

Conceptual Study on Service Quality and Relationship Quality Research

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Abstract: *This conceptual research work in albeit is an attempt to outline an overall approach for tracking service and relationship quality that differs substantially from the conventional paradigm. The traditional attitude-based approach relies on assumptions about the link between evaluations of service quality and subsequent behaviour, which are not supported by the substantive body of research findings about buyer behaviour. The attitude-based approach also requires inferences to be made concerning what aspects of service provision determine the attitudes. However the traditional approach is still largely practised in commercial market research, as well as practiced and taught in Universities. An attempt is made to explain a different approach, which looks directly at service provision by using descriptive non-attitudinal measures and seeks to relate these to observed buying behaviours of interest. The approach has been tried across a number of service categories and markets with promising results*

Key words: *Service quality, Customer Satisfaction, and Relationship quality Research.*

I. Introduction

Many of the service companies carry out research programs designed to measure service quality, and/or customer satisfaction, and/or relationship quality. Such programs are designed to allow management to manage service provision and relationship building initiatives. They provide essential information to guide efforts to reduce variability in service quality and to provide customers with the service that will help ensure their continued patronage. While there is little *direct* evidence as to the link between service quality and better company performance, company-level data suggests a link between higher quality, higher market share and improved profitability (Buzzell and Gale 2013; Buzzell et al. 2014; Rust and Zahorik 1993).

1.1 Service Quality

Service quality has been documented as one of the key driving forces for business sustainability and is crucial for firms' accomplishment (Rust and Oliver, 1994). Hence; research on service quality has been carried out worldwide. Earlier studies have focused on service quality construct by Parasuraman et al. (1985, 1988, and 1994). The development of the original 22-item SERVQUAL instrument signifies one of the most extensively used operational of service quality. It has provided researchers with the possibility of measuring the performance expectations gaps composed of five determinants namely, reliability, responsiveness, empathy, assurance and tangibility. Not many researchers have attempted to investigate the three-component model as proposed by Rust and Oliver (1994). This model consists of three dimensions, which are labeled as service product, service delivery and service environment. Service product refers to the technical quality of the service, whereas service delivery refers to the functional quality of the service. On the other hand, service environment includes the internal and external environments. Rust and Oliver (1994) have not tested their conceptualization but support has been found for related models in retail banking (Mc Dougal and Levesque 1994) and health care samples (Mc Alexander, Kaldenberg and Koenig 1994). Furthermore, Kotler and Armstrong (2008) stated, "A service firm's ability to hang onto its customers depends on how consistently it delivers value to them". Satisfaction is a person's feeling of the pleasure or disappointment arising from comparing products perceived performance in relation to expectation. The connection between customer satisfaction and future intentions has been identified. Customer satisfaction is believed to be associated with fruitful customer behavior from the firm's point of view. A number of empirical studies did indicate a link between service quality and satisfaction (e.g., Fornell, 1992; Taylor and Baker, 1994).

1.2 The Service Product

Service product is the service as it is designed to deliver. Service product often entails specific features. The main managerial decision in the service product is identification of relevant feature or specifications to offer. For instance, a term insurance policy with an associated payoff and yearly premium is a service product. The service product also involves service specifications and targets. Designing the service product is somewhat different conceptually from designing the core physical product (Rust and Oliver, 1994). Rust and Oliver (1994) found that many individuals did not take any action despite their dissatisfaction towards the service product, because they did not want to be perceived negatively. With strong ties, however, one may be more likely to express one's true thoughts, as strong ties are less likely to change their perception of a person they are close to as a result of a negative consumption experience. Employee who completes the service delivery is part of service product. Customers consume such service product and finally assess the service quality and consuming values. Sometimes, customers are even participants of service production. In such circumstance, there is no chance that employees can correct service failures without customers' awareness. The characteristics of service product are intangibility, inseparability, heterogeneity and perishable (Zeithaml and Bitner, 2000). The production management jobs of service industry are much different and difficult for managing than manufacturing industry. Besides, bad service product can cause service failures, bad service quality and low customer satisfaction. Therefore, the concept of service management must also include the component of employee's quality consciousness (Deng and Pei, 2009).

1.3 The Service Environment

The service environment includes numerous dimensions that can be classified into two main themes and they are internal environment and external environment. Literature on the internal environment primarily focuses on organizational culture and the overriding philosophy brought to service provision by management. The external theme focuses primarily in the physical ambience of service setting. Fisk, Brown and Bitner (2000) stated that, correct workplace conditions are important factors for health and performance and are profitable and beneficial in every way. Meanwhile, Rust and Oliver (1994) stated that, improving workplace conditions and health standards would assure employees' performance. To create a physical infrastructure to satisfy internal and external customers and to obtain higher workplace performance and profit will have a direct impact on an organization's success and on the wealth of the community. Store atmosphere meant the styles and appearance of physical environment for service giving and the part experienced by customers on the occasion of service transferring (Bitner, 1992). The atmosphere, smell and music expressed by the physical environment would affect customers' perception and behaviours. The overall atmosphere filled with inspiring delight-affected customers to stay longer in stores. It could enhance the willingness for customers' to interact and to communicate with service providers and business performance of stores could be improved (Donavan and Rossiter, 1982; Donovan, Rossiter, Marcolynn and Nesdale, 1994). Thus, when customers implemented touch with service providers, the service providers' service quality to customers included manual attitude and behaviours. Also, the atmosphere of service environment would affect customers' perception of service performance. We propose the following hypotheses about Store Atmosphere (Kuo and Tsai, 2009).

II. Problems of subjective evaluations and attitudes

Measuring service quality and satisfaction traditionally involves asking customers for subjective attitudinal evaluations, that is, asking if they personally felt the service they received was satisfactory. Many service and relationship quality measurement programs also ask customers for subjective evaluations, eg "please rate the quality of the delivery service - was it excellent, very good, fair or poor". This is done on the assumption that customers' attitudes towards the service will affect their future behaviour, such as repeat-purchase behaviour or recommending the company to others.

2.1 Attitude - future behaviour (buying or recommending)

While this attitudinal measurement approach sounds intuitively sensible, it is actually fraught with problems. It is a needlessly complicated and indirect approach. It does not focus on service provision or buyer behaviour. Instead it measures customer attitudes and makes inferences from these both to service delivery and to buyer behaviour. Yet the purpose of service quality market research is not to determine whether or not customers give positive or negative evaluations (actually the answer to this question is usually the same - most customers give positive evaluations). What really needs to be discovered is (a) what sort of service is the

company really

Delivering, and (b) how does this impact on real customer behaviour, that is, what aspects of the service really affect behaviour - either positively or negatively? So logically, the important things are to measure the actual service provision experienced and the subsequent behaviour.

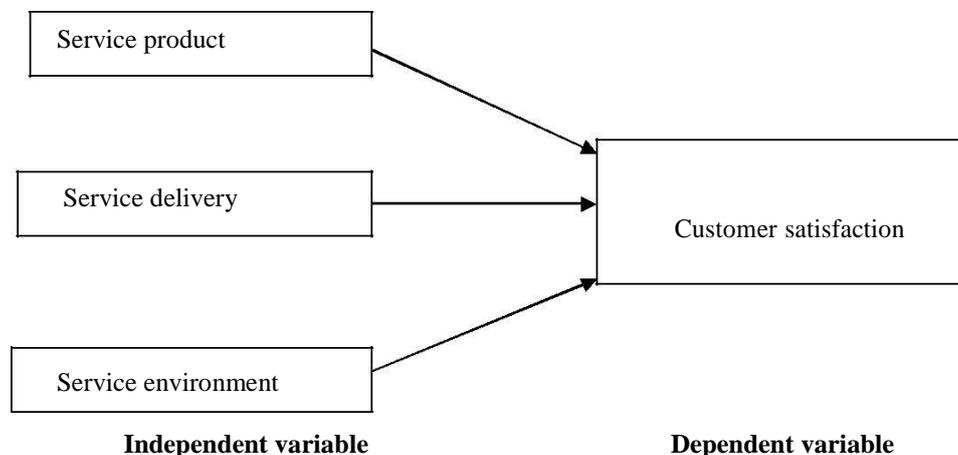
2.2 Service delivery - future behaviour (buying or recommending)

Apart from this logical argument against measuring customers subjective evaluations (attitudes) there are also three very practical concerns: Attitude-based service quality research does not tend to produce managerially actionable findings. Managers need to know what specific aspects of service delivery are poor and which aspects affect behaviour. Measuring global attitudes is not a direct way of gathering this information. Finding out that on average, customers rate the hotel's reception service at "6 out of 10" does not tell a manager what the problems with the reception service actually is. New research into customer's subjective evaluations (attitudes) has shown that customers are extremely fickle. Typically, only half the respondents who gave a particular attitudinal response (e.g. "Ansett has good in-flight service") give the same response on a second interview, irrespective of when that se place - for example 15 minutes later or a month later (Dall'Olmo Riley et al. 1997). It seems that attitudes are seldom deeply held, customers give an attitudinal response only because they were asked to, not because they necessarily hold a strong opinion. Most of the time customers form no real judgment about the service, and even when they do they often quickly forget it. This is evidenced by the wide scale success of the Dirichlet model of repeat-purchase that assumes no purchase feedback (Goodhardt et al. 1984).

Later on decades of research into the link between customer's expressed attitudes and their subsequent behaviour has consistently shown a very weak link (Foxall 1999; Kraus 1995). The vast bulk of customers who switch away from the brand they used previously said they were satisfied. Attitudes appear to be more a function of behaviour (we like brands we *have* used) rather than the other way round (Bird and Ehrenberg 1966). Therefore, basing service quality research on attitudes is not sensible or useful. Likewise there seems little point in measuring customer satisfaction (which is nothing more than an attitude). The exceptions to this are organizations in a monopoly position, such companies do not need to worry about customer loyalty but they usually need to keep customers satisfied in order to avoid regulators or at least fulfil the requirements that Regulators have set them, for example Telstra's rural obligations. Also, monopoly companies cannot measure loyal behaviour - all their customers have to be loyal. Companies with government ownership, and government organizations themselves are also rightly concerned with customer (voter) satisfaction. But most companies are not in monopoly positions so their emphasis should be on measuring their service provision and relationship enhancing efforts, and determining how these impacts on buying behaviour. In this paper we briefly describe a new approach based on the above rationale.

III. Theoretical Framework

Based on the above review literature, the following model and hypotheses were proposed to be tested in the study. Three independent variables were identified that is, service product, service delivery, and service environment. These variable were hypothesized to influence customer satisfaction



- H1 Service Product is related positively with customer satisfaction
- H2 Service delivery is related positively with customer satisfaction

- H3 Service environment is related positively with customer satisfaction

IV. Linkage of Service provision with buyer behavior

Given the problems with evaluative (attitudinal) assessments of service quality our approach emphasizes the gathering of descriptive, 'objective', information on the service provision and on customer behavior (either repeat-purchase or providing recommendations). Making causal inferences about objective elements of service provision, even from cross sectional data, is often

Less contentious than it is from attitudinal variables. There is clearer separation between the independent variables (service that did or did not occur) and the dependent variable (loyalty behavior). Whereas the separation between say satisfaction and re-purchase intention is not great. Even between attitudes and behavior it is difficult to know what is causing what. Objective measures are not only possible, but they form the basis of much scientific work even in the social sciences (see Hunt 1993). The use of objective measures of service quality is, however, uncommon (though there is some use in commercial market research e.g., mystery shopping, and much use in product quality research). A reason for this reluctance to employ measures that are based on pre-determined explicit standards may be that such measures are seen as not customer-oriented. That is, that they may not capture customers' Assessments of the service experience. This can be addressed by prior qualitative research to help ensure that a service quality study captures relevant aspects of the service received.

Another important benefit of a prior qualitative study is to ensure that the instrument uses customers' own terminology to increase the validity of the study (to make sure all respondents understand the questions and to remove any ambiguous questions or jargon). To collect descriptive information on the service provision we may: ask customers to provide descriptive responses concerning the actual service they received (e.g., "did the porter offer to take your bags? "were you given street directions?"); or have trained 'mystery shoppers' record the service that was delivered. Mystery shopping has been found to be a reliable and valid means of evaluating service quality, although the results cannot be used to compare individual sites due to service variability and sampling concerns (Dawes and Sharp 2000); or ask staff to factually report what they did (or did not do) or use internal company records to provide data on what relationship building interventions the customer was and was not exposed to.

Ideally the market research should explicitly measure the effectiveness of organizations' selling channels (sales representatives, telephone sales etc.) and also customers' evaluations of the service received in ordering, gaining and using the product or service. For example, in the airline industry a customer service quality study would incorporate measures for the purchasing of tickets, pre-flight service (check-in, baggage handling, lounge), the actual flight itself (leaving on time, food service, special requests, general presentation and hospitality of crew), post flight service (baggage, connecting flights etc.) and any follow-up contact (e.g. complaint handling). This information is then modelled against data on customer behaviour that is also collected. Behaviours such as repeat buying, recommending complaining, or paying price premiums. Where it isn't possible to measure actual behaviour we advocate the use of non-attitudinal, probabilistic predictors of future behaviour that have been shown to be reliable (e.g., see Danenberg and Sharp 1996). This approach has been tremendously successful in providing managers with reliable information about variation in the quality of service provision, and showing what aspects of the service are associated with desirable buyer behaviour. It provides actionable information by going to the heart of the issue— linking actual service provision to buyer behaviours that really matter Rather than taking a side route by examining buyer's attitudes.

V. Service and Loyalty

This approach which aims at directly examining the relationship between service provision and loyalty behaviour, has been advocated by Rust (1993). It allows for examination of the link between particular components of customer service and loyalty. Some elements of customer service may be more important than other elements. It is financially impossible and practically improbable to focus marketing efforts on all possible customer service elements. Discovering the elements that relate to subsequent buying behaviours gives managers a better handle on what they should manage in order to reduce customer defection. A more traditional alternative is to ask customers directly which service elements are most important to them. This is fraught with problems; buyers may be good at making choices but do not necessarily know how they make these choices.

And the practice of asking them what is important out of a list of usually all-relevant Features tend to produce high scores for every item. It is also difficult to interpret such scores as they give little insight into the trade-offs customers might make. Asking what is important to the customer is not the same as finding out what affects their buying behaviour. A better approach is to determine relative importance from statistical and experimental techniques. We do not have space to do just techniques justice here, but they are well documented in the mainstream academic literature.

VI. Quality of Relationship

Relationship quality is defined as a level of quality of relationship between auditor and client. It comprises of the level of trust, compatibility, competence, and length of relationship that an auditor engages in a client and they may reflect the length of audit engagement or the length of time an auditor maintains a client. Trust refers to the person's belief that another person will perform actions leading to positive outcomes as well as not take actions leading to negative outcomes. People in high-trust relationships would enjoy open communication and willingness to take risks. Also, they are not afraid to share all information and believe in the content of the information received. Compatibility is described, as the similarity of personal characteristics between two persons such as two persons is responsible, honest, mature, or good-looking. The successful relationships require a deep understanding of social interactions and emphasis on compatible characteristics. Competence designates to the auditor's ability in client-specific knowledge, adaptability, and technological proficiency. Lastly, length of relationship is provided as the duration of time that an auditor can continue a client. Some of the example of the relationship quality is as given bellow

- Know name of the contact person
- Face-to face contact
- Telephone contact
- Social invite
- Business function invite
- Delivery on time etc

VII. Conclusion

On the basic of the above study we can say that objective measure provide a very useful complement to subjective measure assessments. Such type of measure provide manager with strategic information to develop service quality and relationship marketing program and allow researcher and manager to determine what activity have strong fir service quality and relationship. The application of such measure and the modelling of relationship with buyer behaviour provide immediate practical tools for marketing manager. In addition it opens up the opportunity to develop generalizations concerning aspects of service provision and how variation affects customer loyalty.

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