Application of Different Techniques used in Service Industries

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In current scenario measuring customer satisfaction has become an increasingly important factor for successful business operation. Problems regarding Quality in the service organizations are the result of the mismatch between prior expectation and perceived quality of the service to the customers. While accurate measurement of customer service is important to improve business operations. A number of measurement methods are obtained during literature review which includes Servqual, Servperf, Direct Investigation, Effective Market Share Method, Deming's demand, Service Performance Experiment Design, Statistical Process Control Model. Each method is discussed in brief in this article.

Keywords: Service Quality, Service Loyality, Service Industries, Servqual, Servperf

1. Introduction

Service quality is the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance. Service quality is often conceptualized as the comparison of service expectations with actual performance perceptions (Zeithaml et al.1990). A combination of the Servqual, Servperf, and Direct Investigation methods is required to cover all the important aspects of customer service. The focus is on making the evaluation of customer service beneficial to the company through increased market share. In addition, input from the customer service evaluations will identify problem areas as seen from the customer's perspective is clear that in order to do more than just measure customer service and rather, to make it effective, takes more than a simple, or even complex, measurement process. The combination of increased market share and fine tuning internal operations will increase profits and make effective use of measuring customer service. In this paper we discuss different techniques used in service industries for in favor of customer satisfaction improvement On an operational level, research in service quality has been dominated by the Servqual instrument, based on the so-called gap model. The central idea in this model is that service quality is a function of the difference scores or gaps between expectations and perceptions. It has been proposed that service quality is a multidimensional concept (cf. Parasuraman et al., 1985). The main key dimensions of service quality have been identified.

a) **Reliability**: It is defined as the ability to deliver the promised service dependably and accurately.The ability to perform the promised service dependably and accurately.It is about keeping promises about delivery, pricing, complaint handling, etc.
b) **Responsiveness**: It can be described as the willingness to help customers and provide prompt service. This dimension stresses service personnel's attitude to be attentive to customer requests, questions and complaints.
c) **Assurance**: It is the service quality dimension that focuses on the ability to inspire trust and confidence. The knowledge and courtesy of employees and their ability to convey trust and confidence
d) **Empathy:** It is the service aspect that stresses the treatment of customers as individuals. The provision of caring, individualized attention to customers
e) **Tangible:** It is the service dimension that focuses on the elements that represent the service physically. The appearance of physical facilities, equipment, personnel, and communication materials
f) **Listening**: Quality is defined by the customers. Service providers should listen to customers' voices
g) **Surprising :**To develop a reputation for superior service quality, companies should customers capture opportunities to surprise their customers
h) **Fair play**: Customers expect service providers to treat them fairly
i) **Teamwork**: Team involvement is highly correlated with a better service performance
j) **Employee :**Understanding employees is as important as understanding external research customers,Servant leadership Leaders serve, inspire, and lead their people
k) **Understanding/knowing the customer:** It involves understanding the customer's needs and requirements. It emphasizes close client focus and customization.
l) **Communication:** Clear And Regular communication with clients to keep them informed about the service. For example, give detailed and accurate information whenever a delay in service occurs.
m) **Competence:** Staff should possess the necessary skill, knowledge and information to perform the service effectively.
n) **Courtesy:** The politeness, respect, consideration and friendliness shown to the customer by the contact personnel.

o) **Credibility:** The extent to which the service is believed and trusted. It involves the service provider's name and reputation and personal traits of front line staff.
p) **Security:** The freedom from danger, risk and doubt. It involves physical safety, financial security and confidentiality.

2. Literature Review

The impact of techniques including Servqual, Servperf in the domain of service quality measurement is widely accepted and although few of its claims remain undisputed, it should be noted that even its major knowledge its popularity (Smith 1995).The conceptual methodological and interpretative problems that have been summarized that the problems associated with Servqual may be more serious than is generally acknowledged. The considerable changes to the original version, which were required to adapt the instrument appropriately in the replication studies, raise a host of new problems.These replication studies have also failed to identify the five putative dimensions of Servqual. Its conceptual and paradigmatic basis has been criticised (Cronin & Taylor 1992; Iacobucci et al. 1994), as has its focus on processes rather than on service quality outcomes and its failure to consider the impact of financial factors (Andersson 1992). The role of importance in service quality measurement the initial version of the Servqual instrument simply measures expectations and performance, and does not measure the importance of the various features (Parasuraman et al., 1988). Carman (1990), however, argues that since the importance of each item is quite distinct from the customer's expectations, it is relevant to the assessment of service quality. Indeed, Parasuraman et al. (1991) introduce importance weights to the Servqual instrument. respondents are asked to assign importance weights, out of 100, to descriptions of the five dimensions, these weights then being used to provide a weighted average of the overall service quality score. Parasuraman et al. (1994) demonstrate the validity of their revised instrument, but say little more than this in relation to the benefits of importance weights. Cronin and Taylor (1992) test the use of importance weights in conjunction with both Servqual and Servperf. They adopt a different approach to Parasuraman et al. (1991). Respondents are asked to assign an importance score, between one and seven, to each of the 22 items. Following empirical tests, they conclude that this does not add to the predictive power of the instruments, and in fact reduces it. Teas (1993) also conclude that weighted models perform worse than the unweighted versions.

The Servqual model is predicated on the notion of the performance gap as a basis for the measurement of service quality, though it has been suggested that there is little theoretical or empirical evidence to support this (Palmer, 1994; Carman, 1990). There are said to be three major areas of contention: the length of the Servqual questionnaire, the validity of the five dimensions; and the model's inability to predict future performance (Hoffman and Bateson 1997; Cronin and Taylor, 1992). It has also been suggested that the model is too generic, and cannot be applied to specific industry measurement criteria (Kurtz and Clow et al., 1991).

While the Servqual instrument has been widely used, it has also been widely criticised. For instance, the validity and reliability of the difference between expectations and performance has been questioned and several authors have suggested that perception scores alone offer a better indication of service quality (Cronin and Taylor, 1992; Teas, 1993; Strandvik and Liljander, 1994).Furthermore, application of the SERVQUAL approach is by definition limited to existing services since experience and performance must both be taken into account. Hence, the quality of service innovations can hardly be measured. Also, additive relationships between service dimensions are implied by the model, while this may not be a realistic assumption (Cronin and Taylor, 1992; Teas, 1993). Finally, GroÈnroos (1993) has emphasised the importance of developing an adaptation of the instrument that takes into account the role of expectations from a dynamic perspective. In the service quality literature, several of these critiques have been explicitly addressed (Zeithaml et al., 1996). An important advantage of the Servqual instrument is that it has been proven valid and reliable across a large range of service contexts, such as a dental school patient clinic, a tyre shop (Carman, 1990), discount and department stores (Finn and Lamb, 1991; Teas, 1993), hospitals (Babakus and Mangold, 1992) and higher education (Boulding et al., 1993). Although it has been demonstrated that for some services the SERVQUAL instrument needs considerable adaptation (Dabholkar et al., 1996), it still seems the best alternative for cross-sectional research and industry benchmarking (Fitzsimmons and Fitzsimmons, 1994). A considerable number of authors have argued that service quality is an important determinant of service loyalty but its exact relationship has remained unclear (Gremler and Brown, 1996).

A comparison of customer expectations and outcomes and service provider expectations suggests that performance-based analysis is a more effective approach to measuring quality because of its ability to explain variation in customer satisfaction (Elliot, 1995). Many support the case for a simple supplier performance measurement (Bolton and Drew, 1991; Churchill and Suprenant, 1982.Most approaches to service performance measurement lack demonstrable control systems that regulate quality through the measurement of standard performance. Jensen and Markland (1996) posit a statistical model based on Servqual claim increased performance values when used longitudinally. Motwani et al. (1998) support the use of TOC (Theory of Constraints) and BPR (Business Process Reengineering) methodologies to gain competitiveness. Headley and Choi (1992) postulate that key ideas from statistical control thinking can improve service quality approaches. This is supported also by Lapierre (1996) who suggests that the most promising avenue of future research has to do with predictive validity – standard performance in quality control is a prerequisite of predictive validity.

3. SERVQUAL Model

A number of methods have been developed to meet the need to measure customer satisfaction. One of the most popular methods, called SERVQUAL, was developed in 1988.This measurement method involves calculation of the differences between consumer. The disconfirmation model provides a good relative indication of how service level rates against similar

competitors but it lacked a quantitative foundation that can be used universally across industries. SERVQUAL, on the other hand, was developed to measure service quality across various environments. The method is based on the calculation of the differences between expectations and perceptions on a number of pre-specified criteria. Respondents are asked to identify the level of service expected from a service .The respondents then are asked to use the service and answer the same questions again to provide their perceived level of service. Service level evaluation is obtained by subtracting the expectation rating from the perception rating The scores are then averaged to obtain the overall service quality score.

There is concern regarding the reliability of comparing service expectations from a general industry sector with the actual service quality perception of a particular company. Expectation and perception may not be correlated and can cause varying results from different respondents. A possible solution to the problem is to tailor each SERVQUAL study to the particular company or industry under investigation. However, this revision reduces the ability of SERVQUAL to be used generically across industry bounds, one of its most important attributes. Another alternative is to collect expectation and perception data together rather than separately. In this manner the respondents will have the particular company in mind when expectations are measured, instead of the entire industry sector. For example customer's perceptions of service quality are resolved by the reconciliation of prior expectations, the service process and the outcomes. The likelihood of manifold variability of expectations therefore will likely promote a high incidence of randomness, thus compromising opportunities for standardization and ultimately conformance. Perceptual and attitudinal variability has thereby rendered a customer-based approach less feasible than a performance-based approach.

4. SERVPERF Model

Due to perceived shortcomings in the SERVQUAL approach, a performance-based approach to measure service quality called SERVPERF was introduced .SERVPERF is based on the presumptions that service quality is an antecedent to consumer satisfaction, that consumer satisfaction has a significant effect on purchase intentions, and service quality has less effect on purchase intentions than does consumer satisfaction. The SERVPERF model takes quite a different approach than that of the SERVQUAL model to try to eliminate the perception problems. The model investigates the relationships between service quality, consumer satisfaction and purchase intentions. The performance-based model theorizes that it is consumer satisfaction not service quality that influence purchase intentions. Managers must know whether consumers actually purchase from firms which have the highest level of perceived service quality or from those with which they are most satisfied. This is the most important aspect of measuring customer satisfaction because it relates to bottom line profits for the organization. Research up to this time has tried to differentiate service quality from consumer satisfaction through the disconfirmation format, whereas Servperf gives a simple equation: Service Quality = Performance.

The method further explains that service quality is an attitude. Customers develop this attitude on using the service very quickly. Further experience with the service organization will lead to further disconfirmation which modifies the level of perceived service quality. The redefined level of perceived service quality similarly modifies a consumer's purchase intentions towards that service provider. Therefore, the performance of a service organization must be just simply monitored. Practitioners of the Servperf model often gather data on performance directly by simply asking customers to assess the performance of the company's business process. Alternatively, focus group sessions are held to gather performance input from a group of customers. The direct collection of data provides great insight into why the company may be experiencing problems and provides managers with valuable information to improve performance. An extension of the Servperf method called Market Share was developed, to extend the performance-based model to include company market share in the customer service measurement process he addition of market share into the evaluation makes the measurement of customer service effective because it can then be related and used to increase company profits.

5. Direct Investigation Approach

The direct investigation approach involves disguising an inspector as a customer and allowing them to actually experience the service level of an organization under evaluation. An independent firm in market provides a service to retailers who are facing aggressive new competition. The firm provides an impartial individual who is dressed as if he or she were just another customer frequenting the store. The investigator enters the store and observes the decor, arrangements, carpet and paint quality, lighting, etc. The investigator then approaches salespeople and evaluates their responsiveness, friendliness, knowledge and general ability to help with the purchase. Immediately after the visit, the inspector fills out a multi-point report card, detailing the quality of service provided by the organization. The grade is based on the overall service quality provided and ranges from 0 to 100. The grade card indicates by low scores where the store or sales people were deficient, while the overall grade indicates how the store ranks among its competitors. The benefit of these inspections as a method of determining customer satisfaction goes beyond a tool for management to control their organization and improve customer satisfaction. The knowledge among store employees that the company is performing such random investigations can have profound effects on the organization as a whole. Employees will be alert that their treatment of customers could be monitored at any time.

6. Effective Market Share Method

Only the SERVPERF method achieves the ultimate goal of evaluating customer service, namely, increasing revenue. However, the means for obtaining data under Servperf are nothing new and by themselves do not represent the overall picture of customer service very well. The Market Share Method was developed after a literature review of all the customer service

measurement methods was completed. It was noted that a large gap existed in making the measurement of customer service effective. Effective means that resources spent in obtaining customer service data provide valuable information to managers who can then make adjustments to operating procedures and increase market share. Customer satisfaction includes the entire package that an organization presents to the public. It includes image, quality, convenience, price, selection, etc. The customer automatically and to some degree subconsciously forms an opinion regarding their preference of where they like to shop. The opinion includes the level of performance a company provides for all the factors listed above. If a company excels in many or all areas, the resulting effect will be a large market share. Therefore, the performance-based evaluation method of customer service is simply taken one step further.

7. Deming's Demand

The methods used in the manufacture of products feature many opportunities to regulate and systemize operations through physical measurement, leading to continuous improvement to product quality. This reduction of randomness and error, conformity to specification and effective quality control, has become the responsibility of those closest to the product's manufacture, this being an acknowledgement that such staff are the most able to achieve this by their position, knowledge and experience. This is a classic Deming management philosophy (Rienzo, 1993). In interpreting Deming's work as for service operations, he illustrates Deming's (1986) 14 points as moral principles rather than actions, suggesting that these require a radical shift in provider predispositions, attitudes and beliefs, and cites two case study examples in support of their appropriateness in service businesses. However, in seeking comparable service quality to that of manufacturing, the manufacture of the service product features fewer opportunities to regulate and systemize its operation. Moreover, those closest to the service product, contact staff, although held to be accountable for service failure are often not given the responsibility or latitude to effect improvements, and consequently are unable to consistently or reliably control quality. Comparative staff skills in manufacturing and service industries are brought into sharp contrast when considering the hard skills of a production worker and the soft skills of a service worker. The former may be confident that their work is satisfactory, the evidence for which is demonstrable by physical measurement of output and resultant products. The latter must rely on feelings at best since little reliable evidence remains after production.

8. Service Performance Experiment Design

The experimentation discussed here is as yet embryonic, work undertaken thus far suggests an overwhelming case for research that would more substantially validate the performance model used. The model features two fundamental components – threshold and incremental values. Threshold values form the basic or core benefits that can be reasonably expected to be available as a generic or universally intrinsic assembly of service attributes from which a service provider cannot reasonably detract (Lehtinen and Lehtinen, 1983; Lewis and Booms, 1983; Sasser *et al.*, 1978). Customers would likely perceive these as values that are manifested by fact or degree – threshold are those that should exist, and as a matter of fact, whether or not they do. Incremental values are those that could exist, and are expressed as a matter of degree to which they do. These are dynamic, openended opportunities for added value and continuous improvement to which a service provider can creatively add through the expression of mutually satisfying relationships with their customers. Service providers have much more freedom than their counterparts in manufacturing to do this. Since the service product can be modified through responding to situational sensitivity, improvements can be immediately effected on cue, relatively inexpensively and with far less lead time than in manufacturing. Manufacturing operations often require more time for assessment and testing, and may feature infrastructure changes such as retooling or raw material modification. Threshold values are expressive of the lowest common denominator of service provision, incremental the potential for the highest. This leads to the conclusion that service provision in the former is perfunctory at best and satisfying customers only in the absence of any other provision or availability of service (Teas, 1993). Incremental service benefits offer a much richer competitive opportunity since genuine added value can be expressed as a differentiated service product. Additionally, since there is good evidence to show that customer wants and needs are effectively insatiate, the requirement for continuous improvement service delivery systems is found (Maslow, 1943). Far from being a negative effect on service providers, this customer faculty actually favours the process of creativity in the adding of value. Customers, therefore play a positive role in the effecting of continuous improvement.

9. Statistical Process Control Model

It was envisaged that a service performance model that comprises closed and open-ended service attributes (threshold and incremental) should be capable of being devised for contact staff such that they will be able to operate simple measuring and monitoring techniques that will facilitate review and improvement (Flynn, 1993; Levitt, 1972; Chase, 1981; Chase and Garvin, 1989; Parasuraman, 1995). Following a standard statistical process control (SPC) methodology for services as for products, contact staff ought reasonably to be able to emulate their counterparts in manufacturing industries, by sampling and recording their work actions, (Bagozzi, 1983; Brown et al., 1993).

Supplier analysis systems feature this kind of sampling and recording. Many companies have used this approach with measurable success over the past two decades in supplier review assessments. What is needed is an objective method of monitoring cost and quality so that value can be seen in its proper context. as "feelings" are subject to variability and lack the evidence of facts, measuring and monitoring "hard" and "soft" values is necessary. Since this can only feasibly be done from

a base of standardized operations, measurement techniques are required. Objectivity, also, can only reliably exist when hard and soft data are measured and compiled, from which observable conformance can be achieved. Additionally, since "things that can be measured can be improved" (Crosby, 1979), the basis for continual improvements can be facilitated.

10. Recommendations

It is clear that in order to do more than just measure customer service and rather to make it effective, takes more than a simple, or even complex, measurement process. A combination of the Servqual, Servperf and Direct Investigation methods is required to cover all the important aspects of customer service. The focus is on making the evaluation of customer service beneficial to the company through increased market share. In addition, input from the customer service evaluations will identify problem areas as seen from the customer's perspective. Management can then correct these problems which otherwise may have gone unnoticed. The combination of increased market share and fine tuning internal operations will increase profits and make use of measuring customer service.

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