

CUSTOMER RELATIONSHIP MANAGEMENT

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Service Quality – Meaning and Definition of Service Quality, Types of Service Quality, Service Quality Dimensions, Service Quality Gaps

❑ Definition of Quality

The term "quality" means a different thing to different people. This is why defining "quality" is often the first step in most "quality improvement" journeys. A common understanding and vision of what is meant by "quality" will help the organization to focus its "quality improvement" efforts. Thus, defining "quality" is not only important from a semantic point of view but, more importantly, it is required to direct employees' efforts towards a particular common cause. The common vision of quality is arguably more important in service organizations.

The five generic categories and their relevance to service organizations are discussed below.

1. Transcendent. Here "quality" is defined as innate excellence. The product or service will have unequalled properties. Under this definition much of Plato's philosophical analysis of beauty is transferable to the subject of quality.
2. Product led. Here "quality" is defined as the units of goodness packed into a product or service. Thus, a "quality" service will contain more units of goodness than a lower "quality" service.
3. Process or supply led. In this approach, "quality" is defined as "conformance to requirements". The definitions of quality proposed by fall within this category. These definitions lay emphasis on the importance of the management and control of supply-side quality.

□ Definition of Quality Cont...

4. Customer led. Here the focus is external. "Quality" is defined as "satisfying customer's requirements" or "fitness for purpose". This approach relies on the ability of the organization to determine customers' requirements and then meet these requirements. A "customer-led" definition implicitly encompasses the "supply-led" approach. This is because customers' requirements are built into the service at the design stage, but it is at the transformation stage that the degree of conformance is determined. The "customer-led" definition is probably most appropriate for organizations offering "high-contact", "skill-knowledge-based", or "Labor intensive" services such as, health care, law, accountancy, hairdressing, education, consultancy, leisure, and hotels.

5. Value led. "Quality", here, is defined either as the "cost to the producer and price to the customer" or as "meeting the customer's requirements in terms of quality, price, and availability". The focus again is external.

The approach implies that there is a trade-off between "quality", "price", and "availability". The purchaser evaluates "quality", "price" and "availability" within the same decision algorithm. Implicit in this approach is the importance of clear market segmentation and greater focus in the provision of service.

A "service", is intangible. Thus, the purchaser cannot judge its "quality" or "value" prior to purchase and consumption. Both expectations and perceptions are experiential sensations rather than necessarily being real. Thus, in the service context, it is necessary to substitute "expectations" for "requirements" or "purposes".

❑ Service Quality Measure

"Quality" in a service organization is a measure of the extent to which the service delivered meets the customer's expectations. The nature of most services is such that the customer is present in the delivery process. This means that the perception of quality is influenced not only by the "service outcome" but also by the "service process".

The "perceived quality" lies along a continuum. "Unacceptable quality" lies at one end of this continuum, while "ideal quality" lies at the other end. The points in between represent different gradations of quality.

One such point is the "satisfactory quality". The perceived quality can be represented as follows:

Prior Customer Expectations + Actual Process Quality + Actual Outcome Quality = Perceived Quality

$$PCE + APQ + AOQ = PQ$$

"Actual quality" is the real level of "service quality" provided. This is determined and controlled by the "service provider". It is possible to quantify and set standards for some, if not all, of the "service quality" characteristics.

"Perceived quality" is the customer's feel for the "quality" of the service. It determines the extent of the customer's satisfaction. The three key possible "quality" outcomes are:

- (1) Satisfactory quality, where customer's expectations (CE) are exactly met: that is to say, $PCE = PQ$;
- (2) Ideal quality, where perceived quality is higher than customer's expectations: that is to say, $PQ > PCE$;
- (3) Unacceptable quality, where perceived quality is lower than customer's expectations: that is to say, $PQ < PCE$.

The provider of the service should ensure that either condition (1) or condition (2) is attained each time the service is delivered

□ Determinants of Quality

"Quality" is not a singular but a multi-dimensional phenomenon. It is not possible to ensure product or service quality without determining the salient aspects of "quality". The genetic determinants of "service quality" are identified and discussed in this section. The utility value of these determinants is situation-dependent.

Gronroos argued that "service quality" comprises of three dimensions. These are: -

- (1) The technical quality of outcome.
- (2) The functional quality of the service encounter.
- (3) The corporate image.

▪ Lehtinen and Lehtinen also contend that "service quality" has three dimensions. These were:

1. Physical quality. This includes such items as the condition of buildings and enabling equipment.
2. Corporate quality. This refers to the organization's image and profile.
3. Interactive quality. This derives from the interaction between service organizations' personnel and the customer as well as the interaction between customers.

❑ Determinants of Quality Cont...

A modified version of the service quality determinants proposed by Parasuraman is described below. The proposed modifications and the introduction of a new determinant are based on following various service industries are provided for clarity.

1. Reliability
2. Responsiveness
3. Customization
4. Credibility
5. Competence
6. Access
7. Courtesy
8. Security
9. Communication
10. Tangibles
11. Understanding/knowing the customer

❑ Determinants of Quality Cont...

A service organization can broadly adopt one of two basic approaches to service quality management:

1. Passive or reactive; or
2. Strategic or proactive.

- In the case of a passive or reactive approach, "quality" is not considered as a major source of service differentiation or competitive advantage. The principal emphasis of "passive quality planning and control" is minimization of customer annoyance, rather than realization of customer satisfaction. The efforts of quality planning and control are focused on hygiene factors. These are the factors that are taken for granted by the customer: for example, time of departure of a plane or clean tables and utensils at a restaurant. To ensure customer satisfaction, it is not sufficient solely to comply with the hygiene factors. Meeting these requirements does not ensure customer satisfaction; however, failure to meet them will normally result in customer dissatisfaction.
- In the case of a strategic or proactive approach, "quality" is used to differentiate the organization's service offering. "Quality" lies at the heart of the organization's strategy to gain competitive advantage. Here, usually, quality is one of the primary drivers of the business.

❑ The model suggested by Parasuraman: The Gap Model for measuring service Gap

The model attempts to show the salient activities of the service organization that influence the perception of quality.

The model shows the interaction between these activities and identifies the linkages between the key activities of the service organization or marketer which are pertinent to the delivery of a satisfactory level of service quality. The gaps are described as:-

1. **Consumer expectation--management perception gap (Gap 1):** Management may have inaccurate perceptions of what consumers (actually) expect. The reason for this gap is lack of proper market/customer focus. The presence of a marketing department does not automatically guarantee market focus. It requires the appropriate management processes, market analysis tools and attitude.
2. **Service quality specification gap (Gap 2):** There may be an inability on the part of the management to translate customer expectations into service quality specifications. This gap relates to aspects of service design. For example, an airline may find that its customers require a better meals' service on its short-haul routes. This requirement needs to be translated into food and beverage menus for different times of the day.

❑ The model suggested by Parasuraman: The Gap Model for measuring service Gap Cont...

3. Service delivery gap (Gap 3): Guidelines for service delivery do not guarantee high-quality service delivery or performance. There are several reasons for this. These include: lack of sufficient support for the frontline staff, process problems, or frontline/contact staff performance variability. For instance, the airline of the previous example may introduce an exotic and extensive menu that does not leave enough time to serve or consume. This results in a perception of poor quality. The manner of service also influences the perception of quality. If the stewards or stewardesses are not competent or friendly, once again the investment in the meal service will not improve perceptions of quality.

4. External communication gap (Gap 4): Consumer expectations are fashioned by the external communications of an organization. A realistic expectation will normally promote a more positive perception of service quality. A service organization must ensure that its marketing and promotion material accurately describes the service offering and the way it is delivered. This is why in service organizations it is counterproductive to separate the operations and the marketing functions.

5. Expected service--perceived service gap (Gap 5): Perceived quality of service depends on the size and direction of Gap 5, which in turn depends on the nature of the gaps associated with marketing, design and delivery of services.

The above model is a diagnostic tool. If used properly, it will enable the management to identify systematically service quality shortfalls.

❑ Moore model for route map of how to launch a "quality" drive

The model is prescriptive and provides a route map of how to launch a "quality" drive. It has an external focus, but does not explicitly relate quality problems to the lack of proper market focus. The model also fails to provide a mechanism for identifying the likely areas in which "quality" problems might arise

The plan typically will include: -

- (a) An objective statement;
- (b) An order of priority;
- (c) A description of the proposed improvement activities;
- (d) An implementation schedule; and
- (e) A list of required resources.

The proposed monitoring system should attempt to measure both internal and external customer satisfaction.

This model provides a framework for addressing broad organizational quality issues.

Haywood argued that a service organization has "high quality" if it meets customer preferences and expectations consistently.

□ Moore model for route map of how to launch a "quality" drive Cont...

The key element in the attainment of "high quality" is the identification of customers' service requirements and expectations. He suggested that the separation of attributes into groups is the first step towards the development of a service quality model. In general, services have three basic attributes:

- (a) Physical facilities, processes and procedures;
- (b) People's behavior and conviviality; and
- (c) Professional judgment.

In this model, each set of attributes.

The management's task is to identify where the organization is located in this nexus. This will enable them to provide a service whose elements are internally consistent and focused on meeting the needs of a specific segment of the target market. In deciding the appropriate position of the service, management needs to consider three "operational" factors. These are:-

- (a) The degree of service customization;
- (b) The degree of Labor intensity; and
- (c) The degree of contact and interaction.

❑ Moore model for route map of how to launch a "quality" drive Cont...

The model put forward by Haywood-Farmer is helpful in terms of identifying the quality trade-offs and the links between "quality" and "operational" factors.

The model has the potential to enhance understanding, but it does not offer a practical procedure capable of helping management to identify service quality problems or practical means of improving service quality.

The model shows the likely position of several different organizations on this three-dimensional nexus. In the case of utilities, the important determinant of quality is the physical process; for example, reliability of facilities, capacity balance, control of flow, and timeliness. People behavior is also important. All three elements are equally important in the case of a medical or design service.

By identifying their organizations' position on the continuum, management will be able to implement more effective quality improvement processes.

It is generally recognized that consumers evaluate the service they receive, and their expectations are critically important in determining whether or not they are satisfied.

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