here is a list of potentially critical incidents for a customer of a FITNESS CENTER:

- Over crowding
- Significant changes in facilities
- Rude other customers
- Significant increase in fees
- Rude service encounter

Student Discussion Questions

1. Which of the example critical incidents listed above do you think that a service firm could control (that is, stop from ever happening) and which ones are not very controllable?
2. Which of the critical incidents listed are more likely to result in reduced customer loyalty?
3. Pick a few critical incidents from the above lists - if these were to occur to a customer, what could the service firm do to rectify (that is, implement service recovery) the situation and "save" the customer's business?
4. Think about a university (or college) as a service provider - what could be their list of potentially critical incidents?