CHAPTER 2

LITERATURE REVIEW

“Instincts aside, do you have any rational proof that satisfying customer is worth the effort, and in fact pays off?” Kordicle (1988, P.3)

2.1 BACKGROUND

Over the last thirty years customer satisfaction or dissatisfaction has been studied extensively by the academic researchers (Oliver 1980, Westbrook 1987). It is central to the marketing concept (Liechty and Churchill 1997) and has been one of the “most widely studied and embraced constructs in marketing.” (Peterson and Wilson, 1992)

Customer satisfaction theories are implicitly based on the social and experimental psychology studies (Levin 1936). These studies discovered the foundation of the confirmation/disconfirmation paradigm (Cardozo 1965, Hunt 1997, Olson and Dover, 1979) helping to define the satisfaction constructs as the output perception of any interaction in which perceived performance confirms or positively disconfirms customer expectations (Oliver, 1980 and 1979) and to explain the link between satisfaction overtime and trust. (Bitner 1995, Costabile 1998). The latter has been crucial for understanding of the market relationship development, constructs such as trust and loyalty that are both grounded on experience of satisfaction that is accumulated over a period of time. ‘Confirmation/disconfirmation of Expectations Model’ (Oliver 1980), describes the process by which customers develop to form satisfaction or dissatisfaction feelings (Cadotte et al, 1987). It posits that satisfaction or dissatisfaction is a function of expectations &
disconfirmation of such expectations. Expectations are formed prior to purchase and used as a comparison level against which a product or service is evaluated. Evaluation yield outcomes along the continuum ranging from positive confirmation (i.e. performance better than expected,) to negative disconfirmation (i.e. performance worse than expected) with confirmation representing the evaluation that performance was good as expected.

Customer satisfaction has been studied extensively as a central element of a firms marketing concept during the past two decades (cf. Churchill and Suprenant 1982, Oliver 1988, Tse and Wilton 1988, Anderson and Sullivan 1993.) In market research there is a tendency towards cumulative view of satisfaction, measuring it as a general level of satisfaction based on all experiences with the firm (Garbrino and Johnson, 1999; Sharma, Neidrich and Dobbins 1999). Various models and theories have been developed in order to define and explain the phenomenon of which the Confirmation/Disconfirmation Paradigm and perceived performance quality seem to be the most dominating approaches. (Anderson and Sullivan 1993, Everelles and Leavitt 1992, Churchill and Suprenant 1982, Fourier and Mick 1999).

Therefore, customer satisfaction is a mental state that results from the customer comparison of (a) expectation prior to a purchase with (b) performance perceptions offer a purchase (cf. Oliver 1993, Oliver 1996, Westbrook 1987, Westbrook and Oliver 1991). A customer may make such comparisons for each part of an offer (domain specific satisfaction) or for the offer in total (global satisfaction). In the satisfaction literature, customer satisfaction usually refers to the latter type of outcome. Moreover, this mental state that is viewed as cognitive judgment tends to fall somewhere on a bi-polar continuum bounded at lower end by low
level of satisfaction (expectations exceed performance perceptions) and at higher end by a high level of satisfaction (performance perceptions exceed expectations).

According to Oliver's Expectancy Theory, when consumers purchase and use a particular brand the expectations perform in certain ways. The expected level of performance can vary from fairly low to a very high, but the consumers will find a range of performances that is acceptable. According to Oliver's Expectancy Confirmation/Disconfirmation model satisfaction/dissatisfaction results from the comparison of the actual brand performance with the expected brand performance. Three types of expectations have been identified:

1. **Equitable performance** – If the brand offers equitable performance, the consumer is bound to receive given the various costs of purchasing and using the brand satisfaction and dissatisfaction that concerns the gap between expected & actual performance.

2. **Ideal performance** – The consumers hope for an optimum level of performance from a brand. If the brand provides the performance, the consumer has obtained the ideal performance level.

3. **Expected performance** – Expected performance is the level of performance that the consumers think that the brand will actually offer.

According to Oliver (1999), satisfaction is defined as 'pleasurable fulfillment.' A consumer senses that consumption fulfills some need, desire, goal or so forth and that this fulfillment is pleasurable. It is a state of experience that might vary in intensity but not in quality. (Slauss & Neuhaus 1997)
Most of the research on consumer satisfaction and dissatisfaction concerns the gap between expected and actual performance. The consumer has high expectations for the brand and the brand performs even better than expected, then satisfaction will result. In addition an individual is likely to be happy with the purchases if it performs better than expected, even if the initial expectations were low. In contrast, dissatisfaction is produced when a brand performs below expectations even if expectations were excessive. Dissatisfaction results in a negative attitude towards the brand, lower repeat purchase, brand switching and complaining behaviour on the part of consumer. When the brand simply performs as expected, the consumer is in state of non-satisfaction. As mentioned earlier, in the customer satisfaction two approaches are dominant, the first one being Confirmation/Disconfirmation model and other perceived performance quality model and in the context of services the second model stands for the perceived performance service quality.

A product may be defined as a good or service, but most often, it has both service and physical elements (the service – goods continuum). This dualism affects quality perceptions for service related companies (and the service related components of goods), for which quality is particularly an elusive component. In the labor intensive services, quality occurs during service delivery, usually in an interaction between the client and the contact person from the service firm. The service firm may also have less managerial control over quality in services where consumer participation is intense because the client affects the process. In these situations, the consumers input become critical to the quality of service performance. When purchasing services, fewer tangible cues exist. In absence of tangible evidence on which consumer is to evaluate quality, consumers must depend on other cues such as the service provider’s physical facilities, equipment & personnel.
As mentioned beforehand, early quality models concentrated on goods. Defining and modeling the quality of services is generally acknowledged to be more difficult than modeling the quality of goods due to intangible nature of services themselves (Bergman and Klejsjo, 1994). Service quality is a concept that has aroused considerable interest and debate in the research literature because of its difficulties in both defining and measuring it. (Parsuraman et al 1985; Lewis and Mitchell, 1990, Dotchin and Oakland 1994 a, 1994 b; Gaster 1995; Asubonterg et al, 1996)

There are number of different “definitions” as to what is meant by service quality. In its simplest form service quality is a product of the effort that every member invests in satisfying customers. In its broadest sense, service quality has been defined as superiority or excellence as perceived by the customer (Peters and Austia, 1985). More specifically, it has been defined as:

1. The delivery of excellent of superior service quality relative to customer expectations (Zeithmal and Bitner, 1996)
2. Quality is behaviour – an attitude that says that one will never settle for anything best in service for one’s stakeholders or colleagues with whom one works everyday (Harvey, 1995)
3. When one wants to be effective – delivering good quality to the customer - one must produce services that meet, “as much as possible” the needs of the consumer (Boonsma, 1991)
4. Quality is providing a better service than the customer expects (Lewis, 1989)
5. Quality should be seen as “fitness for use.” (Juran 1988)
6. Another short definition views quality as “conformance to requirements” rather than “goodness, or luxury or weight (Crosby, 1979)

Reviews of the abundant customer satisfaction literature (Yi, 1991; Anderson and Fornell, 1994) show some evidence that the central and in numerous cases unique source of customer satisfaction is quality. Service quality has theoretically been represented as comprising of two dimensions. Berry and Parsuraman (1991) distinguished between a process and an outcome dimension, whereas Grönroos (1990) made a distinction between functional & technical quality. The process or service quality refers to ‘how’ the service is delivered, while the outcome or technical quality refers to ‘what’ customers receive and the benefits of using the services (Riel et al, 2000).

Sasser et al provided early insights into how service quality is perceived by customers back in 1978. They argued that service is a complex bundle of explicit and implicit attributes, comprising the substantive service (the essential function of the service) surrounded by a number of peripheral services. They argued that, whether this offering is communicated via performance, or advertising or other signals, the consumer compared it with their needs to arrive at their perception of service quality. “The quality of service level is an intuitively integrated value of the appropriateness of the service offerings to the consumers needs”. (Sasser et al, 1978, p.177). According to the Sasser et al model the consumer has variety of needs that may cause conflicts in terms of attributes they desire. These attributes being:

1. The substantive service.
2. The safety of consumers.
3. Standardization and reliability attitude.
4. The service environment.

The authors provided a model that consumer might use in comparing the appropriateness of particular mixes of these attributes, i.e. the service quality of competing offerings. They argued that each step mentioned below might be appropriate in different situations, and might be used to provide absolute or more typically relative values for service quality. The three steps of the models are mentioned below:

1. One attribute determines the value; all others receive only nominal or no consideration.
2. One attribute determines the value, but certain attributes must achieve at least threshold condition.
3. A weighted average is used, so that a high score on one attribute may offset a low score on another.

One that is commonly used to define service quality is the extent to which a service meets customer's needs or expectations (Lewis and Mitchell 1990; Wishewski and Donnelly, 1996). However, today there are only two most popular models of service quality in use, namely, the **Grönroos Service Quality Model** and the **Gap Model by Parsuraman et al.**

### 2.2 GRÖNROOS SERVICE QUALITY MODEL.

The model created by Grönroos (1984 b) attempts to illustrate how the quality of a given service is perceived by customers. It divides customer's perception of any particular service into two dimensions:-
1. Technical quality – What the consumer received the technical outcome of a process. This dimension is called quality by Parsuraman et al (1985) and the physical quality by Lehtinen & Lehtinen (1982)


“How” the service is delivered is evaluated during delivery (Swartz and Brown, 1989, p.190). Grönroos (1984 b) suggested that in the context of services, functional quality is perceived to be more important than technical quality, assuming that the services is provided at a technically satisfactory level. He also points out that the functional quality dimension can be perceived in a subjective manner.

2.3 THE GAP MODEL BY PARSURAMAN ET AL

Parsuraman et al (1985) suggest three underlying themes in academic literature on services:

1. Service quality is more difficult for the consumer to evaluate than goods quality.

2. Service quality perception result from a comparison of consumer expectation with actual service performance, and ,

3. Quality evaluations are not made solely on the outcome of service; they also involve evaluation of the process of service delivery. (p.42)

Zeithmal et al (1988) defined perceived service quality in their model as the difference between consumer expectations and their perception. The Service Quality Model by
Parsuraman et al (1985) indicates that consumer’s perceptions of quality are influenced by four gaps occurring in the internal process of service delivery. These four gaps are:

Gap 1: Not knowing what customers expect the difference between consumers’ expectations & managements perceptions of these expectations.

Gap 2: Not selecting the right service design – the difference between management perception of customer expectations and the service quality specifications.

Gap 3: Not delivering to service standard – the difference between service specification & the actual service delivery.

Gap 4: Not matching performances to promises – the difference between the service delivery and what is communicated about services to consumer.

Perceived service quality – the difference between consumer expectations and the consumer perceptions & results from the sum of degree & directions from Gaps 1 To 4.

2.4 SERVQUAL QUALITY: SERVQUAL

According to Parsuraman et al service quality can be fined as the difference between customers expectations for service prior to service encounter and their perceptions of the service received.

The SERVQUAL instrument has been identified within the literature service as being a broad based instrument of quality evaluation that can be applied across range of service.
SERVQUAL was designed to measure service quality in a variety of different businesses – or better business models. Parsuraman et al. (1985; 1988) measured service quality in the following set of organizations.

- Retail banks,
- A long-distance telephone company,
- A securities broker,
- An appliance repair and maintenance firm, and
- Credit card companies.

From the result of a set of about 100 questions Parsuraman et al. (1985) concluded that consumers perceive service quality by comparing expectations to performance and evaluate the quality of the service to different dimensions. The first set comprised of ten dimensions. Factor analysis was used to provide means of determining which questions are measuring dimension number two, three, four and so on, as well as which questions do not distinguish between dimensions and the number of dimensions in the data. Questions that were not
clearly related to a dimension were discarded. A revised scale was used in the second sample, questions were tested and the result was a 22-question item on scale measuring five basic dimensions:

- Reliability: The ability to perform service dependently and accurately.
- Responsiveness: A willingness to help customers and to provide support services.
- Assurance: The knowledge and courtesy of employees and their ability to inspire trust and confidence.
- Empathy: The caring individualized attention a firm provides its’ customers.
- Tangibles: The visible indicators of quality provided by firms.

The recipients of the questionnaires were later asked to allocate 100 points among these five dimensions in order to be able to rank the importance of the respected dimension. They had positioned consumers’ perception of service quality along the continuum ranging from ideal quality to totally unacceptable quality, depending on whether the customers perceived the service they receive as meeting, falling short of, or exceeding their expectations. During their investigation, Parsuraman et al. (1988), identified that reliability was the most important dimension used by customers in evaluating service quality, with responsiveness being next, whereas, tangibles had the lowest influence on overall service quality.

Based on these quality dimensions, Parsuraman et al. (1988) developed a series of standard questionnaires to measure the stated gaps and to what extent they exist respectively in a given organization. These questionnaires address the different roles like customers (gap 5), management (gap 1 & 2) and service contact personnel (gap 3 & 4). The standard questionnaires firstly measure the respondent’s expectation of a service then the actual
perception of the service delivered by the organization. Since both expectations and perceptions are measured using 22 parallel questions a total of \((22 \times 2) = 44\) questions are inquired. The answers are measured on a seven point Likert scale with 7 indication "strongly agree" and 1 "strongly disagree."

Brogowiz et al (1990) went on to combine Grönroos’s technical/functional model with the Parsuraman et al Gap Model to produce a “Synthesized Service Quality Model”, in order to highlight the managerial tasks and dimension involved in delivering service quality.

2.5 CONTRIBUTION OF SERVQUAL TO DEFINE SERVICE QUALITY

In terms of its conceptual contribution to knowledge, SERVQUAL originated as multiple item scale for measuring consumer perceptions of Service Quality, which since 1988 has become a major reference among scholars in the area of service quality. It opened the door to researchers and practitioners in the service industry as well as to go further for either more implications or theoretical research. For example, Anderson (1992) published what he claims to be ‘another model of service quality.’ A model of cause and effect of service quality tested on a study within the restaurant industry; instead of expectations and perception formula \((p-e=sq)\), where ‘p’ denotes perception ‘e’ denotes expectations and ‘sq’ denotes service quality, for measuring service quality. Strauss and Hentschel (1992) published their study of ‘Attribute – Based versus Incident based Measurement of Service Quality.’ An empirical study in the German Car Service Industry, in which they used the five dimension of SERVQUAL as quality categories for their investigation. Finally SERVQUAL’s five dimensions are adapted by Behera and Lemmink (1992) in their study of Q-Matrix: A Multi-dimensional Approach to Using Service Quality Measurements,’ Lemmink investigated the
customers' quality perceptions and actual quality improvement actions. SERVQUAL has made a great move into the investigation of customer's perception and expectations as a framework of measuring service quality which encouraged investigators and consultants in both commercial and public sectors to explore more methods of research based on its foundation.

In item of its approval by professional, SERVQUAL has been a keyword in ABI/Inform database, 36 publications incorporate both the theoretical discussions and implications of it in different industrial organizations (Buttle, 1994). Regarding its validity, Parsuraman et al. (1998) report that SERVQUAL has high reliability and consistent factor structures across several independent samples. The scale's face of content validity is also assessed and found to be valid. Its' convergent validity, which related to association between SERVQUAL scores and responses to the question of asking customers to give an overall quality rating of the firm they were evaluating, was assessed empirically (1988). SERVQUAL is suggested to be good concise multiple-item scale with good reliability and validity that can be used by commercial businesses for measuring customers' expectations and perceptions to help provide better services. SERVQUAL has now been applied to various sectors and corporate studies such as computer service, construction, mental health service, hospitality, recreation services and financial organizations (Buttle, 1994) Brady and Cronin (2001), in "Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach," Journal of Marketing, 65 (July) 34-49. The authors note that although SERVQUAL (the American approach) is the famous measure of service quality though there is other model, called as the Grönroos's Model, which is discussed as follows:
As mentioned Earlier, the Nordic approach of Grönroos identifies two dimensions of service quality: Functional quality and Technical quality.

1. Functional Quality (assessment of interactions that take place during service delivery).

2. Technical quality (assessment of the outcome of the service).

Brady and Cronin attempted to combine the Nordic and American approaches in a Hierarchical Approach which is discussed below.

2.6 THE HIERARCHICAL APPROACH

The Hierarchical approach maintains that Service Quality has three dimensions:

1. Interaction Quality
2. Physical Environment Quality
3. Outcome Quality

In turn each dimension has a number of sub-dimensions:

1. Interaction Quality product comprises of attitude, behavior and expertise.
2. Physical Environment Quality comprises of ambient conditions, design and social factors
3. Outcome Quality consists of waiting time, tangibles and valence.

Each of the sub-dimensions is then measured with a reliability, responsiveness and empathy question.
2.7 LIMITATIONS OF THE SERVQUAL MODEL

Debate concerning the validity and reliability of the SERVQUAL methodology itself has been lively in recent years (Buttle, 1995, 1996; Carman, 1990; Cronin and Taylor, 1992, 1994; Teas, 1993, 1994). Asubonteng et al. (1996) summarize the main points of the numerous academic studies and conclude that there are problems with this method of measurement. Although SERVQUAL has been widely examined for its validity and reliability (Bolton and Drew, 1991; Brown and Swartz, 1989; Carman, 1990; Cronin and Taylor, 1992, 1994), however, some of these studies would not support the five dimensions, the use of these dimensions was kept based on conceptual and practical grounds and an important area of criticism of SERVQUAL has been the use of those dimensions which was incorporated based on conceptual and practical grounds.

As previously mentioned, respondents are asked to measure their levels of agreement or disagreement by circling a number in the range 1-7 where 1 represents complete disagreement with the statement in the question while 7 represents complete agreement with the statement in the question. It is evident that a scale used is ordinal in nature. However, conventional statistical orthodoxy would hold that arithmetic operations such as addition or subtraction are not legitimate (Siegel and Castellan, 1988). In the context of the SERVQUAL scale a relevant question would be to ask whether the ‘gap’ between, for example, point 6 and point 7 on the scale is to be regarded in the same light as the difference between, say, point 1 and point 2 of the scale. If the SERVQUAL scale is regarded as an interval or ratio scale rather than an ordinal scale, then the gap between the points in both of the instances above would be the same i.e., 1. However, it is not self evident when respondents fill in
rating scale they deploy in their minds an essentially linear ratio scale. The authors of the SERVQUAL have made the assumption that it is not legitimate to derive gap scores by process of subtraction. Indeed, such a practice is common and one commentator has observed that many researchers have treated rating scales as an interval data and have failed to observe the minimal requirements for interval level measurement (Foddy, 1993, pp169-170). It is possible, therefore, that a scale such as SERVQUAL needs further refinement by exploring the meanings that respondents attach to indicating a point on a scale.

An important area of criticism of SERVQUAL has been the use of gap scores in the measurement of service quality (Cronin and Taylor, 1992, 1994). Cronin and Taylor (1992) compare this expectation – perception gaps versus perceptions only, which they call SERVPERF and conclude that measurement of service performance (perception) alone is adequate.

Some authors also have raised issues regarding the relative importance of the five dimensions, which Parsuraman et al. (1988) initially determined by inference. In their later refinements, they explicitly asked customers to allocate points among the five dimensions. Cronin and Taylor (1992) tested an importance weighted SERVPERF and found a high correlation between weighted and unweighted measures. They concluded that unweighted SERVPERF is sufficient.

There are more disagreements with the instrument that involve the issue of whether a scale to measure service quality can be universally applicable across industries.
However, this extension of SERVQUAL has not been applied widely in practice rather than leading other researchers to further extensions of the gap model. A further look into the criticism of scales would give a better insight.

In the article on scales in “Marketing Research,” Devlin, Dong and Brown suggest that a 5-point “expectations scale (much better, better, just as, worse and much worse) and a 4-point requirement scale (exceeded, met, nearly met, and missed)” have served their clients well in measuring customer perceptions of product quality. They write that a 2-point satisfaction scale (satisfied and dissatisfied) has a tendency to produce positive response bias and results that do not meaningfully capture degrees of customer opinions. The authors claim that while a 2-point scale may not meaningfully classify degrees of customer opinion, little is beyond a 5-point scale. Hence, they refrain from examining scales containing more than five categories. Though, Teas and Grapentine criticized Devlin and Dong, yet their process of testing the reliability and validity of scales is an important contribution to literature.

Terry Grapentine’s article, “Problematic Scales,” questions the validity of the measurement scale deemed “best” by Devlin, Dong and Brown. Grapentine raises a fundamental question about what predicts customer perception of service quality. Is it “expectations” or “requirements” as presumed by Devlin, Dong and Brown, or is it something else? According to Grapentine, respondents undergo a mental exercise to answer questions about expectations or requirement. The sequence of the exercise is (a) respondents determine the required ideal point on each item on the scale, (b) respondents evaluate the perceived performance of the product or service provider on each item, and (c) through mental subtraction, respondents evaluate whether the supplier exceeded, met, nearly met, of missed the respondents’
requirements or whether the supplier performed much better, better, just as, worse, or much worse than the ideal point.

Research by Kenneth Teas published in the "Journal of Marketing" in 1993 claimed that, given the complexity inherent in inferring quality based on expectations, a better predictor of quality is evaluated performance. One of his main problems was that any variation in SERVQUAL's "desired level of service" is probably attributable to measurement error. After all, why should someone not give a maximum score on desired level of service quality? In the method aforesaid, respondents evaluate a battery of attribute on a scale anchored with "describes the product/service" and "does not describe the product/service." Evaluated performance scales, in comparison to the scales incorporating expectation, were found to have greater association with global measures of quality. Perceived service quality is a global judgment or attitude relating to superiority of the service, whereas measures of dissatisfaction are expressions of measurement whether specific or global. Therefore, Grapentine's real message was that one must ensure the scales to measure what they are set out to measure.

In "Measurement Imperative," Dick R. Wittink and Leonard R. Bayer compared two customer satisfaction scales – one scale where each item is measured on a five point scale and the other comprising the same items but where only one item (i.e., global satisfaction) is measured on ten point scale and the rest is measured on a dichotomous (problem/no problem) scale. However, the second was preferred. Moreover, a scale with more categories/values (e.g., a 10-point scale) provides managerially relevant categorization of customers, perception than a scale with fewer values (e.g., a five point scale). The preference for a single –item measure of global satisfaction stems from the observation that responses were similar
across items if all items are measured on the same (5- or 10-point) scale, which results in a high degree of multicollinearity among the items. Moreover, the combination scale is effective because the global items proved a basis for how much improvement is needed in managerial / firm performance whereas the other items provide a basis for specific managerial actions for improvement.

There is a disagreement between studies and researches have concentrated on the linkage between satisfaction and quality. Although there is no agreement on the exact linkage, attributes, and dimensions of quality and satisfaction, most researches agree that service quality comprises attributes that are both measurable and variable.

Carman (1990) notes that it takes more than a simple adaptation of the SERVQUAL items to address service quality effectively in some situations. Managers are advised to consider which issues are important to service quality in their specific environments and modify the scale as needed. The collected experience in the use of the model and the critics have led to some further amendments in the later works of Parsuraman et al. (1991, 1994) and Zeithaml et al. (1990).12

A significant extension was undertaken by Zeithmal et al. (1993). They addressed an issue that has been considered to provide a lack of consensus among other researches in the understanding of service quality and customer satisfaction.13 Their approach expanded the SERVQUAL technique to include the relationship among customer service, expectation, service level antecedents, perceived service, service quality, customer satisfaction and other depending parameters. They extended the gap five concepts and called it the ‘zone of
tolerance’. In this case the customer’s expectancy of service quality is measured in two levels namely:

1. Desired Service: The level of service representing a blend of what customers believe can be and should be proved.

2. Adequate Service: The minimum level of service customers is willing to accept during the process of service delivery.

Patterson and Johnson (1993) provided a detailed comparison of the two constructs. Based on a review of both literatures that is SERVQUAL and the Grönroos’s Model, they summed up the differences and similarities as follows:

(I) Satisfaction contains both affective and cognitive components and represents a consumer’s evaluation of a specific transaction and consumption experience. This soon decays into an overall attitude about the service. Perceived service encounters are similar to a general attitude towards the firm. However, more recent research supports the notion that both constructs can operate on both levels (Bitner and Hubbert, 1994; Rust and Oliver, 1994).

(II) The satisfaction model includes a crucial intervening variable – disconfirmation, which is a distinct cognitive construct and is conceptualized to have an independent, additive effect on satisfaction. The service quality model, according to Patterson and Johnson, omits the disconfirmation construct. However, Cronin and Taylor (1992) believe disconfirmation mediate perceptions of service quality.

(III) Consumer attribution and equity perceptions are also antecedents of satisfaction, but have not been integrated into the service quality model. Bolton and Drew
(1994) also found other antecedents of satisfaction, for example mood or affect, usage frequency, situation, and perceived control.

(IV) Also, having an indirect effect on satisfaction via disconfirmation, perceived performance has a direct effect on satisfaction, particularly in high involvement services. However, evidence of a direct effect has been found in perceived service quality as well (Cronin and Taylor, 1992; Bolton and Drew, 1991).

(V) Satisfaction is based on experience with the service, whereas perceived service quality is not necessarily experience based.

(VI) The pre-purchase standard in satisfaction research (expectations) is typically operationalised as predicted performance, although different standards may apply in certain situation. In contrast, service quality research generally uses equitable, deserved, or 'should receive' expectations. However, predictive expectations would also seem to play a part in service quality perceptions (Boulding et al, 1993). Having compared satisfaction and perceived service quality, Patterson and Johnson (1993) went on to propose an integrated model of the two constructs. In their model there is a route from service perceptions though disconfirmation and satisfaction to perceived quality.

To sum up, there is much agreement between these early models. They include many of the ideas about service quality considered fundamental by later researchers. (I) The multi-attribute nature of service quality judgments (e.g. Grönroos, 1884; Parasuraman et al. 1985; Carman, 1990; Bitner and Hubber, 1994). (II) Service not having to be experienced for service quality judgments to be made (e.g. Cronin and Taylor, 1994; Rust and Oliver 1994; Storbacka et al. 1994). (III) Perceived service quality being the result of a comparison
between perceptions of the service and some comparison standard (e.g. Grönroos, 1984; Parasuraman et al, 1985; Carman, 1990; Bolton and Drew, 1991; Storbacka et al, 1994), although other research indicated that service perceptions have a more direct influence on perceived quality (Cronin and Taylor, 1992; Boulding et al, 1993). Much of the subsequent service quality research falls into three main areas; the completeness of Parasuraman et al’s list of attributes and its factor structure; the nature and influence of expectation; and the relationship of service quality to customer satisfaction.

“Perhaps the most intriguing issue facing service marketers today is interplay between quality, satisfaction and value. Specifically, which are antecedent, mediating and consequent?” To date no answer exists (Rust & Oliver 1998). There has been much recent debate in the literature about whether satisfaction with service, amongst other things, leads to perceptions of service quality (e.g. Parsuraman et al, 1988; Grönroos, 1990; Bitner and Hubbert, 1994; Cronin and Taylor, 1994) or perceptions of service quality, amongst other things, lead to feelings of satisfaction (e.g. Rust and Oliver, 1994; Storbacka, 1994; Hallowell, 1996).

Empirical work is also confused by customers’ apparent difficulty in distinguishing not only between different levels of aggregation, such as encounter of overall quality, but also in distinguishing between quality and satisfaction (Bitner and Hubbert, 1994). Better ways of asking the customer are needed because the distinction is important. Service providers need to know whether their objective should be to have consumers who are satisfied with their performance or to deliver the maximum level of perceived service quality (Cronin and Taylor, 1992).
From Grönroos (1984) to Parasuraman et al. (1988) to Brady and Cronin (2001), service quality research is predominantly focused on the delineation of service attributes comprising multiple service quality dimensions. Furthermore, a common research goal amongst service quality researchers is the identification of generic dimensions, applicable across service contexts. In line with this common goal, Brady and Cronin (2001) set out to identify generic service quality dimensions, testing their theory across eight service contexts. Beginning with Rust and Oliver’s (1994) three dimensional framework, which presents service quality as comprising of service interaction, physical environment and the service outcome, Brady and Cronin (2001) modelled service quality as a multilevel, multidimensional hierarchical construct. They consider overall service quality perceptions to comprise of the three primary dimensions (interaction, environment and outcome), where each of the three primary dimensions has three sub-dimensions. Brady and Cronin (2001) used open-ended questions within a descriptive survey to elicit consumer evaluation of the nine sub dimensions. In turn, these nine sub-dimensions are considered to be modified by Parasuraman et al.’s (1988) five service dimensions. Effectively, Brady and Cronin (2001) propose a four-level hierarchical model of service quality. However, Brady and Cronin’s findings were consistent across only four of the eight industry contexts. In focusing on the identification of generic dimensions, researchers are seeking a standardised, dimensional model that allows universal prediction. Seeking objective measurement, universal prediction and a delineation of construct components indicates that dominant research approach to service quality is indeed a positivist approach. Their aim of inquiry is to develop a generalisable knowledge that is context independent, which is a goal in line with the criteria of good and valid positivist research.
2.8 KANO MODEL (1984)

There is more interesting link-up between customer satisfaction and TQM that has been achieved by Noriaki Kano. The Kano model relates three factors, which Kano argues, are present in every product or service, to their degree of implementation as shown in the figure drawn below:

Fig. 2: Kano’s model of customer satisfaction (Berger et al., 1993)

Kano’s three factors are Basic or “must be” factors; performance or “more is better” factors and delighted or “excitement” factors. The degree of customer satisfaction ranges from “disgust” through “neutrality” to “delight.”
Rather than following the traditional one-perspective on customer satisfaction, that is, that the better a company does at delivering on each service attribute, the more satisfied their customers will be, Kano’s model suggests that there are three type of performance or quality attributes:

- **Must-be requirements**: If these requirements are not fulfilled, the customer will be extremely dissatisfied. On the other hand, as the customer takes these requirements for granted, their fulfillment will not increase his satisfaction. The must-be requirements are basic criteria of a product. Fulfilling the must-be requirements will only lead to a state of "not dissatisfied". The customer regards the must-be requirements as prerequisites, he takes them for granted and therefore does not explicitly demand them. Must-be requirements are in any case a decisive competitive factor, and if they are not fulfilled, the customer will not be interested in the product at all.

- **One-dimensional requirements**: With regard to these requirements, customer satisfaction is proportional to the level of fulfillment - the higher the level of fulfillment, the higher the customer’s satisfaction and vice versa. One-dimensional requirements are usually explicitly demanded by the customer.

- **Attractive requirements**: These requirements are the product criteria which have the greatest influence on how satisfied a customer will be with a given product. Attractive requirements are neither explicitly expressed nor expected by the customer. Fulfilling these requirements leads to more than proportional satisfaction. If they are not met, however, there is no feeling of dissatisfaction.
Achievement on some attributes will increase customer satisfaction, but after a certain point, increasing achievement will no longer contribute to satisfaction. These are expected attributed-failure to deliver on these will result in dissatisfaction.

Some attributes follow the traditional perspective described. There is a linear relation between attribute and achievement and customer satisfaction. These desired or one-dimensional attributes are typically basis for competition between various service providers.

Kano’s take on the value of customer satisfaction is that if dissatisfied by certain areas or attributes, the customer inevitably will do something like slow or stop purchasing that is they stop to be productive customers.

The foregoing review of existing literature on the subject reveals that though many researchers in other countries have directed their efforts to investigate different aspects of customer satisfaction and service quality, yet there has been hardly any comprehensive study devoted to the same in the Indian context. The area therefore, remains untouched.

The present thesis is an attempt to combine two components namely satisfaction and service quality and how they are interrelated with each other.
REFERENCES


