CHAPTER 4

SERVICE QUALITY

4.1 QUALITY

4.1.1 INTRODUCTION TO QUALITY

Concept of quality existed for many years even though its meaning has changed and evolved. Managing quality is a theme that includes every sort of firms be it service or manufacturing, public or private. Its concept and meanings depends upon the context in which it is applied.

Quality can be defined as a customer satisfaction index which can be measured by any criteria. Quality provides a competitive advantage for companies especially when there is relation between quality and services. As grouped by Parasuraman, Zeithaml and Berry (1985) responsibility and trust are important factors for determining perceived service quality. Quality is measured at the end of the service delivery process.

Quality has attracted the attention of researchers in various fields of tourism in hotels, special events, tour operations, cruise ships and natural parks. Research in services started to grow in late 1970s when service quality got increased attention.

Different concepts of quality as given by different quality gurus are as follows:

a) W. Edward Deming

Deming has defined quality in terms of agents who deliver it He focused on meeting the needs of customer. According to Deeming there are two types of causes for quality problems: special and common. He has given the concept of Statistical Process Control as a special chart for finding the causes behind these problems. Deming has explained about the chain reaction where improvement in quality decreases cost which in turn increase productivity and it can capture the market with better quality and lower prices which ultimately improves profit. He has given a plan do check action cycle. Deeming has explained about seven sins specially mentioned
as: Lack of constancy, short term profit orientation, performance appraisal, movement within and between organizations, using only visible figures, excessive medical costs and excessive cost of liability.

b) Philip B Crosby

Crosby in his book Quality is free and Quality without Tears has expressed the concept and method for improving quality. It is always believed that to produce quality products or service extra money is needed as it is considered expensive for producing high quality products. But Crosby mentioned that for producing quality product it is not always necessary to spend high amount of money, it is to note that quality is free and does not need any cost. He mentioned that it is not only free but also a bountiful source of profit. But attaining quality product or service requires efforts and commitments and actions. If customers are not satisfied there will be problems with quality.

Crosby explained the following four absolutes of quality

a. Quality is conformance to requirements and not goodness
b. System of Quality is Prevention
c. Standard performance is zero defects
d. Cost of quality is price of non-conformance

He has practiced quality improvement with his 14 steps program:

- Commitment of management
- Team for improving quality
- Quality measurement
- Cost for quality evaluation
- Awareness about quality
- Corrective actions
- Establish an Ad Hoc committee for the zero defects programme.
- Supervisor training
- Zero defects day
• Goal setting
• Error causes removal
• Recognition
• Quality council
• Do it over again

c) **Feigenbaum**

Feigenbaum is the originator of Total Quality Control. This concept has effected quality and productivity and influenced competition for world markets. Attaining quality is not only an engineer’s determination, marketer’s determination or a general management determination but a general management determination. Total quality focuses on integrating various groups in organizations towards full customer satisfaction. Entire organization should be involved in attaining quality. His concept of quality does not have the proper meaning of best in any absolute case. Quality control represents a management tool with four simple steps:

• Setting quality standards
• Conforming to the set standards
• Taking action plans when standards are exceeded
• Planning to improve standards.

He noted that the human factor is of greater importance for product quality than technological factors. For Feigenbaum, ‘quality is, in its essence, a way of managing’. One basic concept is that quality is everybody’s job.

In contrast with greater statistical emphasis in the work of Deming, he focuses reliance on human aspects of the organisation with statistical methods being used as necessary (Beckford, 1998).

d) **Juran**

Like deeming, Juran is a reputed name in the field of quality. Human needs for quality have existed since history. For managers, no definition is perfect but quality can be defined as fitness for use. This definition is universal and applies to all goods
and services without exception. Another definition given by him is that quality is customer satisfaction. He divides the definition in two branches: customer needs and freedom from deficiencies.

The important strand of Juran’s thinking is included in his trilogy: Quality Planning, Quality Control, Quality Improvement

e) David Gravin

Gravin proposed eight dimensions or categories that serve as a framework for strategic formulation. According to him quality should be taken as a strategy that consist of eight different dimensions or manageable parts which are

- Performance
- Features
- Reliability
- Conformance
- Durability
- Serviceability
- Aesthetics
- Perceived Quality.

According to Gravin a product or service can rank high on one dimension of quality and low on another. Indeed, an improvement in one may be achieved only at the expense of another. So the challenge of managers is to compete in selective dimensions. Quality is not simply a problem to be solved; it is a competitive opportunity. He mentioned that high quality means pleasing customers, not just protecting customer from annoyances.

4.2 CONCEPT OF SERVICE

Services are means to deliver value to customers but attaining the outcome they want to achieve without owning the specific costs and risks. Service helps in performing task by enhancing the performance and reducing the constraints including regulation,
lack of funding, capacity limitation or technology limitation. It increases the probability of getting desired results. Services can be defined as an intangible offering and does not include the transfer of ownership as in case of products. Kotler and Armstrong (1991) define service as an activity or benefit that a party can offset to another not resulting in the ownership of anything. Services can be defined as deeds, process or performances. It is like an experience that can’t be stored or touched or tested. For example in case of hotel room booking, one does not take anything but only an experience of a nights’ stay. In case of air travel one does not purchases the aircraft, does not own it.

One broad definition that defines service is that it includes all economic activities whose output is not a physical product, is generally consumed at the moment it is produced and provides value in intangible form.

Services can be defined in terms of five I’s:

1. **Intangibility**

One cannot touch or handle a service. Neither it can be smelled nor tasted. Thus there is no need for storing it or stocking it. Also it can be resold or owned by someone but cannot turned over from the service provider. Delivery of service can be commissioned to service provider who has to generate and render service on the request of an authorized consumer.

2. **Inventory or Perishability**

Tangible elements or services are almost nil and thus it cannot be stored for future use. They are produced and consumed during the same period. For delivering services, relevant resources, processes and systems are assigned for delivery at a definite time period. If the designated consumer does not request and consume the service during this time, it cannot be performed for him later. It will be a lost business opportunity as the same service cannot be performed in the favour of some other consumer. For example the hair dresser cannot serve another client if that time slot has been fixed for a client who never comes. An empty seat on a plane cannot be used
and charged after departure. One the service has been consumed it vanishes and cannot be reversed.

3. Inseparability

Service provider is indispensable for delivering service as he has to respond to the request of the consumer promptly. In many cases delivery of service is done automatically but in order to be service ready provider must assign resources and should keep everything upto date. It is to be noted that service consumer cannot be separated from service delivery as he is involved in requesting the services and consuming the benefits rendered.

4. Inconsistency or Variability

Services are inconsistent and cannot be repeated in the same manner. Same services performed by the same service provider to the same consumer cannot be done with equal consistency. There will be a variation. Services are regarded as heterogeneous and are modified for each consumer or situation.

5. Involvement

Customer is participated in the service delivery process and has to option to get it modified according to their specific requirements. It makes service delivery a challenging task. Proper marketing of service therefore requires clear view to create an exact image in consumer’s mind. From the consumers’ perspective, it makes difficult or even impossible to compare services prior to experience it.

4.2.2 Services compared with Goods

Difference exists between goods and services that create advantages as well as disadvantages for firms. Each one of these characteristic can be arranged on a continuum. Services are more heterogeneous, difficult to evaluate, intangible but the difference between goods and service is not clear:
Table 4.1: Difference between Goods and Services

<table>
<thead>
<tr>
<th>Goods</th>
<th>Services</th>
<th>Resulting Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods are tangible</td>
<td>Services are in tangible</td>
<td>• Service can’t be stored</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• It is difficult to get services patented</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Prompt display and communication of service is not possible.</td>
</tr>
<tr>
<td>Goods can be standardised</td>
<td>Services are always heterogeneous</td>
<td>• Difficult to set prices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Satisfaction of consumer depends upon delivery of services.</td>
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<tr>
<td></td>
<td></td>
<td>• Various uncontrollable factors effects service quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• There is no surety that services delivered and promise will always be same.</td>
</tr>
<tr>
<td>Production and consuming is</td>
<td>Producing and consuming takes</td>
<td>• Customers involvement effect service delivery</td>
</tr>
<tr>
<td>separate</td>
<td>place simultaneously</td>
<td>• Employees effect outcome of service.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decentralization is required</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Difficulty in mass production</td>
</tr>
<tr>
<td>It is non perishable</td>
<td>It is perishable</td>
<td>• Matching of demand with supply is difficult</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Services can’t be returned back or resold.</td>
</tr>
</tbody>
</table>

Intangibility

It is the basic characteristics of service. As it is intangible it can’t be seen, tested, felt or touched. For example service performed by health care centers are actions performed by them directed towards patients which can’t be seen or touched but only the effects can be analysed. Patient may be able to see certain tangible elements. This intangibility causes marketing challenges for service. As services can’t be stored therefore fluctuating demands are difficult to manage. For example when there is peak season resort owners can’t increase the number of room. Same stands for off season where most of the rooms are lying vacant.

Services are difficult to be assessed because it can’t be readily displayed or communicated. It is difficult to decide about what to include in the advertising strategy and promotional materials to be priced is also challenging. The real cost of a unit of service is hard to determine and the relationship between price and quality is complex.

Heterogeneity

As services are performed by humans, no two service performance will precisely be alike. The employees delivering the service is actually the service from the customer’s point of view and their performance will fluctuate and differed during different hours of the day. Heterogeneity also occurs because no two consumers think and perceive for a same attribute in a similar way. And thus heterogeneity is connected with the service as a result of human interaction. For example services provided by a tax accountant to two different customers will be different depending upon their individual needs and requirements. Ensuring consistent service is difficult and challenging. It depends upon various factors like ability of consumer to present his needs, willingness of employees to meet those needs and in a manner as desired by consumers, presence of other customers.

Simultaneous Production and Consumption

Goods are produced first, sold and then consumed. However this does not stand true for service. Services are first sold and then produced and consumed simultaneously. This situation means that customer is resent while the service is being produced and delivered and consumers even get involved in the service performance and delivery process. Frequent interaction by consumers will also affect the service experience.
Another outcome of this simultaneous production and consumption is that service providers play an important role as a part of product and service experience for consumer. This simultaneous production and consumption makes mass production difficult. It also not possible to gain significant economies of scale. Customers’ involvement in the production process may also affect the outcome of service.

**Perishability**

Services cannot be store or saved which is in contradiction to goods that can be saved and stored. It makes difficulty in storing the services and as a result creativity in planning and capacity utilization is important and challenging task. As services can’t be returned to the consumers there is a requirement for a strong recovery strategy in case something goes wrong.

**CUSTOMER SATISFACTION**

Everyone is aware about the concept of satisfaction and when it comes to defining it, there is a difficulty. Defining the most basic concept is challenging. Oliver has offered a formal definition: Satisfaction is the extent to which customers’ demands and needs are fulfilled. Consumers judges about the product or service itself by analyzing the pleasurable level of consumption related fulfillment.

Apart from sense of fulfillment satisfaction can also be related to other types of feelings and emotions depending on the context in which service is being used. Satisfaction can be considered as a sense of contentment which is a passive response review routinely. Satisfaction is also linked with feelings of pleasure or feel good factor associated with sense of happiness. Services surprising the consumer can result in delight. Removing negative points may also give a sense of relief resulting in satisfaction.

Consumer satisfaction is measured at a particular point of time as a static concept. However satisfaction is dynamic, a moving target and influenced by variety of factors. Satisfaction may become a highly variable concept depending upon the usage point. In case of new services not experienced before, customer expectation may hardly be formed.
Factors determining Customer Satisfaction

Customer satisfaction is effected by a specific product or service characteristics and perception about product and service quality. Personal factors like mood of the customers, situational factors, and emotional stage will also affect satisfaction.

Features of Product and Services

Satisfaction of customer for a product or service is highly influenced by customer’s evaluation of product or service features. For example service of a resort includes features like pool area, access to recreation facilities, room comfort, privacy, courtesy of staff, price worthiness of room etc. For studying satisfaction, studies will focus on the attributes considered to be important by consumer and performance of firms on these attributes will determine overall satisfaction. Customers will make tradeoff between different service features.

Customer Emotions

Emotional state of the customer will also affect the perception about satisfaction with products and services. The state of emotion in which the customer is also affects the way they perceive the services. When in a happy stage and good mood with a positive frame, the influence on service is different. On the other hand with negative feelings and bad mood response to any little problem will be negative.

Specific emotions may also be induced by the consumption experience itself, influencing a consumer’s satisfaction with the service. Effects of emotions on satisfaction were found in a Finnish study that looked at consumer’s satisfaction with a government labor bureau service. In that study, negative emotions including anger, depression, guilt and humiliation had a strong effect on customers’ dissatisfaction ratings.

Attribution for success and failures

The perceived cause of event influences the perception about satisfaction as well. When surprised by the outcome, consumer look for reasons which further influences the satisfaction level. For example, if customers want to loose weight by undergoing a weight loss program and the plan fails, customer is likely to look for reasons, whether it was due to ineffective diet plan or due to situational factors. For many services, a
customer takes partial responsibility for the outcome. Even if the customer does not take responsibility for outcome, satisfaction can be influenced by other factors.

*Perception about equality or fairness*

Satisfaction is effected by perception about equity and fairness. Customers compare their treatments with other to see if they have been treated fairly as compared to other customers in terms of quality, price, services etc.

*Influence of other consumers, family members and Co-Workers*

Consumer satisfaction if often influenced by other person. For example, satisfaction for a family trip is a dynamic aspect influenced by reactions of family members over the entire duration of trip. Later when the same members express their satisfaction or dissatisfaction, it will be influenced by stories that are retold. In a business organization satisfaction for a new service or technology will be effected by individual’s experience with the service itself but also by what others have to say, how others use it and feel about it.

4.3 SERVICE QUALITY

As service management is different from product management and service has characteristics of intangibility, heterogeneity, inseparability and perishability, goods sector definition of service quality is not sufficient. On the basis of the research of Parasauraman et. al. (1985), service quality can be defined as the discrepancy between perception of services and expectations for the same.

Service Quality can be defined from four perspectives:

**Excellence:** Excellence is often externally defined and its attribute may change rapidly.

**Value:** It includes multiple attributes but quality and value are completely different aspect

**Conformance:** to requirements or specification. Users of service may not know or care about internal specifications.
Many researchers do not agree with the definition provided by Parasuraman et al. (1985). It was noted that quality is to an extent perceived subjectively and total quality is determined by the gap between expected and experienced quality. Right quality is achieved when expectation are fulfilled, needs are satisfied and demands are met of customers and staff owners.

Parasuraman et al. (1988) further add that service quality is an attitude which is related to satisfaction but not equivalent to it. It results from comparison of expectations with perception. Service quality will be the dominant element of customer’s evaluation. When services are offered in combination with physical product, service quality will be a crucial in determining customer satisfaction.

**Meeting or exceeding expectation:** Expectations change may be shaped by experiences with other service providers. According to Parasuraman et al. (1991) companies can attain competitive advantage by using technology for enhancing service quality and gathering demand. Chang (2008) describes that service quality should be understood from customer’s point of view as each customer will have different ground of assessment and different circumstances. Service quality is an extrinsically perceived attribution that is based on customer’s experience about the service quality experienced by customer through service encounter.

As per the work of Kumar (2009), service quality is involved in the final product and service along with the production and delivery process thus involving employee in process redesign and commitment.

Another study presented by Gronroos in 2007 focuses on a model where comparison between expectation of consumers for service and their experience of the service they have received before takes place. This model is total perceived service quality. As per his evaluation service quality is based on two dimensions: first is technical quality and this dimension refers to outcome, what is being delivered and what the customer gets from service. Second dimension is functional quality that refers to the way in which the service is delivered and how it is being delivered. Both these dimensions affect the image of the company and perception of quality in different ways. According to service quality model, perceived service quality is affected not only by experience of quality dimensions used by consumer for evaluation of quality as good or bad but also by perceived quality as well as the outcome.
Chang (2008) supported the thinking of Gronoos, Parasuraman, Zeithaml and Berry. The Gap Analysis Model shows an integrated view of the relationship between consumer and company. Main idea is focused on the assumption that quality of service is dependent on the size and direction of the gaps that exist on service delivery process.

**Gap 1:** gap between expectation of customer and what is being perceived by management to be customer’s expectation.

**Gap 2:** gap between perception of management of expectations of consumers and firm’s service quality specifications.

**Gap 3:** gap between specification of service quality and service delivery.

**Gap 4:** gap between service delivered and external communication gap

**Gap 5:** perceived service quality gap and the difference between expected and perceived service.

First four gaps represent the service provider gap that identifies the method through which service is delivered while gap number five is related to customer and is considered to be the truth of service quality. It is important for any service organization to identify the level at which the organization will operate.

**4.3.1 Service Quality Dimensions**

It is seen from earlier work that customer perceive service quality as multi dimensional factor consisting of various different dimensions. Companies scoring low on one dimension can compensate by scoring high on another dimension. Research work done by Parasuraman, Zeithaml and Berry identify five dimensions defining service quality that can be applied to different context. The five dimensions are as follows:

**Delivering Promises: Reliability**

Reliability is the ability of companies to perform the promised services properly. In wider sense, reliability is the ability of companies to deliver on promise regarding service, problem solving and pricing.
Willingness to help: Responsiveness

It is all about providing prompt service to customer and willingness to help. It reflects how prompt and alert company is toward the requests and demands of customers along with their complaints and requests. Responsiveness is reflected through waiting time of consumers for answers to their query, assistance and attention towards problems. It also means how flexible the service providers can be to assist their consumers.

Instilling Trust and Confidence: Assurance

Assurance is the courtesy of employees towards customers and their ability to handle the problems. It is a way of instilling confidence and trust among the consumers that their problems will be addressed with perfection by the service providers. This trust and confidence builds loyalty in consumers towards the companies and agent who is performing these services.

Giving Individualized attention to customers: Empathy

Empathy is actually the attention provided by companies to its customers. It is all about treating each customer individually and addressing their issues and understanding their special needs. Customers want attention and want to be related. They are likely to be satisfied more if personnel call their customers by their first name. It is likely to build personal relationship with the service providers.

Presenting Service Physically: Tangibility

Tangibility is the physical appearance, ambience, and overall situation that is clearly visible and can be touched. It actually provides a representation of the image of company that has a great impact on the customers’ evaluation about the company’s image. Most of the companies combine tangibility with other different dimensions for creating service quality.

Table below provides examples of how customers judge each of the five dimensions of service quality across a variety of service contexts.
<table>
<thead>
<tr>
<th></th>
<th>Reliability</th>
<th>Responsiveness</th>
<th>Assurance</th>
<th>Empathy</th>
<th>Tangibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car Repair</td>
<td>Problems fixed the first time and ready when promised.</td>
<td>Accessible; no waiting; responds to requests.</td>
<td>Knowledgeable mechanics.</td>
<td>Acknowledges customer by name; remembers previous problems and preferences</td>
<td>Repair facility; waiting area; uniforms; equipment.</td>
</tr>
<tr>
<td>(Consumer)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline</td>
<td>Flights to promised destinations depart and arrive on schedule.</td>
<td>Prompt and speedy system for ticketing, in flight baggage handling</td>
<td>Trusted name; good safety record; competent employees</td>
<td>Understands special individual needs, anticipates customer needs.</td>
<td>Aircraft; ticketing counters; baggage area; uniforms</td>
</tr>
<tr>
<td>(Consumer)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Care</td>
<td>Appointments are kept on schedule; diagnosis prove accurate</td>
<td>Accessible; no waiting, willingness to listen.</td>
<td>Knowledge; skills; credentials; reputation</td>
<td>Acknowledges patient as a person, remembers previous problems, listens well; has patience.</td>
<td>Waiting room; exam room; equipment; written materials</td>
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<tr>
<td>(Consumer)</td>
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<tr>
<td>Architecture</td>
<td>Delivers plans when promised and within budget</td>
<td>Returns phone calls; adapts to changes</td>
<td>Credentials; reputation; name in the community; knowledge and skills</td>
<td>Understands client’s industry; acknowledges and adapts to specific client need; gets to know the client.</td>
<td>Office area; reports; plans themselves; billing statements; dress of employees</td>
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<tr>
<td>(Business)</td>
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<td></td>
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<tr>
<td>Information</td>
<td>Provides needed information when requested</td>
<td>Prompt response to requests; not bureaucratic; deals with problems promptly.</td>
<td>Knowledgeable staff; well trained; credentials</td>
<td>Knows internal customers as individuals; understands individual and departmental needs</td>
<td>Internal reports; office area, dress of employees</td>
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<tr>
<td>Processing</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(Internal)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>Provides correct information and executes customer requests accurately.</td>
<td>Quick website with easy access and no down time.</td>
<td>Credible information sources on the site; brand recognition, credentials apparent on site</td>
<td>Responds with human interactions as needed.</td>
<td>Appearance of the website and collateral.</td>
</tr>
<tr>
<td>Brokerage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Consumer and Business)</td>
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Source: highered.mheducation.com/sites/dl/free/.../Wilsonsamplechapter.pdf
4.3.2 E- Service Quality

With the growth of online transaction, it is often wondered as to how consumers evaluate the online service quality and what the criteria are for measuring e- service quality. Systematic study by Marketing Science Institute reflects clearly the dimensions used by consumers for online service quality. Seven dimensions have been identified: fore dimensions for core service evaluation and three dimensions for service recovery.

The four dimensions for evaluating core services are:

Efficiency: It is the ability of customer to access the website and be able to find their required products and proper information.

Fulfillment: It refers to the extent of accuracy of services promised, to what extent they are able to deliver what has been promised.

Reliability: It refers to the technical aspect, how the website is functioning technically and properly.

Privacy: To what extent the information stored is safe and not shared by anyone else.

Apart from these, study revealed three more dimension:

Responsiveness: how responsive the e tailers are towards the needs of the customers

Compensation: money back facility and reimbursement facility in case anything goes wrong.

Contact: ability to do live chat with the executives and service providers.

While comparing the dimensions of service quality and e -service quality, several observations can be made. Traditional dimensions should be used for online based services. Common dimensions include reliability and responsiveness but new dimensions for internet can also be added. Empathy dimension is not required for online service quality, tangibles is common for both traditional and online service quality.
4.3.4 GAP MODEL OF SERVICE QUALITY

Customer Gap

Customer gap is the difference between expectations and perceptions. Standards are point of reference for evaluating the service experience. Customers’ expectations are actually believes of customers that should happen as expected by them. Reducing the gap between what is expected and what they perceive is important.

![Customer Gap Diagram]

**Figure 4.1: The Customer Gap**

For delivering good quality it is important that companies should start with understanding of its customers. It will be easy for small organization but for large firm difficulties can come in understanding as customers are not in direct contact with service providing companies. Most of the research work done to understand customer evaluation process is related to goods but for services much is not written. Customer expectations are governed by factors that are controlled by market as well as marketer.

The Providers Gap

For closing all the important gaps, it is suggested by the gap model that four other gaos should be closed first. Gaps occur in the organization and include:

Gap 1: Unaware about expectations of customers

Gap 2: Improper selection of design and standards

Gap 3: Not delivering according to specified design and standards

Gap 4: Performances not according to what is promised.
Provider Gap 1: Unaware about expectations of customers

This gap is the difference between expectations of customers and understanding of company about these expectations. Main reason does not understand what the expectations are and they are unaware totally or partially. They may not be interacting with the customers or not willing to ask about the expectation. People sitting at the top management, if not aware about the understanding, may take incorrect decisions which will further lead to poor service quality. For this reason now the authority is being delegated to front line employees who are in direct touch with the customers to take decisions according to their requirements. Factors leading to gap 1 are:

- **Improper market research orientation:** This is mainly due to non-understanding of the customers basic expectations and not understanding their needs. There may be lack of upward communication. Also the strategy to retain customers adopted is bad.

- **Lack of Upward Communication:** Sometimes there are too many layers in between the management because of which proper communication does not take place. This lack of communication itself creates a hurdle.

- **Improper relationship focus:** Wrong strategies adopted for retaining customers also widen the gap. If the companies are emphasizing on attracting new customers and not paying attention to the exiting one can result in old customers leaving the existing company.

- **Improper service recovery:** Best of the companies fail when do not listen to customers complaints and their after sales service is bad. It is important for organizations to understand why customers complain and how to develop effective strategy for solving their problems.

Provider Gap 2: Not having the Correct Service Quality Designs and Standards

Correct perceptions of customers’ expectations are necessary, but not enough, for delivering high quality services. Another requirement is the presence of designs and performance standards that reflect those accurate perceptions. A constant theme in the service companies is the problem experienced in converting expectation of customers into service quality specifications that employees can easily understand and execute. Factors held responsible for Provider Gap 2 are mentioned below:
• **Poor design of service**: Unsystematic process of service development process, Vague and undefined service designs, unable to connect service design to service positioning.

• **Absence of customer based standards**: Lack of customer standards, Absence of management to focus on customer requirements, absence of process for setting service quality goals.

• **Inappropriate evidence and service escape**: Failure to develop tangibles in line with expectations of customers, service escape designs that is not meeting customer and employee needs, inadequate maintenance and updating of the service escape.

**Provider Gap 3: Unable to meet Service Designs and Standards**

Once the design of service and standards are in place, it will appear that the firm is correct on its way to deliver good quality services. This assumption is correct, but not enough to deliver excellent service. The firm should have systems, people and processes in place to ensure that service delivery matches the designs and standards in place.

Provider gap 3 is the difference between customer driven service standards and real service performed by company employees. Even if guidance exists for performing services properly and treating customers properly, good quality service performance is not a surety. Standards must be supported by appropriate resources and must also be enforced to be effective – that is employees must be compensated on the basis of performance along the standards. Thus, even when standards reflect customer’s expectations, if the company fails to provide support for these standards- if it does not encourage and require their achievement- standards do no good. When the level of service delivery falls below standards, it is going below of what customers expect as well. Reducing gap 3 by ensuring that all the resources needed to achieve standards.

Another important factor in provider gap 3 is customer. Even if employees and intermediaries are doing their work 100 percent consistently, the uncontrollable variables of can introduce variability in service delivery act. If a customer does not perform their roles properly, service quality gets jeopardized. Customers can also negatively affect the quality of services received by others if they are disturbed or take
more than their part of a service provider’s time. Understanding customers’ role and the way customers can influence service delivery and outcomes are critical.

Another difficulty attached with provider gap 3 involves the challenge of delivering service through intermediaries as retailers, franchisees, brokers and agents. Because service quality occurs in the interaction between customers and service providers, control over the service encountered by the company is crucial, yet it is rarely fully possible. Most service companies face an even more challenging task: attaining excellent service and consistency in the presence of mediators who represent them and interact with their customers are not under their control. Franchisers of services depend on the franchisees to execute service delivery as mentioned. And it is the execution by the franchisee that the customer finds out the service quality of the company. With franchises and other kinds of intermediaries, someone other than the producer is also responsible for the fulfillment of quality service. Because of this, a firm must develop ways to either control these intermediaries to meet company goals.

Another issue in provider gap 3 is the need of service firms to match demand and capacity. As services are perishable and cannot be stored, service companies frequently face situations of excess demand or deficit demand. Shortage of inventory to handle over demand, companies loses sales figure when capacity is inadequate to handle customer needs. On the other hand, capacity is frequently underutilized in lean season. Most companies depend on operations strategies such as cross training or changing the size of the employee strength to match supply and demand. Marketing strategies for managing demand can help in managing supply.

**Provider Gap 4: Not Matching Performance as per Promises**

Provider gap 4 shows the difference between delivery of service and the service provider’s external communications. Promises done by a service company through its advertising, sales force and other options may potentially raise expectations, the standards for which customer access service quality. The gap between actual and promised services therefore has an adverse effect on this gap. Promises not met can occur for many reasons: overpromising in advertising, improper coordination between operations and marketing and differences in policies and what is being practiced across service outlets. Factors leading to provider gap 4 are:
Lack of service marketing communications (habit to see each external communication as independent, no interactive marketing in communication plan, improper internal marketing program).

Improper management of customer expectations (Absence of customer expectation management through every form of communication, lack of sufficient education for customers).

Overpromising (Overpromising in promotional activities, overpromising in personalised selling, overpromising through physical evidences).

Insufficient horizontal communications (Improper communication between sales and operational level, communication gap between advertising and operations, difference in policies and procedures across branches.)

Another problem in provider gap 4 is related to the pricing of services. In packaged goods, customers possess sufficient price knowledge before purchase to be able to judge whether a price is fair or in line with competition. With services, customers have no internal reference point check for prices before purchase and consumption. Pricing strategies like discounting daily prices and couponing obviously need to be different in case of service. Technique for developing prices for services is more complicated than those for pricing tangible goods.

4.3.6: Cutioners’ Expectations

It is argued that expectation has different meaning for different authors. It is important in influencing the satisfaction level to understand how customer expectations develop and interpreted. Managing these expectations is also an important concept in tourism industry.

Gronroos (2007) have given the suggestion that for increasing long term quality, focus should be on the expectations developed over time. The model given classifies the expectations into three types as mentioned below:

a. Fuzzy expectations exist when customer wants service provider to solve their problems but they themselves don’t have a clear understanding of course of action.
b. Explicit expectations are completely clear in customers’ mind in advance of receiving the service. These expectations can be divided as realistic and unrealistic.

c. Implicit expectations are the elements that are taken for granted by consumers and consumers do not think about the elements.

Figure 4.2 : A dynamic model of expectations


Gronroos (2007) stated that service provider should clearly understand the fuzzy expectations as they are directed towards the latent needs. Customers are not sure about what is to be done but they surely want the solution. Customers have a clear understanding of the fact that something is to be done but what is to be done is not clear. He also stated that customers expect more to be done. These expectations can be used as an opportunity. Service providers need to help customers in understanding their unrealistic needs that should be exited. According to Lovelock and Wirtz (2007) for understanding the customer’s expectations one need to see the parameters that are used by consumers in evaluating services. If expectations exceeded or meet the perception, service quality is achieved. Expectations vary depending upon the type of business and also on the basis of positioning strategies. Previous service encounter of the service provider also effects expectations. In the absence of any previous experience, expectation will depend upon the word of mouth spread by the users who have already availed the service.

4.3.7: Perceived Service Quality

Fiore and Kim (2007) have presented a framework that reflects the influences the consumption experience through environmental variables, individual attributes and environmental variables. Zeithaml and Bitner (2000) suggest that customers perceive quality in different ways and for assessing it multiple factors are analysed. Lovelock
and Wirtz (2007) has discussed how matching and non matching with the expectations is related to satisfaction and delight. Quality and satisfaction is used interchangeably. According to some, perceived service quality is one component of customer satisfaction. Baker et. al. (2002) has described three facts that effects service counter. First component is physical environment, second is customer interactions with tangibles and non tangible elements in services and third is behavior.

A service encounter is a phase during which the customer is in direct interaction with the service provider. Some of these encounters are very short and consist of just a few steps. If you use a type of service that requires the customer to make reservation at this first step, it might have taken days or even weeks before the customer arrives at the service facility. It is static and describes the service encounter or moment of truth. Service procedure usually contain a series of encounters. From this discussion it is understood that this part is connected to the Continuum of Perceived Service Quality.

The following model is shown below:

![Figure 4.3: Continuum of perceived Service Quality](http://uu.diva-portal.org/smash/get/diva2:351192/FULLTEXT01.pdf)

4.3.8: Relationship between expectation, perceptions and satisfaction of customer

Oliver (1997) has explained customer satisfaction as a judgment about feature of product or service. Customer satisfaction is the response of customer for a service experience. Satisfaction is the discrepancy of expectation and perception.
Relationship between quality and satisfaction emphasize that overall satisfaction and specific aspect of service quality should be independently assessed. According to Zeithaml, Bitner, Gremler (2006), satisfaction results because of product quality. Lee et al. (2000) on the basis of studies noticed that research cannot agree that which term has a wider scope and which term is prerequisite of other. Getz et al. (2001) has concluded that for explaining relation between quality and satisfaction it has to be analysed that how quality has been defined.

Various authors explain satisfaction as an emotional state of consumer, other as cognitive or combining both. Some researcher view satisfaction as one dimensional value representing overall state of a person. Another way to measure satisfaction is based on the creation of value and concept of perceived value for customer. While measuring satisfaction with a specific dimension, approach used can be the difference between expectations and actual performance evaluation.

Oliver and Swan (1989) have expanded the definition and stated that customer satisfaction include leisure, novelty, relief and surprise. Gibson (2005) found in his study that satisfied customers are likely to spread positive words and hence it is important to understand the factors creating an impact on customer satisfaction. Zeithmal and Bitner (2003) described that interest in service quality is increasing because it is crucial for the success of a business organization. This feature has impact on customer satisfaction, repeat purchase intention and profitability. Zeithaml and Bitner (2003) indicated that customer satisfaction has become a major factor in enhancing service quality through long term profitability, loyalty of customer and customer retention.

4.3.9 Service Quality and Customer Satisfaction

There has been much debate about the concepts of service quality and customer satisfaction. Customer expectation and service quality is defined as needs or wants of consumers what they think and assume a service provider should offer. This definition of expectations differs from the way the term is used in the consumer satisfaction literature. Expectations in the consumer satisfaction are defined as predictions of services performances. Second, customer satisfaction is taken transaction specific and
perceived service quality is a judgement or an attitude, relating to superiority of service.

According to some researcher, quality of service is the antecedent of customer satisfaction while other views it differently. However support is stronger for the thought that service quality antecedent of customer satisfaction. The studies of Cronin and Taylor (1992); Lee, et al. (2000); Spreng and Mackoy (1996) observed that perceived service quality is antecedent of satisfaction, rather than vice versa. Further it is believed that quality of service is an antecedent of customer satisfaction.

4.3.10 Service Quality and Profit

Good quality results in increasing both productivity and profitability. Service quality and profit are positively related. When the customer perceived service quality to be positive, it increases their satisfaction level as well as loyalty towards the company which ultimately increases profit and revenue. Hesket et al., (1994) demonstrated this relationship with the help of a chain of service profit. Reichheld and Sasser (1990) showed many examples explaining that companies can boost profits by providing zero defects in quality services. Loyal customers do a lot of talking over the years that helps in increasing the number of customers. Grönroos (2000) in his book of Service Management and Marketing: A customer Relationship Management Approach shows that a service organization cannot neglect customer perceived service quality as it drives profit for such organizations.

4.4 MEASURING SERVICE QUALITY AND DEVELOPMENT OF SERVQUAL

4.4.1: Development of SERVQUAL

It is generally argued that quality does not improve unless measured. It is mentioned that quality programs are one of the most powerful means of improving the satisfaction of customer, loyalty, competitive nature and profitability.

Since the measurement of Service Quality was so crucial, Parasaurama et al (1998) developed the 22 items instrument called SERVQUAL for accessing customers’ perception about service quality in service organizations. Initial 10 dimensions were
reduced to five: **Tangibles, Reliability, Responsivess, Empathy and Assurance.** Purifying SERVQUAL took two stages.

2.5.1 Dimensions of SERVQUAL

- **Tangibles:** include physical tangible elements including appearance of personal.
- **Reliability:** is all about the ability to perform services accurately and dependably.
- **Responsiveness:** it is the willingness to help customers and providing them prompt services.
- **Assurance:** it refers to the ability of employees to convey their trust and confidence to customers.
- **Empathy:** It means caring nature towards the consumers and individualized attention to customers.

Dimensions of assurance and empathy contain items that represent the following seven dimensions from original scales: communication, credibility, security, competence, courtesy, analyzing and understanding the needs of customers and access. It means that SERVQUAL can be used across a broad area of services and can be adopted or supplemented to fit to any needs of an organization.

SERVQUAL was revised based on empirical study conducted in different service companies. Original version of the scale used to produce unrealistic results so it was modified accordingly. Revised version focused on consumers’ expectations from the companies in delivering excellent services. They gave guidelines for correct usage this scale. It was further suggested that items which do not fall in any of the five dimensions should be treated separately and can be supplemented with quantitative and qualititative research uncovering the causes of gaps.

4.4.2: Critiques for SERVQUAL and support for SERVPERF

Properties of SERVQUAL have always been subjected to research. It was developed from initial 97 items which was later reduced to 22 with a reliability of above .90. Five dimensions included Reliability, Tangibles, Assurance, Empathy and
Responsiveness. Babakus and Mangold found a single factor with the application of SERVQUAL in a hospital setting.

This scale was also rejected by Cronin and Taylor (1992) as they conducted the study using SERVQUAL in five retail settings. This scale was tested by Finn and Lamb (1991) in a retail store and found that result through confirmatory factor analysis did not fit in the model.

Cronin and Taylor (1992) provided evidence in four industries namely banks, pest control, dry cleaning and fast food to explain the importance of instrument that is using the base of performance rather than disconformation model. SERVPERF scale comprised of 22 items and is based on the performance of service providers rather than perception expectation framework.

SERVPERF represents marked improvement over SERVQUAL. This scale is more efficient and reduces the number of items by 50%. Still it lags behind SERVQUAL in application but researchers have started increasing its use. SERVPERF was built on the assumption that proper measurement of service quality is achieved by measuring the performance of company. This scale is also simple to manage as it needs just one administration. SERVQUAL cannot be applied in a generic way and hence its application is limited. Also the number of dimensions cannot be confined to five; it depends upon the application area.

4.5 ALTERNATIVE METHODS TO MEASURE SERVICE QUALITY

a) Critical Incident Technique

Critical incident technique is an alternative way of measuring how customers perceive the quality of a given service. It has proved to be an important method of throwing light on defects in service quality. This method was first introduced by Flanagan in 1954. Study by Bitner et.al. In 1990 conducted a study and investigated source of satisfaction and dissatisfaction in service encounter. Under this method customers have to think about the situations where they felt exceptionally good or bad about any service encounter that becomes critical incidents. Reasons of why these situations were considered critical are also asked. With this the researcher can easily identify the
factors that are perceived as important from consumers’ point of view and can easily explore the problem areas. CIT is just like a qualitative interview procedure that helps in identifying significant incidences. Objective is to gain understanding about the incident from the perspective of individual.

b) Importance Performance Analysis

Importance Performance Analysis as a method was developed by Martilla and James in 1977. In this method the relative important attributes are first identified then how the company is performing on these attributes are analysed. In any service organization it is important to identify the important attributes as perceived by consumers. Performance of the companies on these attributes will help in measuring the level of customer satisfaction. Hudson et al. (2004) mentioned that IPA is a procedure that shows the relative importance of service attributes and performance of companies on these attributes. Process of IPA includes identifying the attributes, asking questions from respondents on these attributes like how it is important and how did they find the performance of the companies on these attributes. Results can be shown graphically on a two dimension grid that makes the result easy to interpret.

c) Kano Model

This model was developed by Professor Noriaki Kano and is based on the Herzberg’s theory of Motivator- Hygiene. But due to this terminology it becomes difficult to interpret. Therefore, Kano redefined the attributes as attractive quality elements, one dimension element, must be quality element, indifferent quality elements and reverse quality elements. It was pointed out by Merger et. al. (1993) about the model that a customer idea about quality is often confusing and difficult to comprehend but it can be made clear. In this model the product attributes are classified on the basis of how they are perceived by customers and its impact on customer satisfaction. Kano has presented a model that defines attributes which not only meet or exceed expectations but also delight them.

Attributes are classified as:
The Must be attributes which consumers think must be fulfilled. If it’s not fulfilled then it will cause high dissatisfaction but fulfilling will not lead to any increase in satisfaction level. For example while buying a long route bus ticket if passengers does not find a seat it will cause high level of dissatisfaction but finding a seat will not increase his satisfaction level as this is the basic expectation.

The One Dimensional or Performance Quality is the second type of quality where there is a linear relationship between performance and product attribute. Higher performance will lead to higher satisfaction and lower performance will result in dissatisfaction. Most of the verbalized needs of the consumers will fall in this category.

The Attractive or Excitement Quality is unspoken and unexpected by the consumers and that is why their presence will increase satisfaction level but absence will not cause any dissatisfaction. These attributes aims at latent needs which are hidden and not visible on the front. In the competitive environment where more or less all the providers are providing same type of services, this attribute can help a company to earn competitive advantage. These are also known as delighters.

4.6 DESTINATION SERVICE QUALITY MEASUREMENT

4.6.1: Tourism Destination

Destinations are combinations of different tourism products, offering a different experience to consumers. Tourism service may be considered as an assembly of diverse individual service (Kandampully, 1997). Tourists come from far to spend and enjoy their holidays, to visit new places and for gaining new experiences. A destination offers different types of services like accommodation services of different quality and price, dining and restaurant services, entertainment services, transportation facilities etc. As the service offering in itself consist of two types of services ‘core service’ and ‘peripheral service, the core service in tourism is the experience of visitors for holidays.

Leiper (1995) explains that destinations are places where people travel and they chose to stay for experiencing certain features or characteristics. The environment of
destination is interpreted as product of destination and tourist destination experience builds on the foundation of environment and service infrastructure.

The concept of destination has underwent various changes. Laws (1995) provide the following concept of tourism destination as follows:

- Recognising the plural interests
- Communicating discussion on the role and scale of tourism.
- Co-ordinating the public and private sector provision.
- Managing demand levels of tourists.
- Influencing the behavior of tourists towards destinations.
- Delivering good quality of destination experience.
- Co-operating and contributing towards regional promotion and development.
- Developing policies for tourist destination management

The role of organization of tourism destination in providing the tourism services is important. Hence, role of stakeholders in combination with other service providers in destination needs to be improved by applying the quality management practices. Therefore, building quality need involvement of the stakeholders and there are different parameters involved in quality management practices. Various research works in the field of tourism have focused on the analysis of overall satisfaction towards a particular tourist destinations (Kim, 2012). The research on satisfaction on the basis of quality is important for destination managers as it helps in improving the core product and the promotion of the region within the target groups (Yoon and Uysal, 2005).

The specificity of a tourist destination brings the importance of applying integrated quality management that also includes evaluating the satisfaction level of visitors for a destination on the basis of key quality factors. Factors for evaluating the destination’s quality are as follows:

1- Natural attractions and natural beauty
2- Variety and attractiveness of culture
3- Type and quality of destination at the tourist destination
4- Quality of restaurants and eating joints at tourist destination
5- Quality of experience and activity
6- Accessibility to transport system.
7- Local transport facilities
8- Availability of tourist information in the destination and its quality
9- Quality of roads and highways leading to the destination
10- Friendly attitude of the local residents
11- Destinations image
12- Value for money
13- Protection and safety level at the tourist destination
14- Unique tourist destination

Tourism is a service industry where clients are unable to sample their destination before being in destination by purchasing a holiday experience, and because many organizations are involved in delivering services to tourists during their destination stay with the potential for lack of coherent service standards. It is also mentioned that providing quality tourism experience is a major hurdle. Both the concept of service quality and tourism

**4.6.2 Service Quality of Tourism, Branding and Measurement of Quality**

Quality is both crucial and important for attaining long term success and for surviving in tourism industry. With the passage of time it has become an important and decisive competitive instrument in tourism. Evaluating the Quality Performance of Tourist Destinations and Services quality should be treated as a continuous ongoing process to ensure the regular improvement in quality of a tourist destination as a whole or of the individual attractions and services within it.

Heath (2002) and Ritchie and Crouch (2003) have given the definition of destination brand from the perspective of destination management. According to them it can be anything ranging from a name, logo, word, mark or graphics that both identifies and differentiates the destination. Furthermore, it gives the promise of a memorable travel experience that is associated with the destination and it also serves to consolidate and reinforce the recollection of pleasurable memories of the destination experience.
It is often suggested that for correct practices, the travel and tourism companies should establish its own system of quality management to set standards for its competitors and if necessary (in most cases), different from others. It can help the service providers to differentiate the services and ultimately contribute towards building a unique brand (in terms of destination or its allied services) in tourism industry.

Kumar et al. (2009) reported that Quality Management is an important determinant of less work defect. Less work defect and shorter work process time may lead organizations to use lesser resources, which in turn saves on the cost of activities. The word branding links quality and destination branding perspective which is more than a buzzword. It is the base of selling activity in the new economy. According to Kotler and Armstrong (1991), brand building and management are essential skills in the marketing of any product, service, organization, person, place or cause. A brand is not just the name of an offering; it is the driving force, the main factor that shapes the marketing mix, and provides platform for organization’s strategies. Actually the journey towards excellence in travel and tourism industry is not quick fix option. It is a never ending activity of continuous improvement. Main steps along the way need to ensure that tourism organizations across the globe are aware of the excellence framework, built on the good work of tourism organizations done till date and continue to celebrate achievements and increase awareness.

With the help of Quality Management, several efforts are being made to take account of the growing importance of individual aspects of quality. Any tourism destination which maintains and continuously improves high quality supply would achieve the leading position of tourism destination in world tourism. It also helps in increasing the market share.

The concept of branding has been used extensively in the context of products and services; however it is a basically new concept when applied to a destination or places (countries, regions, cities, etc.). Destinations are places that attract tourists for a temporary stay and range from continents to countries to states and provinces to purpose built resort areas.
Because of different personality type some tourists do not purchase the same destination again. Plog (1991) has divided the personality and characteristics related to travel and stated that all centric segment of visitors seek novel and different destinations and want to visit different destinations for each time.

To measure the service quality in a tourism destination, different methods are applicable. Hudson and Shephard (1998) used the importance performance analysis in a skiing destination and demonstrate the usefulness of IPM analysis in a tourism destination. IPM analysis was also was also used to measure the perception of products and service of Toronto destination in terms of important and satisfaction analysis (Joppe, et al., 2001). Their study found that inspite of origin of visitors, essentially the same attributes were rated as important. O’Leary and Deegan (2005) analysed Attribute Importance and Performance of France.

Use of SERVQUAL in measuring service quality in tourism industries is widely applicable. Weiermair and Fuch (1999, 2000) used SERVQUAL in an alpine ski resort. The advantage of SERVQUAL is that it shows clearly the gap in expectation and performance. Reichel, et al. (2000) measure expectation and experience in rural tourism destination of Israel. The study found gap in 11 quality attributes out of 15 attributes.

Critical Incidents technique was used to analyse critical incidents in tourism industries for service improvement. Pritchard and Havitz (2005) have used qualitative Importance Performance Analysis using Critical Incidents Technique. Their result shows the areas where service improvement is needed in destination Western Australia. Petrick, et al. (2006) utilise Critical Incident Technique to analyse negative and positive service incidents among cruise passengers.

Though destination experience is a fundamental product in tourism (Ritchie and Crouch, 2000), quality focus most often has been at the individual service provider level in the tourism hospitality industry as opposed to destination level (Woods and Deegan (2003). Literature provides lot of example of service quality studies at the individual tourism service operator level. Fick and Ritchie (1991) conducted research for wide range of service categories of travel and tourism industries. SERVQUAL has been adopted in to develop scale to measure quality of different service industry.
Knutson et al. (1991) developed LODGSERV to measure service quality in lodging industry. Similarly Knutson et al (1995) developed DINESERV to measure the service quality in dining restaurant. Frochot and Hughes (2000) developed HISTOQUAL to measure service quality in historic houses. Khan (2003) developed ECOSERV to measure the perception of eco-tourists in eco tourism destination. Tribe and Snaith (1998) developed HOLSAT modifying SERVQUAL to measure the satisfaction of holiday experience. However, in case of tourism destination, there lacks an instrument that can be used to measure the service quality in a tourism destination using basic destination variables.

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