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CHAPTER II
REVIEW OF LITERATURE

2.1.0 QUALITY OF SERVICES

Service quality is of great importance in marketing of services. It is the only essential prerequisite that is of prime concern for both the service customers and the service providers. In the modern market where ‘customer is the king’, the service organizations have realized that only quality of services will fetch customers to buy their service product and make them loyal and prompt their repurchases. It can be stated that the service organizations of today are aware of the competitive advantage of their service quality to operate profitably and successfully in the businesses.

2.1.1 MEANING OF QUALITY OF SERVICES

Quality is a relatively unexplored area in services. (Harsh Verma). (1) It refers to laying down of specifications and striving to achieve maximum conformity. Unlike goods, where quality control is mechanistic, in services it is highly subjective and varies from customer to customer, service to service, and occasion to occasion. Juran stated that quality is fitness for use that is determined by the features useful to the customers. (2) A definition of quality is incomplete without taking customer into consideration. Groocock’s definition of quality referred the quality of service as “the degree of conformance of all the relevant features and characteristics of service to all the aspects of
the customer’s needs limited by the price and delivery he or she will accept”. (3) Crosby defined quality as “a conformance to requirements”. (4) Gronroos, Smith and Houston, Churchill and Surprenant, Lewis and Booms opined that quality is a comparison between expectations and performance. (5) Thomson, DeSouza and Gale, Rudie and Wansley stated that delivering high service quality produces measurable benefits in profit, cost-saving and market share. (6)

Gronroos proposed that a service firm, in order to compete successfully, must develop quality to their services and they must first define how service quality is perceived by the consumers, and secondly, determine in what way service quality is influenced. (7) He suggested that functional quality is a more important dimension of perceived service rather than technical quality. (8)

Fig 2.1 Consumer perceptions of technical and functional quality
McConnel, Olander, Zeithaml and Gronroos concluded that service quality is more difficult to evaluate. Bowen, Schneider commented that the commitment and retention of service customers are aspects of service organization relationship that have received limited attention from researchers.

Parasuraman, Berry and Zeithaml, Boulding stated that customer perceptions of service quality are multi-dimensional and include perceptions like reliability, responsiveness, tangibles, assurance and empathy. Parasuraman, et.al. and Cronin and Taylor further added that perceived service quality is cumulative in nature.

Prof. Harsh Verma stated that in services customers do not solely evaluate quality on the basis of the service outcome (technical service quality), rather their evaluation is affected by the service process (friendliness, responsiveness of service personnel).

Quality in service is a customer-oriented phenomenon. It is defined by the customers, and all other judgments are of little value. Further the concept of quality may differ from one target to another. It is, therefore, essential to ascertain what quality service means to the customer. Hull Treat noted that an integral part of Total Quality Management is allowing the customer to define quality. William Band wrote that defining quality in concrete, operational terms is difficult. Product-based quality is measured by the amount of the desired
attribute a product contains. Quality that is user based is defined by the customer's perception of how well the company satisfies expectations. In contrast, operations-based quality is measured by how well the product conforms to the objective specifications of the producer. Value-based quality is expressed in terms of conformance to requirements, but it also considers the price and cost of meeting them.

Cina Craig stated that quality is defined by a firm's customers and created by its employees. (15) Sparks and Legault wrote in their article that Garvin wants to replace defensive quality with a strategic approach based on customer-related dimensions of quality which include performance, serviceability, and perceived quality.(16) A practical definition of quality includes the elements like design, production, sale, delivery and after-the-sale. Brown and Sanderlands Eric stated that Quality function deployment is a method for aiding the translation of customer requirements directly into new product characteristics. (17) Donovan Michael denoted that quality is a given component. Dominique Turpin studied the Japanese approaches to customer satisfaction and concludes that Japanese companies are intense about product quality and are aiming at zero defects in customer service. (18)

Duray Rebecca and William Glenn stated that the critical issue in quality is the problem of incorporating the voice of the customer into the design, production, and after-market support of products and services. (19) Casey Thomas and Warlin Karen examined the customer satisfaction in few services like banking,
investment, management etc. and find that there is a strong link between employee retention and quality of service. (20)

2.1.2 DIMENSIONS OF SERVICE QUALITY

Service quality has many dimensions. Dimensions of quality refer to process quality as judged by consumers during a service and output quality judged after a service is performed. Lehtinen and Lehtinen distinguished between the physical quality i.e. the product or support system; interactive quality i.e. where the interaction between the customer and the service organization occurs; and the corporate quality. (21) The corporate quality is the result of how customers perceive a service organization and is built by the technical and functional quality of its services.

Gronross discussed the technical quality of service encounters, that is, what is received by the customer; and the functional quality of the process, that is, the way in which the services are delivered, in relation to the staff. This would include attitudes, behaviour, appearance, personality, service-mindedness, accessibility and approachability of customer contact personnel. (22)

Parasuraman, Zeithaml and Berry have quoted ten dimensions of service quality (23) that show the expectations and perceptions of service quality by the customers.
In the above chart, the ten dimensions of service quality have the following implications in understanding perceptions and expectations of service quality by customers:

1. **Reliability** is the ability to perform the promised service dependably and accurately;

Fig 2.2 Dimensions of service quality Parasuraman, Zeithaml and Berry, 1985

In the above chart, the ten dimensions of service quality have the following implications in understanding perceptions and expectations of service quality by customers:

1. **Reliability** is the ability to perform the promised service dependably and accurately;
2. **Responsiveness** refers to willingness of the service provider to help the customers and provide prompt service;

3. **Tangibility** is the appearance of the physical facilities, equipments, personnel and communication materials;

4. **Communication** refers to informing customers about services in the language they can understand and then listening to them;

5. **Credibility** is trust-worthiness, believability, honesty of the service provider;

6. **Security** aspect of service quality is freedom from danger, risk and doubt;

7. **Competence** is exhibition of required skills and knowledge to perform the service;

8. **Assurance or courtesy** is the politeness, respect, consideration and friendliness of the service contact personnel;

9. **Understanding the customer** is the aspect of making efforts to understand the customers and their needs; lastly,

10. **Access** is the approachability and ease of contact with the service provider.

In the subsequent research undertaken by Parasuraman, et. al. (24) revealed the greater degree of correlation between these factors which made them to limit them to broad five dimensions of-
**Tangibles** are those factors that the customers can see, hear, and touch. Those are the appearance of physical facilities, equipments, appearance of contact personnel. Tangibles are helpful in assessing the physical quality of service even before the service is experienced.

**Responsiveness** is the willingness and ability of the service provider to respond to the needs of the customer and serve him promptly. It is that important dimension of service quality for those customers who require some service over and above what is usually provided.

**Empathy** includes providing, caring and personalized attention to customers. It includes features like approachability, sense of security.

**Assurance** represents the employee knowledge and courtesy and their ability to inspire trust and confidence. The customers should be assured that the service personnel has understood their needs and fulfilled them.

Lastly, **reliability** is the ability of the service organization to perform service accurately and dependably. Reliable service performance is a customer expectation of the service that is one of the crucial dimensions of service quality.

**2.1.3 ASSESSMENT OF SERVICE QUALITY-MODELS**

Service quality satisfaction is the outcome of the resources and activities expanded to deliver service against the customer expectations from it.

Service satisfaction = Expectations - Perceptions
2.1.3 (a) Gronross Service Quality Model

Gronross proposed that a service firm, in order to compete successfully, must develop quality to their service and they must first define how service quality is perceived by the consumers, and secondly, determine in what way service quality is influenced. (25) He suggested that functional quality is a more important dimension of perceived service than the technical quality. Therefore, the essence of effectiveness in managing services lies in improving the functional quality of a firm’s service by managing the buyer-seller interactions (interactive marketing) than the traditional marketing.

Fig 2.3 Gronross Service Quality Model
Managing the perceived quality of a service means that one has to match the expected service and the perceived service to each other in such a way that satisfaction can be achieved. To minimize the gap between expected and perceived service are two critical things. First, the promises about how the service will perform given by the traditional marketing activities and communicated by word of mouth, must be realistic when compared to the service that the consumer eventually will perceive. Secondly, managers have to understand how the technical and the functional qualities of service are influenced by and how the customers perceive these quality dimensions.

2.1.3 (b) GAPS Model of Parasuraman and others

In order to develop greater understanding of the nature of service quality and how it is achieved in an organization, a Service Quality Model was developed by Parasuraman and et.al. (26) Their model clearly indicates that consumers’ quality perceptions are influenced by a series of five distinct gaps occurring in organizations. The model is based on the assumption that there are four organizational areas where poor perception of service quality by customers creates gaps. These gaps which can impede delivery of services that the consumers perceive to be of high quality are-

- **Gap 1:** Differences between consumer expectations and management perceptions of consumer expectations;
- **Gap 2:** Differences between management perceptions of consumers’ expectations and service quality specifications;
• **Gap 3**: Differences between service quality specifications and the service actually delivered;

• **Gap 4**: Differences between service quality and what is communicated about the service to consumers;

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**Fig 2.4 Service Quality Model Developed by Parasuraman and ltd**

- **Word of mouth communications**
- **Personal needs**
- **Past experience**

- **Expected service**

- **Perceived service**

- **Service delivery (including pre and post – contacts)**

- **External communications to consumers**

- **Transition of perception into services quality specification**

- **Management perceptions of consumer expectations**

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• **Gap 5**: Differences between the perceived service and expected service.

This gap depends on the size and direction of the first four gaps associated with the delivery of service quality. It is the gap 5 that the customer satisfaction measurement attempts to evaluate. The quality that a consumer perceives in a service is a function of the magnitude and direction of the gap between expected service and perceived service.

**Key Factors Causing Quality Gaps**

**GAP 1: Customer expectations-management perceptions**

(a) Insufficient marketing research
(b) Inadequate use of marketing research
(c) Lack of interaction between management and customers
(d) Insufficient communication between contract employees and managers
(e) Too many layers between contact personnel and top management

**GAP 2: Management perceptions-service quality specifications**

(a) Inadequate management commitment
(b) Absence of formal process for setting service quality goals
(c) Inadequate standardization of tasks
(d) Perception of infeasibility—that customers expectations cannot be met
GAP 3: Service quality specifications-service delivery

(a) Lack of team work
(b) Poor employee-job fit
(c) Poor technology-job fit
(d) Lack of perceived control(contact personnel)
(e) Inappropriate evaluation/compensation system
(f) Role of conflict among contact employees
(g) Role ambiguity among contact employees

GAP 4: Service delivery-external communications to customers

(a) Inadequate communication between sales people and operations
(b) Inadequate communication between advertising and operations
(c) Differences in policies and procedures across branches or departments
(d) Puffery in advertising
(e) Puffery in personal selling

The extent of these gaps is quantified using structured questionnaires. According to Parasuraman, the founder of the ServQual model, regardless of the type of service, consumers used basically similar criteria in evaluation service quality. The gaps that are measured in terms of scores it generates on five parameters namely tangibles, reliability, responsiveness, assurance and empathy. Scores for each of these five parameters, generated on a seven-point scale, measure each gap. The consumer typically indicates his evaluation of the performance of the company and its competitors and also the service expected by him on a seven points scale. These are combined to arrive at a final score that denotes the level of the customer’s satisfaction.
The nature of the questions to be asked on each of these dimensions could be related to following implications-

**Reliability** dimension involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honors its promise.

**Tangibles** include the physical evidence of the service. It includes physical facilities, appearance of the personnel, tools or equipments used to provide the service, physical representation of the service and other customers in the service facility.

**Responsiveness** concerns the willingness or readiness of employees to provide service. It involves timeliness of service.

**Assurance** involves a combination of the classic parameters of competence, courtesy, credibility and security. Competence means possession of the required skills and knowledge to perform the service. Courtesy is the politeness, respect, consideration, and friendliness of contact personnel. Credibility involves trustworthiness, believability, and honesty. Security is the freedom from danger, risk or doubt. It involves physical safety, financial security and confidentiality.

**Empathy** denotes the classic dimensions of access, communication, and understanding of the customer. Access involves approachability and ease of contact. Communication means keeping customers informed in language they understand and listen to them, it means the company has to adjust its language
for different customers-increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice. Understanding a customer involves making the effort to understand the customer’s needs. It also involves the customer’s specific requirements, providing individualized attention and recognizing the regular customer.

On the basis of above background, customer satisfaction can be measured with a set of following framework-

- Identify dimensions on which customer satisfaction of a particular organization’s performance is to be measured;

- Construct a score-sheet to measure this organization’s score against its competitors and against ideal standards for each of those five dimensions stated by Parasuraman and others. Administer to the customers.

- Compute difference between this organization’s score and that of the ideal organization and of competitors.

- Calculate the average gap for each dimension by computing the mean of scores for all questions pertaining to a particular dimension.

- Recalculate the scores using the weights yielded by the respondents’ rating of dimensions.
2.1.3 (c) GALLUP-QSA SYSTEM

It follows the theoretical framework of the ServQual method while changing the dimensions along which the gaps between the customer’s perceptions and the company’s performance are measured. The six parameters used by this system are-

- Tangibles;
- Accuracy;
- Availability;
- Responsiveness;
- Credibility and
- Partnership.

The model diverges from ServQual method by stacking these six parameters—the first three systems-related and the last three people-related in a hierarchy, with the tangibles on the top and partnership at the base. Unless the product or service scores on the tangibles, beating the competition on, say, responsiveness or credibility will make no difference; customers won’t stay unless the basic value that they need is provided.
The first three factors are hygiene factors whose absence causes dissatisfaction. The last three factors are motivators whose presence contributes to customer delight. Therefore, scores on the individual parameters are weighted to reflect this hierarchy.
Combined Cognitive And Affect-Augmented Cs/D Model

- Expectancy Disconfirmation Theory

This theory provides support to the expectancy-disconfirmation satisfaction link. According to Cronin and Taylor, this theory, when purchasing a product the consumer makes predictions (forms expectations) concerning the future performance of the item.\(^{(27)}\) As the item is used, the customer compares the quality of performance to his expectations. The judgment that results from this comparison is labeled negative disconfirmation (leading to dissatisfaction) if the product is worse than expected, positive disconfirmation (leading to satisfaction) if better than expected and simple confirmation if as expected.

The contrast effect provides support to the fact that it is likely for disconfirmation to have a greater impact on the customer than expectation. This theory predicts that product performance below expectations will be rated poorer than it is in reality, while performance above expectations will be rated very high. In effect, consumers are thought to magnify ratings in the direction of the disconfirmation.
Fig 2.6 Combined Cognitive And Affect-Augmented Cs/D Model (Source Unpublished Project Report "Customer Satisfaction", IIM Bangalore)

Haemoon Oh, in his Ph.D. dissertation, undertook the structural assessments of the customer satisfaction and service quality models with lodging services. He examined the EDM, Servoqual and Seroperf models of measuring service quality and concluded that Expectancy Disconfirmation Model is the best model for measuring customer satisfaction and service quality. He
stated that subjective disconfirmation method of EDM is more valid than the objective disconfirmation method of Servoqual.

Assimilation Theory

This theory provided the basis for an expectations-oriented response tendency. This framework assumes that individuals are reluctant to acknowledge discrepancies from previously held positions and therefore assimilate judgment toward their initial feelings for an object or an event. Thus expectations-influenced persons would be predicted to respond with satisfaction levels similar in emotional tone to their expectations. This framework provides support to the expectation-satisfaction link shown in the above figure.

However, it is argued that there is no necessary correlation between expectancy and disconfirmation when judgments are subjective. For example, in the case of a television, only subjective judgment like the picture quality is excellent.

Performance has a strong direct impact on satisfaction as well as an indirect impact through disconfirmation. Performance influences CS/D through two mechanisms, directly via, consumer observation of good and bad performance and indirectly as an input to the disconfirmation comparison. The direct relationship with satisfaction is supposed to be particularly strong for durable products. In one study, it was found that neither the disconfirmation experience nor subjects' initial expectations affect subjects' satisfaction with the product. Rather their
satisfaction was solely determined by performance. Although performance-satisfaction relationship may seem axiomatic, the effect of performance is equivocal for products having no objective or instrumental performance dimensions.

Equity Theory

The process of equity is thought to apply to any exchange where a focal person invests inputs in a transaction and receives outcomes. The equity process unfolds when the consumer forms a perception of his outcomes and inputs and the merchant’s outcomes and inputs. Then the customer compares his outcomes to the inputs and then compares the merchant’s outcomes to inputs; then the two outcome-input combinations are compared. The consumer equity involves multiple, heterogeneous inputs and outcomes due to the customer sales setting. Consumer inputs include time, money, and shopping effort among others. Outcomes involve product performance, service surrounding the sale, the prestige of the brand, and so forth. In contrast, merchant inputs involve information, product assessment and lost opportunities with other customers; outcomes include such benefits such as commissions, referrals. A party’s equity score is defined as the difference between his outcomes and inputs. Positive equity exists when the focal party’s score exceeds that of the comparison of a partner; equity maintains if the scores are equal; and negative equity is there if the partner’s score is greater. This comparison results in perceptions of fairness and preferences that in turn are responsible for consumer satisfaction. Fairness is defined as ‘the absolute difference between the consumer’s equity score and the equity score of the
salesperson or dealer. Preference is the simple difference between the consumer’s equity score and the salesman’s equity score. These perceptions of fairness and preference in turn lead to satisfaction with the salesperson and the leader leading to product satisfaction.

Disconfirmation is proposed to capture the expectation basis of performance, while equity is to capture the degree to which the outcome of customers’ are matched by the merchant.

Huppertz Arenson and Evons, Oliver and Swan and Goodwin and Ross stated that equity theory is a means of investigating the relationships between customers and organizations or their representations .(29) Further West and Wicklund opined that an equitable relationship is the one in which the benefit/cost ratios of each of the exchange partners are equal.(30) Quoting again Oliver and Swan, exchange relationships are based on an explicit consideration of the outcomes of both parties to an exchange, rather than individual outcomes alone.(31)

Lerner and Simmons, Walster and Prestholdt commented that once an individual becomes committed to an evaluation concerning the equity of an exchange relationship, he or she expects the relationship to be maintained. (32)
Attribution Theory

According to this theory, outcomes can be considered as successes or failures (e.g. good and bad purchases) and they elicit causality inferences along the three dimensions of:

- Locus of causality (internal versus external source of the cause),
- Stability (variability) of the cause of the outcome,
- Controllability.

Internally caused outcomes are attributed either to ability or effort. Outcomes resulting from external influences are attributed to many factors such as task difficulty and luck. It is found that satisfaction scores are higher for internal than for external attributions especially in the domain of product successes. Generally consumers are thought to be more satisfied when they attribute favorable outcomes to themselves and unfavorable ones to others.
Affect Augmentation In Satisfaction

The presence of multifaceted product features allows for varying experiences with the product or service, some negative, some positive. These experiences become the source of summary positive and negative affect. The structure of affect in consumption may have two dimensions related to a positive affect factor and three negative based on the locus-of-causality attribution dimension. The first of the negative causal ascriptions appears to be externally targeted at the provider of the goods or services, the second apparently is directed
inward at the user himself, while the third may be situational in nature. Positive affect is assumed to be represented by two affect states of interest and joy while negative affect is portrayed by the three attribution-dependent states of external, internal and situational affect. Anger, disgust, and contempt are clearly other oriented; shame and guilt are self-oriented; and fear and sadness are situational oriented.

Generally, individuals are thought to attempt positive affective states and minimize negative affective states. Negative experiences are thought to be more salient, are perceived with greater intensity, and are expressed with greater variety. Attribute satisfaction is the consumer's subjective satisfaction judgment resulting from observations of attribute performance and can be considered to be the psychological fulfillment response consumers make when assessing performance. Attribute satisfaction experiences will influence the degree of positive affect and will have inverse effects on negative affect. Attribute satisfaction and dissatisfaction will have direct effects on overall product or service judgments. The possibility that satisfaction with the functional elements of the product could have some relation to the affects experienced by the consumer is referred to as the attribute basis of satisfaction and provides analogue to most commercial surveys where attribute ratings of one sort or another are correlated with overall satisfaction judgments.

It is found that for durable goods products, negative affect may respond to attribute dissatisfaction as one would expect and may be reduced by generally
positive attribute experiences. Thus attribute satisfaction may have dual beneficial effects, while attribute dissatisfaction may work primarily to cause increased levels of negative affect.

2.1.3 (d) CSMM MODEL

In this model the key satisfiers and dissatisfiers are identified and the performance of railways on them, on an absolute level as well as relative to competitors (road transport undertakings) is assessed. The model is depicted in the following figure-

![Block Diagram of CSMM Model](Source: Unpublished PHD Thesis “Service Marketing by Ms Surat Kumari 2002 Gulbarga University)
2.1.3 (e) Indica Model

In this model, the satisfaction levels of internal customers (railway employees) and the rail-users are measured through their responses to encounters in the railways. The model is given in the following figure-

![Diagram of Indica Model]

Fig 2.9 INDICA MODEL (Source: Unpublished PHD Thesis “Service Marketing by Ms Surat Kumari 2002 Gulbarga University)
2.1.4. Quality Of Services-Emerging Issues

According to Bitner, Booms and Tetreault, service encounters give rise to different types of service misuses, including episodes of service unavailability, unreasonably slow service and other core service failures. (33)

Major reasons for the poor service quality relate to-

**People orientation of services**-service business is basically an interaction between the service providers and the services users or customers who are people alone involved. The human moods, emotions, and willingness to deliver the service on the part of provider and to receive on the part of customer have been a major barrier to quality of service.

**Quality of internal customers**-If the personnel involved in the service delivery process lacks quality due to deficient facilities, empowerment, and motivation from the service provider, it results in poor or low quality of service.

**Communicational gap**- If there exists gap of communication between the service provider and the service receiver i.e. customers, communication about satisfaction or dissatisfaction of service performance is undiscovered. This leads to major problem in service quality.
Non-existence of quality culture among the service provider, front-line employees is a serious barrier to service quality.

### 2.1.5 Achieving Service Quality

Providing quality of service is indeed a great task ahead of service organizations. The goal of quality of service has implications on the whole culture and climate of the organization. A service organization can achieve service quality by adopting the following concepts:

- **Identification of quality determinants**, which means the service provider should try to know the customer perceptions of service quality and though the difficult task, should try to satisfy the expectations.

- **Management of customer expectations**, i.e. service provider should try to understand the customer expectations and accordingly try to fulfill them rather than making tall and unrealistic promises of service quality.

- **Effective external marketing** refers to communication passed on to the customers regarding the service quality. Utmost care should be taken while undertaking communication campaign and educating the customers about the service quality.

- **Effective internal marketing** is aiming at efficient and qualitative contact personnel for services. Human resource management of staff for
commitment and motivation towards service task should be taken up seriously.

Fig 2.10 Gronross' Services Marketing Model (Source: Unpublished PHD Thesis "Service Marketing by Ms Surat Kumari 2002 Gulbarga University)
- **Management of evidence** is about physical and social settings of service provision. The service corporate image is dependent upon the physical evidence of these settings so focus should be on projecting the efficient management of evidence.

- **Development of quality culture** is beginning and ending points of service quality. Quality culture initiation starts from the selection and recruitment of human resource to the completion of service process. Quality should be instilled from the beginning of the service culture.

![Diagram](source.png)
Task standardization refers to substitution of machines and automation to human resource in certain service tasks to improve the quality, efficiency and effectiveness.

2.2.0 Customer Satisfaction

Modern customers face a vast array of product and brand choices, prices and supplies. Customers evaluate which offer will deliver the most value to them. Customers are value maximizers within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act upon it. Then they learn whether the offer lived up to the value expectation and this effects their satisfaction and their repurchases probability.

A buyer forms a judgment of value and acts on it. Whether the buyer is satisfied after purchase depends upon the offer’s performance in relation to the buyer’ expectations.

Satisfaction level is a function of the difference between perceived performance and expectations. A customer could experience one of the three broad levels of satisfaction. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds the expectations, the customer is highly satisfied, pleased and delighted.

The success of any product or service organization depends clearly upon the customer satisfaction.
2.2.1 Meaning of Customer Satisfaction

Various marketing experts have tried to define the concept of customer satisfaction in the following manner: Kabak and Rohde found that customer satisfaction depends on the components of quality, price, and service. (34) Lele and Sheth wrote that there are four distinct variables that affect customer satisfaction: product related; sales activity related; after-sales variables and culture related variables. (35)

Woodside, Frey and Daly observed through their research that customer judgments of specific service events within service acts affect their overall satisfaction with the service acts and that satisfaction with the service acts affects overall customer satisfaction with the service encounter. (36) Cina Craig noted that customer satisfaction occurs when the experience of a service offering matches the expectations. (37) Chandler Colby opined that customer satisfaction is largely a static process that focuses on the present and deals with known circumstances and known variables. (38) William Band wrote that customer satisfaction is a perception held by buyers; it is created or destroyed by the total experience they have with a company. (39)

Bitner, Bolton and Drew discovered that consumer satisfaction is transaction specific in nature and is an antecedent of perceived service quality. (40) Myers James stated that customer satisfaction has usually been defined in terms of
perceived performance of a product or service in relation to the expected performance prior to purchase or use. (41) Cronin and Taylor agreed that customer satisfaction is a cumulative evaluation and a consequence of perceived service quality. (42)

Fields George in his article wrote that customer satisfaction is actually a common-sense combination of quality, service and price, all of which are subjective rather than objective matters for the marketers. (43) Flanagan and Fredericks through their research found that satisfaction is best specified as a function of perceived quality and disconfirmation—the extent to which perceived quality fails to match pre-purchase expectations. (44) Sheridan John recognized customer satisfaction as the key factor in business success and states that customer satisfaction means doing whatever it takes to keep the customer happy—regardless of the cost. (45)

Levin Wayne took a different stand and quoted Deming, who says satisfaction is subject to expectation, which is determined by business and industry. (46) Customers expect only what industry tells them they can expect. Motley Biff observed that in reality customer satisfaction is an outcome, and customer service is a means or a strategy to bring about satisfaction. (47) Rama Yelkur found that the customer's experience of the service, the feelings, and perceptions, have a pervasive influence on attracting new customers and retaining existing customers. (48) Naumann, Donald, Rosenbaum stated that customer satisfaction is undoubtedly one of the top strategic issues in the new decade. (49)
2.2.2 Assessment of Customer Satisfaction

There are various strategies to measure the customer satisfaction. The assessment of customer satisfaction differs from company to company and product to product including services. Kiess-Moser suggested that in designing customer satisfaction measurement systems, techniques must be developed that monitor, measure, and evaluate the performance of customer-contact personnel. (50) Uller Frank stated that if properly planned, all companies could implement a customer follow-up and feedback survey program to assess customer satisfaction. (51)

William Band said that implementing a customer satisfaction measurement program involves defining issues and criteria, devising indicators for validated criteria, and developing data collection and analysis techniques. (52) Kohnke Luane in study on customer satisfaction in banking services said that data collection is the first step toward understanding customers’ service needs, employees’ barriers to service quality, and any work overflow or process problems. (53) Again quoting him, William Band, stated in his article that many companies use customer satisfaction indexes to measure their performance. (54) A CSI can quantify, for a company’s marketing, distribution, and manufacturing executives, the organization’s performance in such areas as product quality, time and place of delivery, and form and accuracy of documentation. Again quoting him, by tracking relationship between different levels of operational performance
and customer satisfaction, the internal standards can be aligned to enhance customer satisfaction. (55)

Schlossberg Howard stated that the issue in collecting customer satisfaction measurement information is how to create change. (56) Customer satisfaction ultimately comes down to the ability to better serve and preserve customers. James Myers in his study of 170 purchasers found that want deficiencies could be a better way to measure customer satisfaction than expectations deficiencies, in the sense that the former are more highly related to overall satisfaction ratings. (57) Barsky and Labagh stated that an approach to measuring current levels of customer satisfaction assumes that the satisfaction level regarding a product or service experience is related to the value or importance customers give to that product or service multiplied by how well its attributes met their expectations. (58) Perkings Steven suggested that with relatively simple data-gathering procedures and the data analysis methods, a customer satisfaction survey can be readily implemented. (59)

Broetzmann, Kemp, Rossano and Marwaha put forth a simple methodology that any organization can use to move from measuring customer satisfaction to managing service quality using a 4 steps procedure based on research, market damage assessment, action plan formulation and policy. (60) Ellis and Curtis suggested that for an overall indication of customer satisfaction, managers should measure the firm’s responsiveness, its technology (capabilities and products), and product-quality reliability. (61) Behar, Fontenot and Gresham pointed out that six
Sigma is a way to measure the probability of manufacturing a product or creating a service with zero defects. They say the concept of six sigma can be applied to customer satisfaction measurement and to examine the impact of customer interactions with the company’s strategies for improving satisfaction.

Spira Robert stated in his study on customer satisfaction in logistics that customer satisfaction survey is a method to solicit and evaluate the opinions of the customers. Wengel Linda in the customer satisfaction research stated that measurement tools like mail surveys, telephone survey, close-account surveys, one-on-one interviews, focus groups, advisory panels, mystery shopping, suggestion forms, and unsolicited letters etc. can be used for assessing customer satisfaction.

Smith, Bolton and Wagner in their article put forth a model of customer satisfaction with service encounters involving failure and recovery. In their study, they developed a model of customer satisfaction based on an exchange framework that integrates concepts from both the customer satisfaction and social justice literature, using principles of resource exchange, mental accounting and prospect theory. The research employs a mixed design experiment, conducted using a survey method, in which customers evaluate various failure/recovery scenarios and complete a questionnaire with respect to an organization they recently had patronized. The results show that customers prefer to receive recovery resources that match the type of failure they experience in amounts that are commensurate with the magnitude of the failure that occurs.
Armajani and Stone opined that scrapping the customer satisfaction is not the answer to measure customer satisfaction. (66) Identifying customers and regularly measuring their satisfaction serves important purposes, including giving agencies a clear focus. Sparks and McColl-Kennedy in their study on customer satisfaction on hotel industry investigated the levels of satisfaction associated with various combinations of procedural, interacting and distributive justice related service recovery strategies. (67)

2.2.3 Achieving Customer Satisfaction

Kiess-Moser said that the success of customer satisfaction strategy depends on a company’s ability to foster a corporate culture focused on quality performance. (68) Further the author added that in designing customer satisfaction measurement systems, techniques must be developed that monitor, measure, and evaluate the performance of customer-contact personnel. Cina Craig suggested five steps to enhance customer satisfaction - customer satisfaction audit; service strategy development; an employee relation program; successful implementation tactics and an employee maintenance and feedback. (69)

Schlossberg Howard realized that it will not be just marketing or research that rides to the rescue, but distribution, operations, and just about every other component of a company can and will find ways to influence customer satisfaction. (70) Johnston and Daniel, in their article, commented that
organization's existence and success depends on how well they meet customer expectations. (71) Once the goal of satisfying or even delighting customers is set, management's challenge is to determine and satisfy their needs. Only through the integrated efforts of all employees and departments will the goal of satisfied customers will be realized. Hansen and Steadman discussed the customer satisfaction strategy in mortgage banking conclude that establishing a quality service culture enables companies to generate more business from repeat customers and recommendations. (72)

Foxman and Polsky in their study put forth the strategies that can be adopted to delegate five star rated customer satisfaction. (73) They stated a positive effort on the part of personnel is stimulus for the customer to react in kind. Smiling through the customer relationship process and overlooking negative energy coming from the customer can bring good results. Listening to the customers' problems from their points of view and becoming their advocate are other important steps to customer satisfaction. Barsky and Labagh stated that an approach to measuring current levels of customer satisfaction assumes that the satisfaction level regarding a product or service experience is related to the value or importance customers give to that product or service multiplied by how well its attributes met their expectations. (74)

Denton Kieth suggested six steps that must be taken in order to achieve total customer satisfaction-

66
Step 1 Identify the product or service provided by each person and each department;

Step 2 Identify the customers for each product and service;

Step 3 Identify what is needed in order to satisfy each customer;

Step 4 Define the work process;

Step 5 Design the work process and;

Step 6 Ensure continuous improvement by measuring, analyzing, and controlling the improvement process. (75)

Robert Gault stated that in order to maintain competitiveness, many companies are stacking out a strategy that is marked with three basic components: structural efficiency; leadership in people, products and services; and responsiveness to customers. (76) Underlying these principles is a philosophy that has been called ‘market driven quality’:

1. The customer is the final arbiter;
2. Understand the marketplace;
3. Commit to leadership;
4. Execute with excellence.

Hauser, Simester and Wernerfelt suggested for improving current practices as follows-

- Measure customers, former customers and potential customers;
- Measure satisfaction with competitor’s products;
- Disaggregate satisfaction to reflect better the performance of the employee groups;
• Measure the different customer segments separately and assign different weights in the incentive plan. (77)

Dresner and Xu examined the airline product and developed a model. (78) They strongly conclude that increasing customer service raises customer satisfaction and that increasing customer satisfaction improves corporate performance. Donovan suggested steps to help companies improve customer satisfaction—firstly, recognize that quality is a given, and response time, delivery reliability, cost, and value-added services will be required to gain a competitive edge; secondly, survey customers to identify the company’s strengths and weaknesses, compared with competitors. (79) Fredericks and Salter discussed beyond customer satisfaction and identify five factors that make up the customer value package—

1. Clearly define your objectives and communicate them.
2. Let customers define, in their own words, their criteria for quality, price, image, and value.
3. Conduct a critical needs and value assessments.
4. Develop an action plan and move to implementation.
5. Monitor marketplace and organization results. (80)

Richard Weylman gave eight tactics to increase customer satisfaction—

1. Let people explain their point of view;
2. Make every case important;
3. Be sure to understand clearly what is expected;
4. Be sure the customer understands what is expected of them;
5. Be responsive;
6. Be prompt for every meeting;
7. Give real service, not lip service;
8. Honesty is the best customer satisfaction policy. (81)

Smith, Bolton and Wagner developed a model of customer satisfaction with service encounters involving failure and recovery based on an exchange framework that integrates concepts from both the customer satisfaction and social justice literature, using principles of resource exchange, mental accounting and prospect theory. (82) The research employs a mixed-design experiment, conducted using a survey method, in which customers evaluate various failure/recovery scenarios and complete a questionnaire with respect to an organization they recently had patronized. The results showed that customers prefer to receive recovery resources that 'match' the type of failure they experience in 'amounts' that are commensurate with the magnitude of the failure that occurs. McCollough, Berry and Yadav in their empirical investigation of customer satisfaction after service failure and recovery found that in general, companies fare better in the eyes of consumers by avoiding service failure than by responding to failure with superior recovery. (83) Cronin, Brady, and Hult in their empirical research reported that service quality, service value, and satisfaction might all be directly related to behavioral intentions when all of these variables are considered collectively. (84) Indirect effects of service quality and value constructs enhanced their impact on behavioral intentions. Susan Foreman quoted Prahalad and
Ramaswamy who suggested following steps to capture and incorporate customer competencies-
- Encourage active dialogue;
- Mobilise customers communities;
- Manage diversity;
- Create personal experiences. (85)

Motley Biff commented that in reality, many customers derive greater satisfaction from less employee involvement and more personal control over the outcome they want. (86) Customer satisfaction is an outcome. Customer service is a means or a strategy to bring about satisfaction.

Gail Scott in his study on healthcare suggested six strategies for continuous improvement in customer satisfaction-

**Strategy 1.** Raise awareness;

**Strategy 2.** Set service expectations and standards of behaviour;

**Strategy 3.** Identify and eliminate barriers and obstacles;

**Strategy 4.** Learn and develop skills;

**Strategy 5.** Listen to your customers;

**Strategy 6.** Reinforce and support continuous improvement. (87)
2.2.2 Service Quality and Customer Satisfaction

The service quality leads to customer satisfaction, that in turn leads to customer loyalty and customer retention. Satisfaction level is a function of the difference between perceived performance and expectations. Expectations are formed on the basis of the buyer’s past buying experience, statements made by friends and peers, and marketer and competitor information and promises. If marketers raise expectations too high, the buyer is likely to be disappointed. On the other hand, some successful companies are raising expectations and delivering performance to match. These companies are aiming high because customers who are just satisfied will still find it easy to switch when a better offer and better quality of service comes along. Those who are highly satisfied are less ready to switch. The fact is that high satisfaction or delight is created by service quality that links an emotional affinity with the brand, not just a rational preference, and this creates high customer loyalty and retention.

Fig 2.12 Batesons Model Post Purchase Behaviour
Service organizations seeking to win in today’s markets must track their customers’ expectations, perceived company performance, quality of service and customer satisfaction. Since decades, the significance of direct relationship between service quality and customer satisfaction has been realised by the marketing experts. LaBarbera and Mazursky stated that customers’ levels of satisfaction were positively related to repeat purchase behaviour. (88) Crosby and Stephens opined that service organizations could increase customer retention through increase in customer satisfaction. (89) Kabak and Rohde made it clear that customer satisfaction depends on components of quality, price and service. (90) Competitiveness and success depends upon management’s ability to effectively interpret the provider’s and the consumer’s perception of customer satisfaction.

Craig Cina stated that quality defined by firm’s customers and created by its employees. (91) Kiess-Moser added further that the success of a customer satisfaction strategy depends upon a company’s ability to foster a corporate culture focused on quality performance. (92) Chandler Colby stated that quality must be taken beyond customer satisfaction all the way to customer delight, which is the delivery of products and services that exceed expectations. (93) William Band noted that customer satisfaction is a perception held by buyers; it is created or destroyed by the total experience they have with a company. (94) Areas to be assessed in the quality area include performance, features, aesthetics, and reliability.
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Woodside, Frey and Daly asserted that overall customer satisfaction appears to be a moderating variable between service quality and behavioural intention.\(^{(95)}\) Williams Louis put forth the poll findings of 205 communicators and concludes that improving quality and customer satisfaction head the list of topics that communicators spend most of their time on.....\(^{(96)}\) Johnston, and Daniel wrote that customer satisfaction is possible only through quality. \(^{(97)}\) Bitner, Bolton and Drew discovered that consumer satisfaction is transaction specific in nature and is an antecedent of perceived service quality. \(^{(98)}\) Johnston, and Daniel wrote that customer satisfaction is possible only through quality.\(^{(99)}\) Cronin and Taylor agreed that customer satisfaction is a cumulative evaluation and
a consequence of perceived service quality. SteenKamp and Fornell found a relationship between quality and customer retention.

Gordon Pamela stated that ultimate benefits of researching customer satisfaction are improving quality throughout the company, creating loyal customers, and earning a reputation for caring about customer's perceptions of quality.

4.1. A CASE FOR STUDY OF SERVICE QUALITY AND CUSTOMER SATISFACTION IN INDIAN RAILWAYS

'Indian Railways' is the second largest transport system in the world under a single management. It is the backbone of public transport in India. Bulk of long distance traffic is carried by Indian Railways. It is still a major foundation of the country's economy. It performs multifaceted functions like policy making, transport service providing and regulating Indian Railway system. Several issues related to Indian Railways' efficiency, cost-effectiveness, safety and up-gradation of services have drawn attention of academicians, policy makers and transport experts. Jacob A.V. in his article on safety in railways discussed different aspects of safety in Indian Railways. The 19th Maintenance Study Group (Traction Distribution) suggested for electrification of 75% of freight traffic by 2005. This was suggested in favour of cost reduction by way of large-scale electrification. S.K.Mishra studied the problems of ticket-less travel and reduction in revenue and
suggested few strategies to curb the ticket-less travel menace. N.K.Mehudratta, R.K.Prasad, Premchand, R.C.Lal, Srivatsava, S.N.Pandey analysed the introduction of diesel locomotives and explained the efficiency of motive power. Ramoji Rao and Steven M.Shugan opined that the traditional approaches of management to Indian Railways could be more profitable. Prof. Jha studied the social costs of Railways. The Railway Budget (2003-04) specifically focused on various key issues such as safety, cost-effectiveness, competence of rail services, automation and face lifting of railway infrastructure in phases. Ajita Mattoo in the Agenda for Reforms in Railways analyzed the falling freight volumes. V.S. Sambadhan dealt with issues relating to restructuring of Indian Railways on par with global practices. The Rakesh Mohan Committee Report i.e. the Expert Group on Indian Railways after a thorough analysis of Indian Railways system suggested restructuring of railway system, formulation of corporate entity and an executive board as reforms. It recommended the abolition of the Railway budget and enlisted issues and measures for improving Indian Railways system.

The tenth five-year plan (2002-07) did a SWOT analysis of Indian Railways system and pointed out the weaknesses to overcome and capitalize on the strengths. The Rakesh Mohan Committee Report put forth few significant facts like increasing costs, deteriorating revenues, rising employee costs, poor productivity and declining budgetary support. The committee focused on correcting the Indian Railways system by understanding the causes for its dismal performance since 1990s. It noted the two broad reasons for the poor financial and commercial performance of Indian Railways system- firstly, the internal
distortions and secondly, the impact of restructuring of Indian economy. In view of above observations, the Rakesh Mohan committee had recommended for structural changes in the Indian Railways system like-

- Institutional separation of roles;
- Differentiation between social obligations and performance imperatives;
- Leadership with commitment and capability for redefining institutional role.

In the backdrop of above discussion, a case for the study of ‘service quality and customer satisfaction’ of South-Western Railway is proposed in the current research study focusing on one of the important zones of Indian Railways in Southern India. It is imperative to assess the service quality and customer satisfaction on South-Western Railway on the following bases-

- Many researchers have linked the service quality with customer satisfaction in marketing of services and thereby achieving customer loyalty and profitability. As such there is a need for assessing the service quality and customer satisfaction of South-Western Railway so as understand its potentiality and betterment of services to compete with the cutthroat competition from the roadway transport and private transport operators.
- Indian Railways is undergoing metamorphosis. An attempt of assessing service quality and customer satisfaction of one of its subsidiaries would lead to ways and means of establishing a mechanism for effective customer satisfaction to be commercially viable and sustainable.
• The South-Western Railway is basically a passenger-oriented system where marketing of services is to be undertaken professionally on par with other alternative mode of transport and private transport operators.

• Bangalore, a capital city of Karnataka State in India where the division of South-Western Railway is located is the fastest growing city in Asia and has tremendous potential of passenger transport on employment, technology, tourism and travel grounds.
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