PART I

INTRODUCTION
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Chapter 1: Introduction and overall methodology

The service sector has assumed economic growth over the past decade. India came fifteenth in services output. It provides employment of 24.2% of work force and the growth rate 7.4% in 1991-2000 up from 4.6% in 1951-80.

The Growth Rate of service sector in India GDP has been rapid in last few years. The Services Sector contributes 49% of the Indian GDP 8.80% in year 2010. The Growth Rate of Service Sector in India GDP has been raised due to the several reasons and it also given a major boost to the Indian economy. India ranks fifteenth in services output and provides employment to around 24% approx of total workforce in India.

1.2 The elements which are the growth of Service Sector contribution towards India GDP:

The element of Service Sector has increased rapidly in India GDP growth because of interest shown by foreign consumers in country service exports. The fact of India has a three major important element which are skilled, low cost, and educated workers in the country. This shows that services which are available in the country are of the best quality. The foreign companies
looking forward to outsourcing their work to India in the different area of business process outsourcing and IT services. That shows a boost to Service Sector in India GDP growth.

1.3 In India the Service Sector must be given boost:
The Indian government should take necessary steps in order to ensure the Services Sector Growth Rate in India’s GDP continues to rise and which can be notice in growth and prosperity of the country's economy.

Services of the Indian economy which covers a wide area of activities like banking & finance trading, real estate, transportation, infotainment, security, technical consultancy & management. The sectors which are combining together to constitute service industry in India are:

- Banking
- Telecommunication
- Hotels
- Restaurants
- Tour operator

The industry's focus on quality movement in '70s century, the element of customer satisfaction & customer loyalty directly shows the impact on business outcomes which gone through many stages of development.

All industry wanted satisfied customers to do business with them not only for betterment value in terms of quality product, but value for the price and on time quality service. The continuities of on time quality service which notice these attitudes and expectations of a customer. So today’s businesses conduct a variety of customer feedback surveys, so to overcome the problem and come up with innovative service which full fill the customer needs. The assumption is loyalty and satisfaction goes hand in hand which attracts the right type of customers who are either profitable now or in future growth of service industry.

To sustain in the competitive market service provider should understand the customer needs and how to satisfy it. This is the evident from increased number of customer satisfaction survey by
service organizations. Thus, a customer satisfaction is an important element to service organizations.

Satisfaction of customer depends on time quality service. The researcher in this area suggests that service quality is important fundamental element of customer satisfaction. If actual perceived performance is less than the customer expectations, customers will be dissatisfied and, if the perceived performance exceeds the expectation, customer will be delighted.

1.4 Statement of Problem:

From a firm's perspective it is important to ensure that customers are satisfied on basis of product they purchase and within the way the product is delivered. This is true for the companies producing quality goods and on time quality services to satisfied customer needs. Customers have specific wants, needs, expectations and perceptions from that service firm, but if a company is not able to match the customer’s needs, the customer become dissatisfied and will not consider a repurchase from that service firm. The most important point to understand for the company that they should knows their customer's needs and expectation.

The gap between company's and customer's perception concerning the important element are quality of service product and on time service delivery the probability of satisfying the customers. That indicates the service providing companies and to have a more profound understanding or their crucial question. The background it is worthwhile to study the degree of customer satisfaction in selected sectors of service industry under the title:

“A Study of Customer Satisfaction in Selected Sector of Service Industry”
1.5 Interpretation of Topic Sentence

In order to conduct an in-depth analysis of relation between service provider and customer satisfaction. Researcher has to analysis some important points, in interaction between customer and provider which led to satisfaction to the customer. Researcher examines the internal dimension of relation, along with the customer-service provider significance, that is how companies can deliver the service to the customer depending upon their needs and preference. Researchers have chosen to evaluate the concept of customer satisfaction in the context of on time quality service. Finally, the impacts and results of achieving customer satisfaction will be examined: Customer loyalty and customer profitability.

Having identified the elements affecting customer satisfaction in theory, it is of interest to examine these elements by conducting an empirical research. The main purpose of our empirical research in this context will therefore be to find out whether the elements influencing customer satisfaction in theory also prevail in practice, or whether other kinds of problems occur. However, it has been chosen to conduct our research from the firm's perspective in order to gain insights into how managers in service companies evaluate their own perception of services, and their orientation on towards customer's needs.

Research Questions

Based on our Topic Sentence, researchers have identified a number of Research Questions which should guide us in the theoretical discussion and analysis of the elements within the relation between the firm and customer satisfaction presented earlier. Hence, the Research Questions are to be seen as an operation-nalization of the Topic Sentence.

In order to understand the factors influencing customer satisfaction it has been chosen to take a starting point in an in-side out approach. To investigate which impacts internal activities, for example management style, communication among employees, and employee involvement, etc. have on the external value a service company provides to their customers, leads to the first
Research Question 1:

How do internal operations in service companies
Contribute to external performance?

Having identified critical elements concerning internal operations within service companies, which have an impact on the external performance, it is of interest to analyze the relation between service performance and customer satisfaction. When purchasing physical goods it is more or less easy to determine the quality of the product.

Due to the characteristics of services, this evaluation is somehow more difficult. The influence of service performance on customer's evaluation and perception of services needs to be investigated.

Research Question 2:

What impact does the external performance
of a service provider have on customers and
their level of satisfaction?

Having identified the factors influencing customer satisfaction, it is furthermore of interest to analyze the consequences of customer satisfaction. The goal of most service companies is to make profit, at least in the long-run. In order to motivates and stimulate customers to a repurchase, it is important for a service firm to satisfy their customer’s perception. In most cases only satisfied customers consider a repurchase, and become a regular customer, which in return leads to profit in the long run. The third Research Question is stated as follows:
Research Question 3:

Which factors lead from customer satisfaction to loyalty and thereby profitability?

All three Research Questions will be utilized as a guide for both the theoretical analysis and the empirical research. The answers to these questions will be presented throughout the thesis and will be summarized in the conclusion.

1.6. Overall Method and Structure

In this section the method behind the thesis will be outlined. It includes the process we have employed in writing the thesis. Thereafter, the structure of the thesis will be presented. The information given in this chapter will supplement the logic of the thesis.

1.6.1 Overall Methodology

Based on our literature research i have identified various ways to describe the relations between service company’s performance, and customer satisfaction. However, most models and theories cover only some aspects of the elements which we have identified as being important: Effective internal operations and external value to customer satisfaction which gives a profitable consequence of achieving customer satisfaction. Only one particular model - The Service Profit Chain - was found to encompasses all the elements of interest; thereby ensuring a holistic view of customer satisfaction in a service context.

The Service Profit Chain provides a link between profitability / growth and employee satisfaction with focus on customer satisfaction, it has been utilized as a starting point for this thesis. However, having analyzed each link of the Service Profit Chain, it appeared appropriate to undertake minor modifications. These modifications were useful in order to find valuable answers to our problem formulation, and to our three Research Questions.

In order to address the Topic Sentence, the following approach has been chosen. First of all, each link of the modified Service Profit Chain has been analyzed with regard to elements influencing,
restricting, or enhancing customer satisfaction. Hereafter, it has been possible to formulate success factors to each link of the chain which are either important to consider or critical in relation to customer satisfaction. Moreover, these success factors were identified to mirror potential problems for service companies from a theoretical point of view as well.

Having created a solid theoretical foundation on the basis of the Service Profit Chain illustrating factors which have an impact of customer satisfaction, the next important step is to investigate which factors influence customer satisfaction in practice. The empirical analysis aims therefore to find out whether the same success factors prevail in practice as in theory. It has been chosen to conduct an empirical research; which, based on a questionnaire, takes the management perspective in different service branches into account with respect to customer satisfaction and the success factors.

Conducting the empirical research enables us to draw conclusions regarding the relation between internal operations and external performance, the impact of external value for the customer and their satisfaction, and handling of loyal customers. Moreover, the empirical research enables us to identify significant differences among selected service branches. By doing this, it is possible to compare different perceptions and opinions in different service branches. It is worth emphasizing that only the firm's perspective is of interest, and no conventional customer satisfaction analysis is conducted. Thus, no objective evaluation concerning customer satisfaction in these particular service companies of our sample is possible.

1.7 Structure of the Thesis

The thesis starts with an introducing Part I, consisting of chapter one and two. Chapter one includes the setting of the scene and formulation of the problem; which, provides information about the purpose, and focus of this thesis. Whereas in chapter two, the Service value chain will be introduced. This is done firstly by outlining the characteristic and evolution of services; which will provide important background information no how we will deal with services throughout the thesis. In a second step, the original-Profit Chain will be presented and
discussed, leading to our proposal of a modified chain. The various links of the modified chain will be analyzed in Part II; which functions as the theoretical foundation of the thesis.

Part II constitutes the theoretical foundation, and consists of chapter three to six. In chapter three the first element of the modified chain, internal service dimension, will be discussed. This dimension deals with internal operations which have an impact on the external performance of a service company. The focus will be on theories dealing with internal operation which improve the efficiency and satisfaction of employees in service companies. Thereafter in chapter four, the second link of the Service value chain, i.e. the external value which service companies deliver to their customers, will be discussed. By doing this strategic marketing perspectives will be provided.

Customer satisfaction or dissatisfaction as outcome of the provided external value, is the third link of the chain, and will be investigated in chapter five. This includes both the identification of key parameters influencing and enhancing customer satisfaction in relation to services, and the evaluation of service quality models which play an important role in this context. Customers who have not received the quality service which lead to defection in the long-run to sustain or create value in the market. The latter constitutes the fourth link in the Service value chain, which will be surveyed in chapter six.

Theories which explain the potential outcome of customer loyalty will be presented, and thereby the relation to growth and profitability from a firm's perspective will be clarified. Each chapter of the theoretical foundation will end up with a sub conclusion which contains both the main ideas of the corresponding chapter, and a presentation of the critical success factors in the corresponding context. The structure of the theoretical part, and summarizes applied theoretical approaches and the most central authors used in each chapter of the theoretical section of the thesis.

Part III constitutes the analysis of our empirical survey, and consists of chapter seven to eleven. This part begins with chapter seven which includes the methodology behind the empirical
research, delimitation, reliability and validity, and finally a presentation of the service branches participating in our research sample.

Thereafter in chapter eight, the internal activities affecting customer satisfaction will be investigated. This considers the factors identified from the corresponding theoretical perspective, such as internal marketing, management styles, motivation, performance, control and training.

In chapter nine the research sample's service product and its development will be examined, referring to the external value provided by service companies for its special interest in the development of core-and secondary services along with the company's customer orientation. In the following chapter 10, the firm's assessment of on time quality service and customer satisfaction is addressed. The last chapters of Part III deals with complain management in service companies as a tool for service recovery, and the positive consequences of obtaining satisfied customers- loyalty and profitability.

Finally, in Part IV the conclusions of this thesis will be presented, including an evaluation of the critical success factors provided in the sub conclusions of the various chapters of the theoretical foundation.