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The Dimensions of Service Quality
CHAPTER 4
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ABSTRACT

The services are articulated as separately identifiable, intangible activities which deliver want satisfaction when they are marketed to consumers. The service marketing mix comprises of 7P’s namely, Product, Place, Price, Promotion, Physical Evidence, Process and People. In the present scenario services have predominantly played a significant role in the Indian Economy. Marketing managers desperately need instruments for evaluating service quality, in order to recognize the characteristics and determinants of service quality. The SERVQUAL model founded on attribute approach to service quality, and explains five basic determinants of service quality namely, Tangibility, Reliability, Responsiveness, Assurance And Empathy. In Sync with the global scenario, The Indian service sector has grown at a commendable pace.

The concept of quality within the transportation industry encompasses a large number of varied dimensions. Commuters see the concept of quality in the degree of service delivered and cost of transportation in such a scenario, systematic research aimed at measuring the commuters’ perception on service quality offered by the public transport services will be beneficial to consumers and service producers. The service industry is loaded with fierce competition, thus it of key significance for the service organizations to study service quality as a prime factor for customer satisfaction and sustaining in the competitive world.
4.1. SERVICES DEFINITION

A consistent definition of service has not been initiated up to this day. Beside theoretical creations, several categorizations are accepted in the professional literature. The most acknowledged definition brings up the concept from the activity side of the service. Sticking to this approach, service is the outcome of such activities, which assist the condition of a person, object, information – maybe process – is maintained (repaired), forwarded, stored, supplemented, improved or transformed, without changing its basic character. The result of the service usually cannot be stacked up, and no novel product in a physical-objective form is produced. Rather the conduct directly satisfies the common personal or communal needs of persons and the society, as well as the demands of the production process” (Papp, 2003, p.17).

Pursuant to the Classification of Services (2003) service is the result of the activity which satisfies needs typically by establishing a direct connection with the customer.

Accordingly service can be:

- An activity carried out on the tangible product provided by the customer (cloth cleaning)
- An activity carried out on the intangible product provided by the customer (accounting)
• Providing, creating intangible product to /for the buyer (education, health care)
• Providing, manufacturing tangible product to the buyer (commerce, postal service)

In the era of 1960’s American Marketing Association, articulated services as “activities, benefits, or satisfactions which are offered for sale, or provided in connection with the sale of goods.” This definition had a very meager view about services as it offered that services are provided only in relation with the sale of goods.

According to Stanton, 1974 services are interpreted as “separately identifiable, intangible activities which deliver want satisfaction when they are marketed to consumers and/or industrial users and which are not mandatorily knotted with the selling of a product or another service.”

A decade later, a remarkably unique array of definitions was propounded. Lehtinen, in 1983, defined services as “a series of activities which take place in interactions with a contact person or a physical machine and which provides consumer satisfaction.” In 1990, Gronroos, proposed a working definition. As per him, “a service is an activity or series of activities of more or less intangible nature that normally, not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or system of the service provider, which are provided as solution to customer problems.” This definition takes into consideration the following significant aspects of services:

• Services are the series of activities rather than things.
• Thus services are intangible.
• They occur through the interaction between the customer and the service provider, which implies that services are produced and consumed simultaneously.
• Customer has a major role to play in the production process as the services are provided in response to the problems of customers as solution.

4.1.1. Services are different from Products

There are only service industries\(^1\) whose service components are greater or less that those of other industries. According to Levitt (1991), almost every tangible core physical product, an intangible service component is associated. Therefore, everybody exists in service.

In 1977 Ms G Lynn Shostack, the Vice President of Citibank, suggested that marketing “entities are a mishmash of tangible and intangible elements that are different and discrete. If these absolute tangible and intangible elements are taken at the two ends of continuum, all goods and services don’t fall at one place. There is a range that varies from absolute tangible goods to an intangibles service.

Theodore Levitt propounded another approach of distinction between various goods\(^2\). As per him goods can be put into two categories, namely search goods and experienced goods. Search goods are the one which are packaged goods and customer’s view, evaluate and try them before the purchase. Whereas experienced goods, are the one which one can see or evaluate after purchase. Some people call search goods as tangible goods and others as in tangibles. There is a range between the two extremes and there could be certain products falling in this range.

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Figure 4.1: Range of tangible goods to intangible service

Figure 4.2: Continuum of tangibility to intangibility

Kotler and Keller (2006) extended and illuminated the view of Levitt and suggested four categories in which product services relationship can be categorizes.
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At First, it is the pure tangible good which is like a commodity where it’s rather difficult to differentiate amongst the goods supplied by two suppliers and these goods look alike. There is absolutely no service or intangibles attached to the goods. Second, it is the tangible goods with accompanying service(s), In this case the offer comprises of a tangible good with service(s) related with it. The distinction is made amongst the product from competing products based service. Third, it is a major service with accompanying minor goods or service. In this case the manufacturer is primarily offering a service to the market and along with it minor goods or services may or may not be associated. Lastly, it is pure service where the offer is a service only.

4.2. SERVICE MARKETING MIX

The service marketing mix comprises of extension and adaptation into the extended marketing mix for services, also known as the 7P’s - physical evidence, process and people.

![Seven P’s of service marketing](http://www.google.co.in/imgres)

**Figure 4.3:** Seven P’s of service marketing

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4.2.1. Product
The product in service marketing mix\(^4\) is intangible in its flair. In case of physical products like a soap or a detergent, service products cannot be measured. Tourism industry or the education industry can be an excellent example for measuring the service. At the same time service products are heterogeneous, perishable and don’t have any ownership. The service as a product\(^5\) therefore has to be designed with lot of concern. Normally service blue printing is done to explain the service product. For example – a restaurant blue print will be prepared before establishing a restaurant business. This service blue print defines exactly how the product (in this case the restaurant) is going to be.

4.2.2. Pricing
Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organization. Price must support the other elements of the marketing mix. Pricing is difficult and must reflect supply and demand relationship.

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• **Premium Pricing:** A premium pricing strategy involves setting the price of a product higher than similar products. It is a practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price. The practice is intended to exploit the (not necessarily justifiable) tendency for buyers to assume that expensive items enjoy an exceptional reputation or represent exceptional quality and distinction.

• **Penetration Pricing:** This is a technique of setting a relatively low initial entry price, usually lower than the intended established price, to attract new customers. The strategy aims to encourage customers to **switch** to the new product because of the lower price.

• **Economy Pricing:** under this strategy the cost of manufacturing are kept at minimum. super markets often have economy brands of soaps, soups and detergents.

• **Price Skimming:** A product pricing strategy by which a firm charges the highest initial price that customers will pay. As the demand of the first customers is satisfied, the firm lowers the price to attract another, more price-sensitive segment.

Premium pricing, penetration pricing, economy pricing, and price skimming are the four main pricing policies/strategies. They lay the foundation for the pricing exercises. However there are other vital approaches to pricing.

4.2.3. **Place**

A channel of distribution comprises a set of institutions play a significant role in making the product move and transferring its title from production to consumption. Place is termed as channel, distribution, or intermediary. It is the means through which goods and/or services are moved from the manufacturer/ service provider to the user or consumer.

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Types of Channel Intermediaries

There are various types of intermediaries such as wholesalers, agents, retailers, the Internet, overseas distributors, direct marketing, and many others. The main modes of distribution are:

- **Wholesalers**: They break down ‘bulk’ into smaller packages for resale by a retailer. They buy from producers and resell to retailers. They take ownership or ‘title’ to goods whereas agents do not. They provide storage facilities. For example, cheese manufacturers seldom wait for their product to mature.

- **Agents**: Agents are mainly available in international markets. An agent predominantly secures an order for a producer and charges a commission. They do not take the possession of the goods. This implies that capital is not tied up in goods. This approach is applied where goods need to get into a market soon after the order is placed e.g. foodstuffs.

- **Retailers**: Retailers maintain a intense personal relationship with the consumer. The retailer keeps several other brands and products. A consumer expects to be exposed to many products.

- **Internet**: The Internet has acquired a geographically scattered market. Prime advantage this technology is that products meant for niche markets reach a wider audience e.g. Scottish Salmon direct from an Inverness fishery. There are low barriers low barriers to entry as set up costs are low. Use e-commerce technology (for payment, shopping software, etc) There is a paradigm shift in commerce and consumption which benefits distribution via the Internet.

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4.2.4. Promotion

One more element of 7P’s is ‘promotion’. This includes all components available to the marketer for ‘marketing communication’

The elements of the promotions mix are:

- **Personal Selling**: Personal selling is the process of communicating with a potential buyer (or buyers) face-to-face with the purpose of selling a product or service.

- **Sales Promotion**: It includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.

- **Advertising**: Advertising is the non personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media.”(Bovee, 1992, p. 7)

- **Public Relation**: Public relations is the practice of managing the spread of information between an individual or an organization and the public. Public relations may include an organization or individual gaining exposure to their audiences using topics of public interest and news items that do not require direct payment. The aim of public relations by a company often is to persuade the public, investors, partners, employees, and other stakeholders to maintain a certain point of view about it, its leadership, products, or of political decisions.

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4.2.5. People

People\(^9\) acquire the most vital position in giving the customer a satisfying experience. Services are produced and consumed at the same moment, the personal services offered by individuals either make or taint a tour, vacation or restaurant meal.

4.2.6. Physical Evidence

Physical evidence is the material part of a service. As there are no physical characteristics of services, therefore consumer rely on material cues. There are many examples of physical evidence, including some of the following:

- Packaging
- Internet/web pages

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• Brochures
• Furnishings
• Uniforms
• The building itself (such as prestigious offices or scenic headquarters)

4.2.7. Process

Service process is the method in which a service is offered to the end customer. The process of a service company in delivering its product is of prime significance. It is also a crucial element component in the service blueprint, in which prior to service establishment, the company explains precisely what should be the process of the service product reaching the end customer.

4.3. SERVICE MARKETING AND SERVICE QUALITY

In the present scenario services have predominantly played a significant role in the Indian Economy. Since the era of trends set nineties, services have acquired dominance in the sector. The competition simultaneously, in service organizations, has become all the fierce and severe. As a result these organizations have adopted a more professional approach to manage their businesses. Perhaps it is in this context that the role of marketing is gaining importance in service organizations (Ravi Shankar 2002).

The current scenario of service industry is loaded with fierce competition, thus it of key significance for the service organizations to study service quality as a prime factor for customer satisfaction and sustaining in the competitive world. In accordance, the Service marketers and marketing managers greatly need instruments for evaluating

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service quality, in order to recognize the characteristics and determinants of service
to the characteristics and determinants of service quality. The SERVQUAL model founded on attribute approach to service quality, and explains five basic determinants of service quality namely, Tangibility, Reliability, Responsiveness, Assurance And Empathy. Quality-based service marketing strategy is sustainable, as practice has shown that not all competitors can achieve the expected service quality. Therefore, service companies basing their marketing strategies on quality have a recognizable image on the service market,

### 4.4. SERVICE QUALITY

“Service quality is an attentive evaluation that shows the customer’s perception about specific dimensions of service: reliability, responsiveness, assurance, Empathy, tangibility. Satisfaction, on other hand, is more inclusive: it is enticed by perceptions of service quality, product quality, and price as well as situational factors and personal factors” Zeithaml & Bitner (2003: 85)

### 4.5. THE SERVICE QUALITY MODEL: SERVQUAL

Customers develop expectations from services through varied sources like past experiences, word of mouth, and advertising. Generally, customers make a comparison between the perceived service with the expected service. When the perceived service falls below the expected service, customers are disappointed and when perceived service meet or exceed their expectations, they are apt to return to the provider again. Successful companies add benefits to their offering that not only satisfy customers but surprise and delight them. Delighting customers is a matter of exceeding expectations.

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Parasuraman, Zeithaml, and Berry founded a service-quality model that focuses on the key requirements for delivering high service quality. The model, shown in Figure below, identifies five gaps that cause unsuccessful delivery:

- **Gap between Consumer Expectation and Management Perception:** Management might not always correctly perceive what customers want. Hospital administrators may think that patients want better food, but patients may be more concerned with nurse responsiveness.

- **Gap between Management Perception and Service-Quality Specification:** Management might correctly perceive customers’ wants but fail in fixing the standards for performance. Hospital administrators may tell the nurses to give “fast” service without specifying it in minutes.

- **Gap between Service-Quality Specifications and Service Delivery**: The employees might not be adequately trained, or incapable of or unwilling to meet the standard; or they may be held to conflicting standards, such as taking time to listen to customers and serving them fast.

- **Gap between Service Delivery and External Communications:** The expectations of consumers are influenced by the statements made by company representatives and ads. If a hospital brochure shows a beautiful room, but the patient arrives and finds the room to be cheap and tacky looking, external communications have distorted the customer’s expectations.

- **Gap between Perceived Service and Expected Service:** The consumer misperception about the service quality leads to this gap.

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Based on this service-quality\textsuperscript{14} model, these researchers identified the following five determinants of service quality, in order of importance.

\textsuperscript{14} Andy, P., Lavrans, L. and Ben, R. (2013). Service design, United States, 34-51.
• **Reliability:** It stands for the ability to perform the promised service dependably and accurately.

• **Responsiveness:** This implies to the willingness to help customers and to provide prompt service.

• **Assurance:** This means the knowledge and courtesy of employees and their ability to convey trust and confidence.

• **Empathy:** It implies to the provision of caring, individualized attention to customers.

• **Tangibles:** The appearance of physical facilities, equipment, personnel, and communication materials.

Based on these five factors, the researchers developed the 21-item SERVQUAL scale. They also noted that there was a *zone of tolerance* or range where consumer perceptions on a service dimension would be deemed satisfactory, anchored by the minimum level consumers would be willing to accept and the level that customers believe can and should be delivered.

The following are the key pointers of the five dimensions of the service quality model:

• **Reliability**
  
  o Providing service as promised
  
  o Dependability in handling customers’ service problems
  
  o Performing services right the first time
  
  o Providing services at the promised time
  
  o Maintaining error-free records
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- Responsiveness
  - Keeping customer informed as to when services will be performed
  - Prompt service to customers
  - Willingness to help customers
  - Readiness to respond to customers’ requests

- Assurance
  - Employees who instill confidence in customers
  - Making customers feel safe in their transactions
  - Employees who are consistently courteous
  - Employees who have the knowledge to answer customer questions

- Empathy
  - Giving customers individual attention
  - Employees who deal with customers in a caring fashion
  - Having the customer’s best interests at heart
  - Employees who understand the needs of their customers
  - Convenient business hours

- Tangibles
  - Modern equipment
  - Visually appealing facilities
  - Employees who have a neat, professional appearance
  - Visually appealing materials associated with the service

4.6. SERVICE QUALITY AND ITS APPLICATION IN SERVICE SECTOR

Service Quality is considered as a key element of the service industry as the biggest challenge is to provide services in sync with the expectations of the customers become
a complex task as the expectations and needs of customers are diverse and ever-changing. Moreover, it has become difficult to measure quality parameters in the service sector. Thus, numerous service industries are nowadays resorting to service quality measurement tools, namely SERVQUAL, which help them to improve their services and woo their customers.

4.7. THE SERVICES SECTOR: AN OVERVIEW

The services comprise an extensive range of activities, which range from services delivered by the most classy sectors, namely, telecommunications, satellite mapping, and computer software, to comparatively simple services like practiced by the barber, the carpenter, and the plumber; immensely capital-intensive activities like civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing; infrastructure-related activities like railways, roadways, and ports to socially inclined activities namely, health and education. Hence, there is no standard format for defining services giving way to overlying concepts. Another domain of classification of services includes trade, hotels, and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services.

The predictions proved to become true as the growth of the services accelerated not only because of growing demand for services within India, but also because of the rising number of exports making a robust contribution to about a quarter of total employment, accounting for a high share in foreign direct investment (FDI) inflows and over one-third of total exports, and recording very fast (27.4 per cent) export growth through the first half of 2010-11.
India’s budding Information Technology, and its booming IT software exports which now account for 2% of the GDP, has been acknowledged widely. In addition, the most eminent segment of its services sector, is the entertainment industry, specifically films and TV, which has grown at an immense speed. India’s health services, comprising of super-specialty hospitals having an edge in both modern and traditional Indian medical systems (like Ayurveda, Unani, Siddha and nature-cure) backed up by state-of-the-art equipment, attract patients from across the world, and constitute a significant segment of India’s services sector.

Education is one other field which is apart from being a robust segment in the service sector in the country is also a foreign exchange earner by way of NRIs and foreign students enrolled in major medical, technological and other institutions in India, and also export of manpower even to the western world.

By virtue of having the second largest scientific and technical manpower in the world, India has been providing diverse consultancy and other services globally. There is an enormous scope for India to undertake project and management consultancy, repair and maintenance work (on ships, power installations, transport equipment, medical equipment etc.) pre-publishing services, and R&D in various disciplines, and interested parties from across the world are invited to capture them and other capabilities prevailing in ample amount in the country.

As a subcontinent with assorted geographical, climatic, ethnic, cultural, religious and social strands intertwined, India is a one-stop destination for any tourist expecting a kaleidoscopic experience of life in its entirety. The tourism industry in the country is

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well equipped, and also growing fast to offer tourists with diverse interests and means, all the services needed to make their visit memorable. The services sector is an unexplored ocean throwing up many daunting challenges as well as opening up many exciting opportunities to be taken up by the concept of service quality that has gained a substantial attention of both the academicians and the service providers. In the prevailing scenario the service organizations have started giving in their maximum effort towards customer-focused services and consequently continuous performance improvement.

4.8. SERVICE QUALITY AND TRANSPORTATION SECTOR

Over the last few years, the public transport industry in many countries has been engaged in a process of deep transformation. Presently, the number of vehicles on roads is more than the number of individuals. Service quality measurement is one of the most substantial practical themes for service providers and regulatory agencies.

The concept of quality within the transportation industry encompasses a large number of varied dimensions. Commuters see the concept of quality in the degree of service delivered and cost of transportation. Transport companies have a distinct and wider view about quality from, as they include the domains of customer service also.

In the prevailing scenario of globalization, public transportation services need to question their sensitivity towards the quality of services\textsuperscript{16} offered. Service quality is recognized as one of the important areas on which public organizations including transportation services are focusing in present times (Ancarani & Capaldo, 2001).

Today commuters across the country and the rest of the parts of the world have formed a major potential workforce in the national capital of the country. The most convenient and cheapest travel is public transportation services. Every day 3.8 million people travel through public transportation services. In his study Andreassen (1995) opined a similar objective of public transportation achieving satisfaction which meets public expectation. In such a scenario, systematic research aimed at measuring the commuters’ perception on service quality offered by the public transport services will be beneficial to consumers and service producers.