

Guaranteeing Student Satisfaction: An Exercise in Treating Students as Customers

Michael A. McCollough and Dwayne D. Gremler

Service guarantees, formal promises made to customers about the service they will receive, are rarely offered in university classes. In this article, the authors report on their experience in guaranteeing the satisfaction of undergraduate students with the instructor's performance. The rationale for, success of, and lessons learned from this pedagogical exercise are reviewed. In addition, detailed feedback from students gained through focus group interviews and a written student assignment regarding the guarantee is examined. General advice related to the guarantee is offered for instructors interested in guaranteeing their own performance.

Should students be treated as customers? Can the lessons of service quality be successfully applied to education? By applying service quality lessons to the classroom, can students and instructors gain a deeper appreciation of service marketing by becoming participant observers? If students are treated as customers, should their satisfaction be guaranteed?

This study reports on an exercise in which we addressed the preceding questions by guaranteeing student satisfaction with our teaching performance. We begin by reviewing the literature on guarantees and present rationale for guaranteeing student satisfaction. Next, we present the satisfaction guarantee that we have offered in our classes. Using detailed qualitative feedback from students, we then evaluate the success of the exercise and report lessons we learned. Finally, we offer general advice to those interested in offering guarantees at their institutions.

GUARANTEES IN SERVICES AND EDUCATION

Service guarantees, formal promises made to customers about the service they will receive (Zeithaml and Bitner 1996), are rare. First, because of intangibility, services are risky (Murray 1991) and service failure is more common than goods failure (Fisk, Brown, and Bitner 1993). As a result, service providers may fear that guarantees would prove prohibitively expensive (Hart 1993; Hart, Schlesinger, and Mahar 1992). Second, the intangibility of the service offering makes drafting a guarantee a challenge (Rust, Zahorik, and

Keiningham 1996). Third, because of the inseparability of production and consumption, some failure beyond the organization's control (e.g., due to the actions of third parties or acts of God) is inevitable, which may result in the firm having to make seemingly unjustified payouts (Hart et al. 1992). Finally, because of coproduction, ultimate service quality often depends on the effort of both the service marketer and the consumer. As a result, organizations may feel that they cannot offer a service guarantee because they cannot assure the quality of the consumer's coproduction efforts. At the extreme, concerns about uncontrollable failure (due to the customer's inability or refusal to coproduce) may lead providers to fear that customers would abuse a guarantee. On the positive side, guarantees can provide an extrinsic cue to help tangibilize what is normally intangible service quality (Ostrom and Iacobucci 1996) and to set customers' expectations. Because service guarantees are so rare, providers often can obtain a competitive advantage by making a warranty available for their service product.

In her seminal work, Shostack (1977) identified education as the most intangible of products, prototypical in terms of heterogeneity, perishability, and coproduction. Guarantees in education are, therefore, uncommon. Some high schools and colleges have offered prospective employers guarantees that their students have mastered certain skills (Armstrong and Smith 1991; Hart 1993; Magnuson 1996). These guarantees essentially treat the student as a product and not as a customer. Other guarantees in education cover only a specific, objective result. For instance, some schools offer guarantees that assure students that they will graduate in 4 years given

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passing grades (Magnuson 1996; Sebastian 1995). Henry Ford Community College guarantees that it will refund the tuition of any course for which another college will not give transfer credit (Hart 1993). However, Richard Chase (professor of operations management, University of Southern California), who at one time offered a service guarantee to graduate students, is the only instructor of whom we are aware to offer a broad-based university classroom guarantee that treated students as customers (Hart 1993; Nazario 1991).¹

WHY GUARANTEE STUDENT SATISFACTION?

We believe offering students a satisfaction guarantee is appropriate. However, our peers and colleagues often ask “Why?” In the following section, we draw on the guarantee literature to explain our rationale for offering a service guarantee.

Guarantee Literature

An extensive body of research on guarantees can be found in legal, economic, and marketing literatures. We begin by briefly reviewing two theories of guarantees: market signaling theory and investment theory.

Market signaling theory. One reason that organizations offer guarantees is to signal to customers the superior quality of their product (Boulding and Kirmani 1993; Grossman 1981; Kelley 1988; Priest 1981; Shimp and Bearden 1982; Wiener 1985). Extensively discussed in the guarantee literature, signaling theory (developed from the study of information economics) considers situations when buyers and sellers possess asymmetrical information on product quality. Signaling theory assumes that the seller has perfect knowledge of product quality, whereas the buyer’s knowledge of product quality is imperfect. For instance, the quality of many products (especially services) cannot be determined by inspection but can only be known after consumption. Given this phenomenon of asymmetrical information, the sellers of high-quality products, seeking a market premium and competitive advantage over the producers of low-quality products, will attempt to send a prepurchase (market) signal to buyers concerning the superior quality of its offerings. Buyers are presumed to view such signals as highly credible, reasoning that low-quality firms could not hope to match the warranty of the high-quality seller.

Education, a highly intangible product high in both experience and credence qualities, could use a guarantee to signal teaching quality. Therefore, one reason to offer a teaching guarantee would be to signal to students the high quality of the class. This could be an important objective for elective classes, which can only be offered given adequate student enrollments.

Investment theory. The investment theory (Priest 1981) views guarantees as an insurance and repair contract that extends the life of the product. In Priest’s (1981) view, consumers face a choice between purchasing a product with a warranty or one with no warranty. Products with warranties should sell at a price premium to cover higher anticipated warranty claims. When evaluating a product, consumers will balance the additional cost of a product with a warranty against the lower up-front cost of self-insuring. Consumers that self-insure assume the risk of product failure and have more incentive to properly maintain the product. Alternatively, the consumer who opts for a warranty is implicitly choosing to pay higher up-front costs and may have an incentive to neglect maintenance. Priest (1981), Erevelles (1993), and Heal (1977) offer empirical support for the investment theory of warranties.

The investment theory essentially treats guarantees as a risk management instrument. Students probably perceive some risk when enrolling in a class, and a teaching guarantee might be an effective means of addressing this risk.

Service Guarantee Literature

In this section, we consider some of the reasons proposed in the service guarantee literature (Hart 1988, 1993) for offering guarantees.

Customer focus. Historically, many services have been characterized by a production orientation, lacking in a customer or market orientation. Before a service provider can offer a guarantee, it must first determine what to guarantee. Therefore, service guarantees foster a consumer orientation by forcing the organization to understand consumer needs, wants, and expectations (Hart 1988). Viewing the student as a customer is a perspective that has been gaining support in the marketing pedagogical literature (Hoffman and Kelley 1991; Stafford 1994). Because students pay a significant (and generally increasing) portion of the costs of their education, it is likely that the importance of viewing students as customers will continue to increase, with students’ evaluations of instructors carrying increasing weight in promotion and tenure decisions. A teaching guarantee can foster a “student as customer” focus in the classroom.

To set clear standards and expectations. Hart (1993) notes that a guarantee sets clear standards of performance. Similarly, a teaching guarantee also can set clear standards that could involve significant financial pain if not met. Such standards serve as an important counterweight to competing claims on an instructor’s time—such as research and service demands. (We will discuss how a guarantee also can be used to set expectations of student performance in the Discussion section when we review lessons learned.)

To generate feedback and understand failure. A service guarantee provides invaluable feedback on the causes of customer dissatisfaction and allows organizations to understand

why and how they fail (Hart 1988). Therefore, one of the most important reasons for a service provider to offer a guarantee is to gain access to superior market intelligence (Hart 1993). If the guarantee is invoked, insights into the causes of customer dissatisfaction are learned, and changes can be implemented to avoid future failures (Hoffman and Bateson 1997; Menezes and Quelch 1990; Rust et al. 1996). A teaching guarantee also can generate feedback and give insight into the causes of failure. If a student invokes a guarantee, the instructor can learn from the experience and implement changes to increase the satisfaction of future students. Given the growing attention paid to student evaluations and teaching quality (Ferrell 1995; Herche and Swenson 1991; Wright, Bitner, and Zeithaml 1994), understanding the causes of student dissatisfaction is an important goal that could be furthered by a teaching guarantee.

To build marketing muscle. A service guarantee can provide a powerful competitive advantage to a firm and help to build “marketing muscle” (Hart 1988). From a sustainable competitive advantage perspective, such guarantees are rare, valued by customers, and potentially difficult for competitors to duplicate. Likewise, by signaling quality or by reducing risk, a service guarantee also may bestow a competitive advantage on an organization. Although university instructors generally have not adopted a competitive orientation, this may be changing (Bush, Ferrell, and Thomas 1998). Enrollments in business schools and marketing programs have been declining nationally (Hugstad 1997). Coupled with tight fiscal budgets, many universities are scrutinizing enrollments and either consolidating sections of low enrollment classes or dropping courses altogether. A teaching guarantee might be an effective way for instructors to compete for customers (students), gain a competitive advantage (Bharadwaj, Varadarajan, and Fahy 1993) over competing courses, and build marketing muscle.

Other Reasons for Guaranteeing Teaching Performance

Beyond the previous rationale presented for offering a teaching guarantee, we have some additional pedagogical and personal reasons for guaranteeing our performance in the classroom.

Accountability. Critics of higher education charge that instructors do not teach well and/or do not teach enough, are unavailable to students, and are overly concerned with research and publishing. Although the validity of such charges is questionable, they touch a raw nerve with students and the general public. Such sentiments provide an excuse for lawmakers to decrease support for public universities and are an equally powerful cause for complaint by the supporters of private schools. We believe professors who offer a guarantee can demonstrate accountability. In addition, instructors who set a high standard of accountability for their performance (and guarantee it) can demand similarly high levels of

performance and accountability from students. Although an instructor can insist on high performance without a guarantee, the guarantee tangibilizes an implicit contract between instructor and student. Simply put, the instructor can say, “I’m going to work hard, I guarantee it. I expect no less from each of you.”

The Wow! factor. The Wow! factor sends a message to customers that their experience is going to be exciting and unique (Berry and Parasuraman 1991; Gross 1993). Similarly, instructors are often admonished, “You only have one chance to make a good first impression.” Unfortunately, it is often difficult to make a truly dynamic Wow! impression on the first day of class when performing the numerous mundane, first-day activities such as handing out syllabi and checking rosters. Instructors who do attempt to teach on the first day may have to contend with a lack of student preparation and their expectations that they should be excused early. By introducing the student guarantee on the first day of class, the instructor can Wow! the students, making a truly memorable and meaningful first impression that is directly related to an important learning objective—the preeminent role of the customer and the importance of service organizations guaranteeing their product offering (Wisnblit 1994).

As a learning tool. Because education is the most intangible of products, offering a guarantee presents an invaluable learning experience for instructors and students. All of the major challenges and benefits of a service guarantee should stand out sharply in the classroom, allowing instructors to turn their classrooms into learning laboratories. In essence, by offering a guarantee, both students and instructor become participant observers. It also can be integrated into a service marketing and/or retail class and referenced throughout the term. The guarantee can then be drawn on as an example to enhance and personalize such topics as service guarantees in general, service quality, recovery strategies, service blueprinting, the importance of setting customer expectations, tangibilizing intangible service quality, and the challenges of coproduction.

To practice what you preach. Perhaps the most important reason to offer a performance guarantee is to practice what you preach. Although this is an amorphous objective, it is possibly the most important reason to offer a teaching guarantee. Hart (1993) argues that some service firms offer a guarantee simply because they feel it is the right thing to do and may even feel a moral imperative to do so. Likewise, in discussing the importance and viability of service guarantees with practitioners, the instructor who guarantees the satisfaction of his or her students has a ready response to comments such as, “A guarantee won’t work in my business.” If a guarantee can be shown to be applicable in education, the most intangible of services, it is likely it can be shown to be applicable in most service settings.

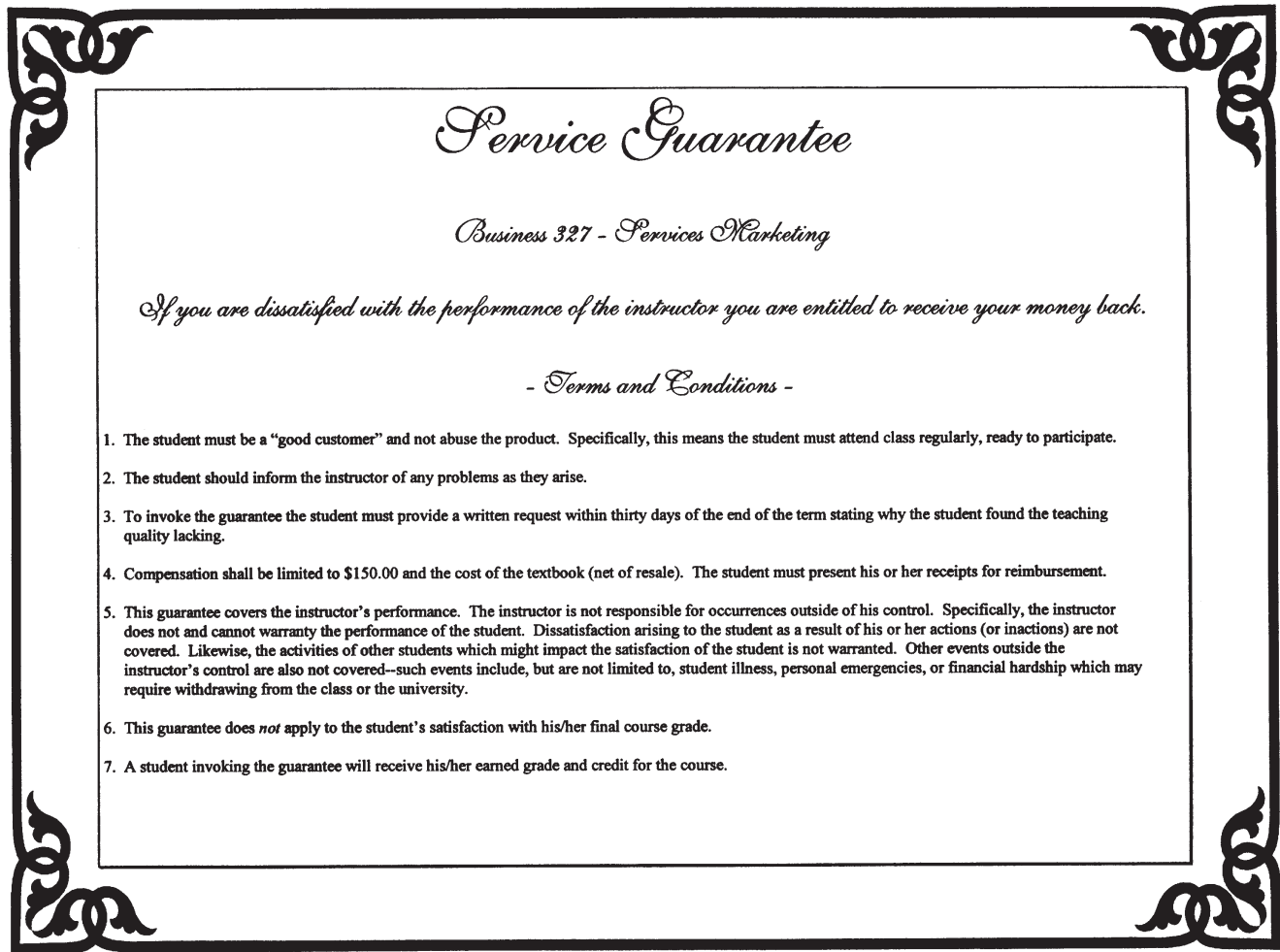


FIGURE 1: Teaching Performance Guarantee

OUR SATISFACTION GUARANTEE

We have offered a guarantee at a medium-sized public university in the western United States during the 1996-1997 and 1997-1998 academic years in seven sections of two marketing electives: Retailing and Distribution Management (hereafter, Retail) and Services Marketing (Services). In this section, we will explain the type of guarantee offered, specifics of the guarantee, and the introduction of the guarantee to the class.

Type of Guarantee Offered

We offer a specific results guarantee, not an unconditional guarantee (Hart et al. 1992). The specific result guaranteed is the performance of the instructor. Our guarantee reads, in part, "If you are dissatisfied with the performance of the instructor, you are entitled to receive your money back" (see Figure 1). By contrast, an unconditional guarantee covers

every element of the service. An unconditional satisfaction guarantee might read, "If you are dissatisfied, for whatever reason, you are entitled to receive your money back." The difference between a specific results and unconditional guarantee, although subtle, is not inconsequential. In a specific results guarantee, events outside of the instructor's control, such as personal emergencies, illness, or abuse of the product by the student, are not covered. In addition, we do not guarantee grade satisfaction.

However, our guarantee is subjective; thus, it is up to the student to decide if the performance of the instructor is satisfactory. Our subjective guarantee differs from many specific results guarantees that warranty a limited, objectively measured performance criteria. The Domino's Pizza 30-minute delivery guarantee is perhaps the most famous example of an objective, specific results guarantee. An objective, specific results classroom guarantee might ensure that all tests and

homework will be returned within two class periods, the instructor will be on time for all classes, grade updates will be provided every three weeks, and so forth.

Although subjective specific results guarantees are not unconditional, they can still be very powerful. Hart et al. (1992) state,

In fact, if a specific result guarantee promises a full money-back payout in lieu of achievement of a subjective goal, there is little to distinguish it from an unconditional guarantee. But, by specifying a result, the firm may be able to state its commitment more powerfully. (p. 28)

Although not unconditional, we believe a subjective guarantee can be potent because it is left up to the students to decide if the instructor fails to deliver on the promise of effective teaching.

Guarantee Specifics

The design of our guarantee is guided by two primary objectives. The first objective is to make clear that the guarantee covers student satisfaction with the instructor's performance, not unconditional student satisfaction or grade satisfaction (see Figure 1, Terms and Conditions [TC] 5 and 6). Similarly, the guarantee waives responsibility for dissatisfaction arising from the student's actions, other students' (e.g., team members') actions, and events beyond the instructor's control. The second objective is to limit exposure to student abuse of the guarantee. In our case, student abuse would be manifested if students do not perform their coproduction function (e.g., do not prepare for class, perform homework, participate in class discussion, etc.) and then demand their money back, or if they perceive an opportunity to take a class for free. Thus, TC 2, TC 3, and TC 4 are designed to avoid gaming behavior by students. Indeed, the question of "Can the student be trusted?" and fears that students would attempt to "beat the system" (Rust et al. 1996) were of concern to us (as well as administration) when we first considered offering a teaching guarantee. TC 2 also is intended to give the instructor an opportunity to correct problems before they result in a request for a refund.

The difficult question of whether students invoking the guarantee should receive their earned grade and credit for the course is addressed in TC 7. On one hand, students who are so strongly dissatisfied that they want their money back should not be forced to accept a grade in the class and they should not receive credit for the course. However, the incentives to game are greatly increased if students are able to have their grade removed and receive their money back. Alternatively, by not removing the grade, students who receive good grades and see a possibility for getting their money back may be more likely to invoke the guarantee. We have addressed this difficult question by following university policy, which prohibits the removal of a student's grade and course credit hours after

the appropriate drop and withdraw dates have been passed. This stance also keeps the emphasis of the guarantee on satisfaction with the instructor's performance and not on grade satisfaction.

Finally, we stipulated that students had until 30 days after the end of the term (TC 3) to request a refund.² This condition ensured that refunds would be handled in a timely manner.

Introduction of the Guarantee

The guarantee is introduced midway through the first class period after a "realistic job preview" warns the students of the rigorous and challenging nature of the course. In this sense, the guarantee serves as a counterweight to such sobering, and potentially discouraging, comments. To emphasize the guarantee, it is not included in the syllabus but is handed out separately. The guarantee is printed on ivory linen paper to reinforce its special nature.

The first day's class is videotaped to aid in resolving any future differences in opinion between students and the instructor regarding the coverage of the guarantee. Also, by having late-enrolling students who missed the first day of class review the videotape, all students should be "on the same page" with the instructor regarding the guarantee.

In introducing the guarantee, we note that no state appropriated funds are used to underwrite the guarantee. This disclaimer reflects a concern by university officials that some individuals might question the propriety of using state funds to cover any claims. In fact, "soft" money provided by our college dean is used to fund any payouts against the guarantee.³

METHODOLOGY

To capture student perceptions of the guarantee, we collected qualitative data from the students regarding their opinions of the guarantee. Two focus groups were conducted, a written student assignment in the Services class was given, and the resulting data content was analyzed. This methodology was employed to provide a deeper understanding of the guarantee from the respondents' perspectives (Babbie 1989; Hudson and Ozanne 1988).

The two focus groups were conducted by independent moderators with students who had been offered the guarantee. Respondents were promised anonymity from the instructors. One focus group included nine students who had completed the Retail class, whereas the other included eight students who were enrolled in either the Retail or Services classes. The transcripts from the two 1-hour focus groups resulted in approximately 60 (double-spaced) pages of text. In addition to the two focus groups, the students in the Services class were given a written assignment asking them to discuss the guarantee, resulting in 65 (double-spaced) transcribed pages. Because the subsequent analysis of the comments across the three groups of respondents suggested that

TABLE 1
STUDENT PERCEPTIONS OF THE TEACHING PERFORMANCE GUARANTEE

	<i>Positive Themes</i>	<i>Negative Themes</i>
Guarantee concept	<p>Good idea</p> <p>Wow! factor</p> <p>Unheard of</p> <p>Surprise</p> <p>Shocking</p> <p>Assurance</p> <p>Increased confidence</p> <p>Nothing to lose/risk reduction</p> <p>Increased trust</p> <p>Expectation setter</p> <p>Both instructor and students will work hard</p> <p>Challenges the student</p> <p>Makes student want to go to class</p> <p>Differentiation</p>	<p>Opposition</p> <p>University shouldn't have it</p> <p>Waste of time/useless</p> <p>Guarantee offers only what is expected</p> <p>Not invoked with good instructors</p> <p>Guarantee never invoked</p> <p>Instructor is judge and jury</p> <p>Possible retaliation (by professor) in future classes</p>
Guarantee specifics	<p>Fair conditions</p> <p>Simple process</p> <p>Conditions are clear/easy to understand</p> <p>Guarantee is unconditional</p> <p>Good presentation</p> <p>Guarantee looked the part</p>	<p>Everything's covered</p> <p>Professors are completely protected by the conditions</p> <p>Grade satisfaction</p> <p>Grade issue not included as part of guarantee</p> <p>Terms and conditions</p> <p>Too many conditions</p> <p>Vague/subjective terms</p> <p>Compensation (in-state vs. out-of-state tuition, required receipts)</p> <p>Misunderstanding of 30-day clause</p>
Service delivery	<p>Production</p> <p>Guarantee defines professor's role</p> <p>Leads to improved instruction</p> <p>Displays professor's care/concern</p> <p>Coproduction</p> <p>Guarantee defines customer's role</p> <p>Shifts focus away from getting a grade</p> <p>Increases student accountability</p>	<p>Defines customer's role</p> <p>Too much</p> <p>Insulting</p> <p>Doesn't address what the professor will do</p> <p>Students do not want to coproduce/be responsible for their own learning</p> <p>Third-party influences</p> <p>Doesn't address influence of other students</p>

they did not differ significantly, the responses were treated as one data set.

Analysis of the qualitative data followed the guidelines of Lincoln and Guba's (1985) categorizing process, which "involves sorting units into provisional categories on the basis of 'look-alike' characteristics" (p. 203). The transcripts were read and examined several times (independently) by both authors, with recurring thoughts, ideas, and respondents' perceptions being identified. After several iterations and discussion of the data, the authors agreed that the comments could be organized into the three overall categories discussed next.

STUDENT PERCEPTIONS OF THE GUARANTEE

Generally speaking, our qualitative analysis suggests that the use of the guarantee is viewed positively by students. The salient themes focused on either the concept of the guarantee, specifics of the guarantee, or issues related to service delivery. Table 1 presents a list of the themes and their subcategories resulting from the data analysis.

Guarantee Concept

Students generally feel that the guarantee concept is a good idea, as illustrated by the following student:

I thought it was a great idea. I have had classes before where I just came out of the class without learning anything, and it was just a waste of my time. (B.C., male)

A few respondents describe the guarantee as “stunning” or “unheard of”:

The guarantee produces a “wow” reaction, mostly because college students have never seen a money back guarantee for a class that will pay them \$150 and the cost of the book. (K.B., male)

This is the first time I have ever even heard of a class offering a guarantee on the service delivery. It definitely shocked me the first day of class. (S.R., female)

Offering the guarantee provides assurance, increasing students’ confidence and trust in the instructor. The following comments are illustrative:

It made me think they were very confident in what they were offering us in the classroom. (H.A., female)

It made me feel a lot more confident because I felt that if the teacher was willing to put it on the line that they were going to guarantee their teaching abilities . . . they were going to put the extra effort in it and . . . they were going to work at it and try to do the best job they could. (N.N., female)

The guarantee also serves as an expectation setter. Respondents indicate that the presence of the guarantee leads them to believe both the instructor and the students will work hard in the class.

With this in the back of [my] mind I know that I want to achieve and I want to meet their expectations just as I want the teacher to meet my expectations. I think it’s good. (H.R., male)

I don’t think it is necessarily a guarantee for us to get our money back. I think it was more that he was proving to us that he was going to work hard and he was going to try his hardest to make us learn something. (C.E., male)

Students indicate that the guarantee “challenges the student” and “holds students accountable”:

I think that it made me work hard in the class because he was going to try to work hard to teach us. (G.H., female)

It kind of makes you think twice about skipping class and . . . [you] want to go to class because you know the teacher is putting out his best. It kind of does want to make you work a little harder and go to class. I think it is really aggravating for teachers when 10 out of 25 people show up on a Friday afternoon for class. In that sense, when [the guarantee] says attend

class regularly, I think it makes you even work harder. (O.P., male)

Respondents also feel that the guarantee provides a means of differentiation from other classes.

In no other class on campus can you get your money back if the teacher doesn’t do a good job (with the exception of Retail). When word of mouth is generated about the service guarantee, the students will take the course figuring that they have nothing to lose. (C.B., female)

Not all of the sentiments regarding the guarantee were positive and supportive of the idea—in fact, there was some opposition to using the guarantee in a university class. Some students indicate that such a guarantee is a “waste of time,” “useless,” “offers only what is expected,” or even “has no place in a university setting.” One student is particularly opposed to the idea:

The customer already expects the provider to provide his service to the best of his ability, and the guarantee only parallels what is expected by the customer. The concept of providing this guarantee is novel but should not be applied to this type of service. (B.O., male)

Several students feel that such a guarantee might never be invoked. Generally speaking, there are two reasons offered for this. Because the conditions of the guarantee require the student to submit a written request to the instructor, some respondents express a concern that the instructor may serve as judge and jury in paying out on the guarantee.

I think [a major problem with the guarantee is] disputing whether or not the teacher’s end of the bargain is upheld. I think that is a pretty difficult case to argue. If you’re arguing to the teacher who is the judge and jury, how do you prove them guilty? (H.R., male)

Another student has similar feelings:

I know that I would not have the guts to come up to the professor and tell him that his performance was not up to par. This would just cause an in-class conflict, feelings would get hurt, and grades would be adjusted accordingly. (H.L., female)

The other reason students feel that the guarantee might not be invoked is because of concerns over retaliation by the professor, particularly at a university where the likelihood of having the instructor again in another class is high. Two students illustrate this feeling:

If you take action [by invoking the guarantee], you would be affected by it definitely . . . I mean, you can’t help feeling

some animosity towards somebody for that. I mean, if I was the teacher, I would be a little upset. (A.T., male)

I think [being at a school of this size] has a lot to do with [it]. Say you invoke it in this class, you are probably going to end up hav[ing] that professor again later. (T.A., female)

Guarantee Specifics

A second major theme concerns issues relating to specific terms and conditions of the guarantee. Some respondents indicate that the terms and conditions of the guarantee are fair conditions. Their comments suggest that the guarantee includes a “simple process” with “clear” and “easy to understand” conditions. One student states:

The service guarantee is easy to understand. . . . The Terms and Conditions are clear and precise and include all of the important guidelines in order to understand the guarantee. (J.B., male)

Other students think the guarantee “looks the part”:

The guarantee is very professional appearing. It is printed on high quality paper with excellent print quality. This conveys to the reader that the document is meaningful to the issuer, who obviously spent considerable time preparing it. This is an important part of the service guarantee because students automatically feel that they are getting a superior product. (E.H., male)

In spite of these favorable comments, the most common issue mentioned relates to the idea of the guarantee having too many conditions and vague terms. Many view the guarantee as having so many conditions that it could never be invoked because “everything’s covered”:

There is really no way that any student could realistically cash in on this. There’s just . . . they cover themselves too well. They cover themselves so well there is no way you could get your money back. (L.E., male)

Other respondents indicate that some of the terms in the guarantee are vague. Such terms as “satisfaction,” “good student,” “problem,” and “participation” are not specified satisfactorily in the eyes of many students. For example, the following comment addresses the apparent ambiguity over what it means to be a “good customer”:

The first part [of the guarantee] about the good customer . . . I think that should be defined more because that is very subjective to what I think a good student is, [it] might be different than what the teacher thinks. . . . [Characteristics of a good customer should include] attendance, set at 85% of the time at least, turns in all homework with at least an effort, maybe, I don’t know how to judge the participation. But have some specific guidelines instead of just ready to participate. What

exactly does that mean? Some people are more shy than others. Does that mean they are a bad student? Not necessarily. (H.A., female)

A few comments focus on compensation issues. Some students do not like having to keep receipts, whereas out-of-state students are not pleased that only in-state tuition would be paid out if they invoked the guarantee.

Finally, a few students feel that it is not clear how to invoke the guarantee:

The guarantee . . . does not clearly state how to invoke the guarantee. To whom does the student provide the written request? How will she know if the compensation is being granted? (S.K., female)

One particularly prominent issue relates to grade satisfaction. Some students indicate a disappointment that satisfaction with the grade received in the course is not guaranteed.

Options should be given to the invoking student about retaking the class later or giving the student the option to earn a pass-fail grade instead of a letter grade. By giving the student his or her earned grade for the course, satisfaction may still not be achieved. (G.P., male)

What if you are invoking the guarantee because you didn’t feel you learned enough to get the grade you needed? And so they’re giving you an F, and you’re getting your money back, but that is going on your transcript. I think there should be something that has to do with the grade [included in the guarantee]. (L.N., male)

Service Delivery

The final theme relates to the delivery of the educational service. Many respondents think that the guarantee contributes to better production of the service. In particular, students feel that the guarantee indicates the professor’s willingness to work hard at improving instruction and, perhaps more importantly, demonstrates care and concern for students and their education:

It makes the teacher perform better because a lot of times you get a teacher who’d just be doing research and not teaching class because you never learn anything when you go there and they don’t care if you make a difference in life. (L.N., male)

This kind of guarantee is not to guarantee the student’s ability to learn. It is guaranteeing the teacher’s ability to teach the students and that he is going to give a good shot at trying to. Whether or not you try as hard as the rest of the class doesn’t really matter or pertain to the guarantee. It is basically saying that this professor is going to care and is going to try. (L.H., male)

Respondents also believe that the guarantee can help with coproduction of the service.

The teacher's responsibility, along with the student's, seemed like it was really guaranteed here, and there wasn't going to be simply students having to earn your grade. It seems like the teacher takes some of the responsibility too in making sure you learn the material. (A.T., male)

It holds the student accountable and the teacher accountable for both preparation, in class and out of class, and participation. (N.N., female)

Students also indicate that the guarantee "clearly defines the customer's role," "increases student accountability," and "shifts focus away from 'getting a grade.'" The following passage illustrates how the guarantee can challenge the student:

I think it challenges you to go further and encourages you to attend class, come prepared, and actually participate in class. I think there is a little bit of extra pressure put on you, but I think it is a good pressure. (T.A., female)

Not all respondents, however, agree with having the student's role specified in the guarantee. Some students feel the guarantee puts too much emphasis on the student's role, whereas others think the guarantee does not adequately address what the professor will do:

The satisfaction guarantee is right on the top, which you would think means you are going to be satisfied with the class, but then when you read the terms and conditions it's like your satisfaction is guaranteed as long as you don't do this, do this, do this, do this. (C.E., male)

This guarantee should be altered mainly due to its insulting content and its lack of offering anything the customer does not already expect as well as having too many conditions, causing it to lose its point in encouraging future sales. I believe this guarantee should cover all of the aspects a professor can control, not just what he or she can't. . . . It should specify what the students (remember, the customers) should expect the professor to do—what is going to be covered and what can be learned from actively and consistently participating in the class, communicating it in such a way as to make it easy to understand. (K.M., female)

Another coproduction issue relates to third-party influences. Some felt that the guarantee should address the influence of other students, as the following comment illustrates:

Something I don't like about it is it says the activities of other students which might impact the satisfaction of the student is not warrantied. I think that is something that should definitely

be taken into consideration. It wasn't a mutual agreement to be in a group. It was an assignment. (N.N., female)

Summary of Findings

In summary, most students appear to support the idea of offering a guarantee in the classroom. The guarantee helps to increase the confidence and trust that the student has in the instructor, and it sets expectations by suggesting what roles both the instructor and students will have in the delivery of the service. However, some feel that such a guarantee is inappropriate in a university setting, and there are concerns that the guarantee has numerous conditions (making it difficult or impossible to be invoked) and that there could be instructor retaliation in future classes (making it unlikely to be invoked).

DISCUSSION AND LESSONS LEARNED

We previously offered numerous reasons why university instructors should guarantee their performance. These rationales were used when we proposed the guarantee to our department head, dean, and the university provost. If these rationales were treated as hypotheses of our experiment, we could claim that moderate support exists for the hypotheses. An examination of the qualitative data shows that many of our original objectives are being met as students: (1) appreciate our attempt to practice what we preach; (2) feel that the guarantee signals teaching quality; (3) believe that the guarantee demonstrates our customer orientation, accountability, confidence in our instruction, and caring; (4) note that the guarantee "wows them!"; (5) say that the guarantee differentiates the class, giving it a competitive advantage; (6) perceive less risk in taking the class; and (7) indicate that the guarantee helps set clear standards and expectations. Viewed this way, the exercise has been a success.

Another of our objectives was to learn from the exercise. As a learning tool, we have found offering the satisfaction guarantee to be an extremely rich learning exercise that has exceeded our own expectations, leading us to understand service guarantees in a much richer manner than a traditional research approach. The primary lessons that we have learned from this experience are discussed next.

Too Much Fine Print

In retrospect, it might appear that both the number and nature of some of the conditions of our original guarantee were excessive, violating the notion that a good guarantee should not specify an inordinate number of conditions, which, in turn, ensures that it is never invoked (Hart 1988; Hoffman and Bateson 1997). However, when we were contemplating the guarantee, the first reaction of all parties, from the instructors to the highest university officials, was to calculate the maximum financial liability by assuming that all students would ask for their money back. Without some of the

more restrictive conditions, the guarantee might very well not have been approved. Those who choose to offer their own classroom guarantees may find that they must begin with a restrictive guarantee and then, with experience (and greater comfort), liberalize the terms.

Guaranteeing What Is Already Expected

A good guarantee does not promise something normally expected (Hart 1988). Some students object to our guarantee, stating that it is not meaningful, appropriate, or needed because it merely covers what is expected of any instructor. However, others indicate that they had courses where they would have invoked a guarantee had one been present.

It [the guarantee] would mean more to me if every professor on campus guaranteed their work. . . . They are not required to do anything. I currently have one of the worst professors in the entire world and he should have given me a guarantee. Instead he has tenure and nothing can be done about it. I went to the head of the department—he couldn't do anything about it. His work could not be guaranteed. He can do whatever he wants. He has got tenure and that's that. (A.S., female)⁴

Although students expect instructors to “do their job,” some clearly believe a few do not. Therefore, the guarantee may still be useful, even when offered in a class in which the instructor's performance makes it unlikely that the student will invoke it. Indeed, ultimately the power of a guarantee does not reside in consumers' expectations that they will be compensated in the event of failure but because the guarantee convinces them that the service won't fail (Hart 1993).

Setting Coproduction Expectations

Education is a high coproduction service product—what the student learns is not solely the result of the efforts of either the instructor or the student. Therefore, it is difficult to separate the performance of the instructor from the student and the performance of the student from the instructor. Coproduction made it difficult for us to draft the guarantee because it is difficult to determine where the performance of the instructor ends and the performance of the student begins. However, coproduction ultimately emerged as the most powerfully positive aspect of our experience in guaranteeing student satisfaction. In particular, numerous students noted that the guarantee helped to set expectations for both the instructor and the student regarding the respective production roles of each. In this respect, the guarantee defines both the instructor's and the students' coproduction roles. Such a result may mirror the finding by Hoffman and Kelley (1991) that student role definition was an important predictor of internal work motivation.

The guarantee not only helps set expectations but it also can serve to set high expectations. In class discussions of the characteristics of a “good instructor” and a “good customer,” students generally impose conditions on their performance

higher than what many instructors could successfully impose (e.g., no unexcused absences, never be late, always have read the text and be prepared for class, and actively participate in class). One of the strengths of the guarantee is that it frames the coproduction roles of student and instructor in a positive manner. Consider the difference in attitude of students who are told what the instructor expects of them against the more positive message of having the class spell out the respective role of student and instructor while the performance of the latter is guaranteed. We learned that teaching guarantees may actually allow the instructor to increase rigor and improve overall quality by facilitating a positive discussion concerning the relative production roles of students and instructors.

Coproduction issues are at the heart of most misunderstandings of our teaching guarantee. Many of our colleagues and peers, apparently confusing our specific results guarantee with an unconditional satisfaction guarantee, have assumed that our guarantee panders to students, minimizing their role in coproducing their education. Therefore, faculty (and some students) feel that it is inappropriate to offer a teaching performance guarantee because the student, and not the instructor, is primarily responsible for the student's education. However, this objection is ultimately a powerful reason for offering the guarantee—we learned that it allows the instructor to make clear that students have a large responsibility for what they learn.

Student Trustworthiness

In none of the seven classes (135 students total) has the guarantee been invoked. No serious problems have arisen in either class, although some small issues emerged (i.e., minor syllabus changes, differing interpretation of exam questions, etc.). Apparently, students have felt that these issues are not worthy of invoking the guarantee.

Moral hazard occurs when the probability of product failure is a function of not just producer quality but unobservable consumer efforts (Lutz 1989; Padmanabhan and Rao 1993). In other words, if a consumer skimps on product maintenance, the probability of failure increases, as do warranty claims. Due to coproduction, most services are higher than goods in consumer inputs and, therefore, moral hazard should be an important issue for service guarantees. Moral hazard emerged as an issue for our teaching guarantee because we feared that it might reduce the student's coproduction effort or result in outright fraud and gaming behavior.

However, Hart (1988, 1993) argues, and empirical studies (Bolton and Drew 1995; Ettore 1994; Lewis 1993; Raffio 1992) indicate, that consumer abuse of service guarantees is rare. Service guarantees may actually be less prone to consumer abuse than goods guarantees because service providers often can monitor the coproduction actions of the consumer. For instance, we could use attendance and completion of homework assignments as indicators of student coproduc-

tion. Because consumer efforts must be unobservable for moral hazard to occur (Lutz 1989), any service firm in which high coproduction leads to high monitoring capability may find that moral hazard is simply not an issue.

IMPLICATIONS AND FUTURE DIRECTIONS

Perhaps the most important implication of our exercise in guaranteeing student satisfaction concerns the questions of their broad-based applicability in higher education.

Should You Guarantee Your Teaching Performance?

We believe that if service guarantees are an important element of the course curriculum, the question is not "should you guarantee your performance?" but "why wouldn't you?" When instructors offer a teaching guarantee, students gain a deeper understanding of service guarantees and, quite possibly, will be more likely to remember the lesson of service guarantees than if they simply read about service guarantees in a textbook. However, we believe all instructors, not just those who teach about service quality and service guarantees, should seriously consider offering a guarantee.

For those considering a teaching guarantee, a major concern is the level of teaching excellence required. In our experience, students tend to set relatively modest goals for instructor performance. For instance, students generally define a good instructor as one who shows up on time for class and is prepared. The most challenging criteria they set is that the instructor not be "too boring," apply the lessons from the text to real life, grade fairly, and treat the students with respect. Although small problems can emerge during the course of the semester, students seem to act in good faith and have not invoked the guarantee over these generally minor housekeeping issues. Therefore, it appears that the criteria for offering a teaching guarantee is not teaching excellence but teaching effectiveness. An instructor does not need to be a department, college, or university-wide winner of a teaching award to safely offer a teaching guarantee.

Those who wish to reinvigorate their teaching also might consider offering a teaching guarantee. For instance, we found guaranteeing our performance to be an effective way to restore excitement to two classes that we have taught numerous times. In this respect, a guarantee can act as a self-imposed constraint that forces an instructor to examine the quality of each lesson plan.

For junior faculty considering a teaching guarantee, the support of colleagues and the administration is essential. Such support should be both moral and financial. We were fortunate to have the support of our administration and peers. In an institution not committed to teaching quality, a teaching performance guarantee might actually generate animosity.

Institutional Use of Teaching Guarantees

What are the broader program- or institutional-level implications of implementing student satisfaction guarantees? Guarantees may be most appropriate in upper-division classes due to the greater maturity and college experience of the students. However, this is an empirical question. Conceivably, offering the guarantee in required, lower-division classes might be an important way of orienting freshman students to their coproduction role in their education. In addition, although freshman retention is an increasing priority for many universities, introductory-level classes are often large enrollment "mega" sections and/or are taught by the least experienced instructors. A teaching guarantee for freshman-level courses, by forcing attention of the level of teaching quality in introductory classes, might increase the quality of lower-division courses and could possibly increase freshman retention.

At a program level, schools competing for students in the burgeoning executive MBA market also might find teaching guarantees to be extremely effective as a competitive weapon. In many cases, the additional marginal cost of a student is minor compared to the additional marginal revenue. For instance, each student imposes no additional fixed costs in terms of preparing for class. The main additional cost is in terms of additional grading. If a teaching guarantee can boost enrollments significantly, then some payouts can be easily defended from a return-on-investment perspective because marginal revenue would still be greater than marginal costs.

We do not feel that university administrators should impose a teaching performance guarantee on instructors. Rather, administrators wishing to see their faculty adopt a teaching guarantee should lead the way by offering internal guarantees (Hart 1993) to faculty and students. For instance, they could guarantee that all classrooms will be ready, clean, and orderly with properly functioning multimedia equipment. As another example, food services could offer satisfaction guarantees to their student and staff customers. Likewise, the administration could guarantee that registration will be straightforward and that no student will face a line of more than five minutes to pay fees. Any administration who cannot guarantee such offerings should not expect faculty to guarantee their performance.

Limitations and Directions for Future Research

Our experience in guaranteeing student satisfaction is limited to seven classes in two upper-division electives at an institution with high overall teaching quality and a supportive administration. Care should be taken when extending our results to other institutions, programs, and types of classes. Future research should consider the use of teaching guarantees in required classes, nonmarketing classes, lower-division classes, and larger-size classes.

Attention also should be given to the question of how universities, colleges, and departments might successfully offer

student satisfaction guarantees. Likewise, potential difficulties that might emerge if some instructors offer a satisfaction guarantee while others do not should be addressed. The question of what financial consequence (if any) individual instructors should suffer if a guarantee is invoked also should be considered. Finally, studies across a large number of sections and institutions could help to determine if a satisfaction guarantee offers an instructor a competitive advantage in attracting students to enrollment-dependent classes.

Although we view our exercise in guaranteeing student satisfaction as a success, it is apparent from the student feedback that there is room for improving and clarifying the guarantee. The most important modification would be to limit the amount of fine print by eliminating some of the more restrictive conditions. This, in turn, would improve the credibility of the guarantee by addressing the concerns of some students that it could never be invoked. Another modification suggested by the student feedback would be to allow the students to invoke the guarantee anonymously to avoid fears of retaliation.

Quantitative measures of student perceptions of the guarantee would be very helpful in verifying the results of the qualitative research presented here. For instance, quantitative measures could refine student perceptions concerning the guarantee's appropriateness, coproduction, fairness, and whether the guarantee could be invoked. Likewise, quantitative measures could lead to a greater understanding of the relationship among various attitudes about the guarantee and perceptions of the instructor's overall effectiveness, caring, and fairness.

CONCLUSION

We believe that our student satisfaction guarantee demonstrates the important educational gains to be achieved by treating students as customers, education as a service product, and applying the lessons of service marketing to the classroom. The marketing literature suggests that the rules of marketing can be applied to help all organizations, including universities, achieve their goals. Indeed, our experience suggests that teaching guarantees can be successfully employed to deal with the characteristics of high intangibility, high coproduction, and heterogeneity characteristics of education. In the future, both internal and external stakeholders of higher education are likely to increase their demands for higher levels of faculty performance and accountability. A student satisfaction guarantee is one potential way to both improve instructor performance and increase accountability in the classroom.

NOTES

1. Although we believe that students are customers, we do not preclude the validity of alternative perspectives, such as treating students as products. Indeed, it may be valid to view students as both customer and product. In this sense, both product and customer guarantees are potentially useful.

However, reconciling the perspectives of student as customer or product is beyond the scope of this article. We simply note that students can be thought of as customers, and our guarantee is consistent with such a perspective.

2. A key difference between our guarantee and that offered by Richard Chase is that he required students to invoke the guarantee before final grades were calculated, whereas we extended to students the option to invoke the guarantee after final grades were available.

3. Appropriations by the state government are considered "hard" money. "Soft" money is raised from a variety of sources, including alumni donations and research grants. Although our dean agreed to cover any possible claims by students, we would note that such an arrangement is hardly risk free to the instructor. Ultimately, there is a high potential nonmonetary cost to the instructor if a guarantee is frequently invoked, regardless of who actually pays the claims. At a minimum, these nonmonetary costs might imperil the guarantee program; at the extreme, they might influence tenure and promotion decisions.

4. We believe that the teaching quality at our institution is very high. Similarly, our institution's commitment to teaching excellence is evidenced by the approval given to our exercise in guaranteeing student satisfaction. Therefore, we believe that this comment reflects an exception to the generally high teaching quality at our university.

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