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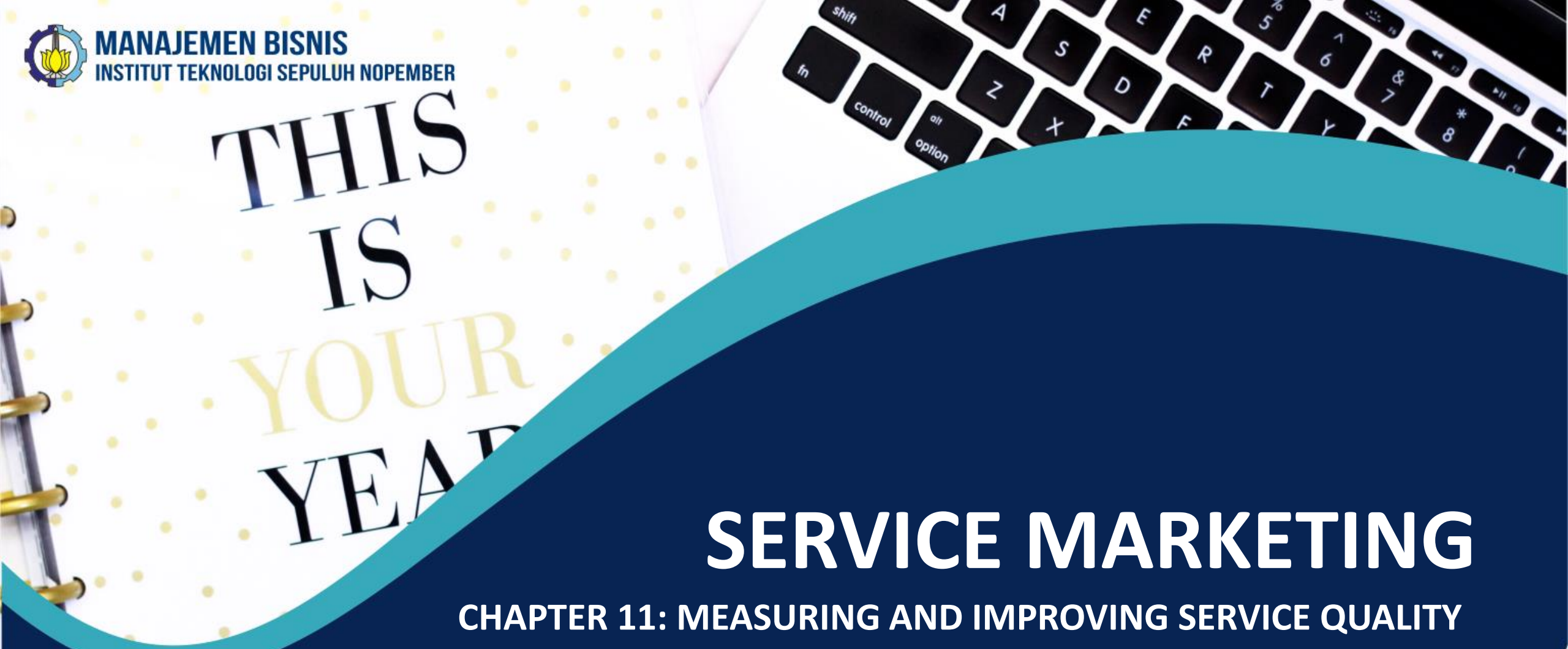


SERVICE MARKETING

CHAPTER 11: MEASURING AND IMPROVING SERVICE QUALITY

OVERVIEW

11.1 Measuring Service Quality

11.2 Learning from Customer Feedback

11.3 Tools to Analyze and Address Service Quality Problems

MEASURING SERVICE QUALITY

DIFFERENT PERSPECTIVE OF SERVICE QUALITY

Transcendent	Manufacturing-based	User-based	Value-based
Quality = Excellence. Recognized only through experience	Quality is in conformance to the firm's developed specifications	Quality lies in the eyes of the beholder	Quality is a trade-off between price and value

Source:
(1) http://www.lacreme.ie/sites/lacreme.ie/files/styles/large/public/friendly%20receptionist.jpg?itok=9qd14NiL

DIMENSIONS OF SERVICE QUALITY

Tangibles	Appearance of physical elements
Reliability	Dependable and accurate performance
Responsiveness	Promptness; helpfulness
Assurance	Competence, courtesy, credibility, security
Empathy	Easy access, good communication, understanding of customer

THE GAP MODEL

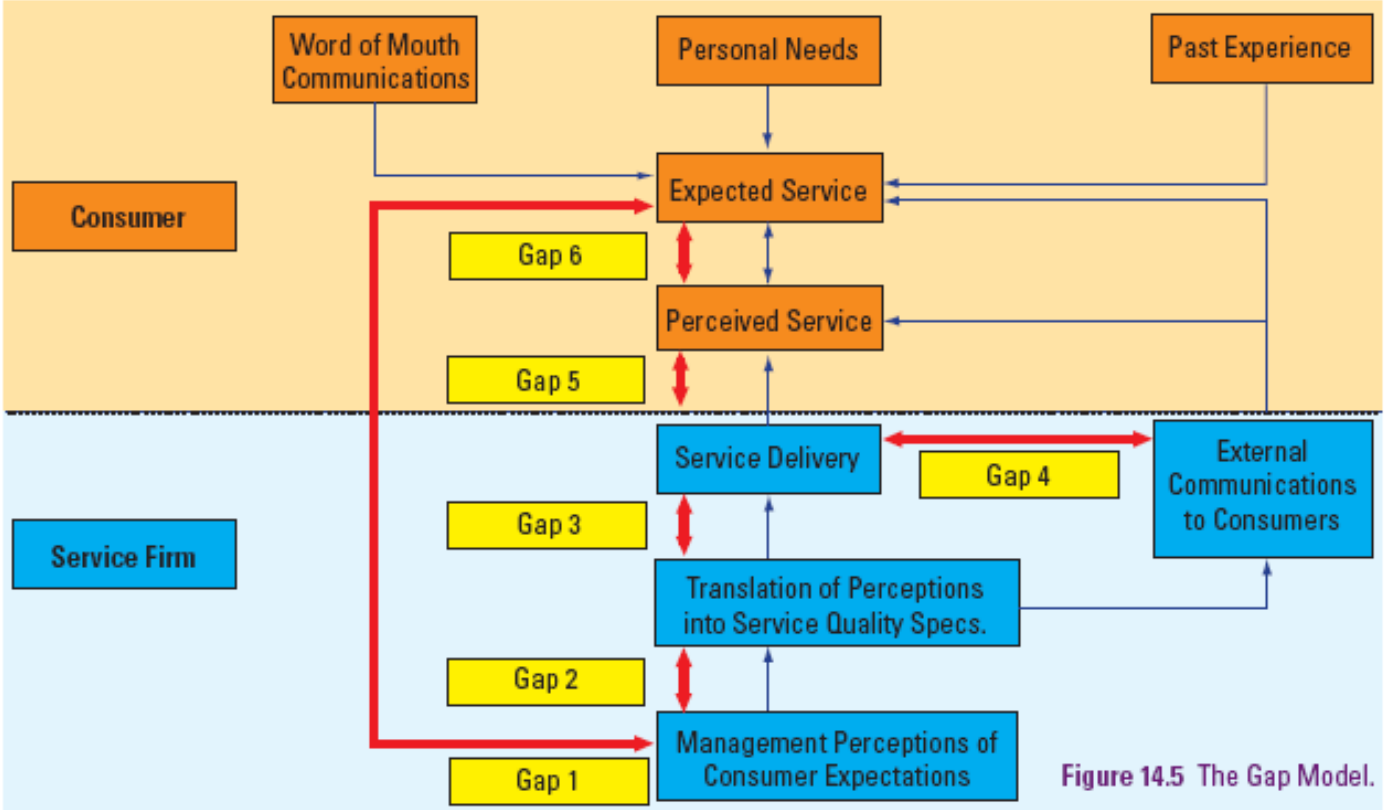


Figure 14.5 The Gap Model.

SOURCE

Adapted from the original 5-gaps model developed by Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing* 49, (Fall), pp. 41–50; Zeithaml, V. A., Bitner, M. J., & Gremler, D. (2006). *Services Marketing: Integrating Customer Focus Across the Firm* (p. 46.). NY: McGraw Hill/Irwin. A further gap (Gap 5) was added by Christoper Lovelock (1994), *Product Plus* (p. 112). NY: McGraw Hill.

The gap model is a conceptual tool to identify and correct service quality problems

There are 6 gaps in the model, (1) the knowledge gap, (2) the policy gap, (3) the delivery gap, (4) the communication gap, (5) the perception gap, and (6) the service quality gap

CORE WAYS TO CLOSE SERVICE QUALITY GAPS

GAP 1
Knowledge Gap

Educate Management About What Customers Expect

GAP 2
Policy Gap

Establish the Right Service Processes and Specify Standards

GAP 3
Delivery Gap

Ensure that Performance Meets Standards

CORE WAYS TO CLOSE SERVICE QUALITY GAPS (2)

GAP 4
Communications Gap

Close the Internal Communications Gap by Ensuring that Communications Promises are Realistic and Correctly Understood by Customers

GAP 5
Perception Gap

Tangibilize and Communicate the Service Quality Delivered

GAP 6
Service Gap

Accumulated outcome of all the preceding gaps. It will be closed when Gaps 1 to 5 have been addressed.

MEASURES OF SERVICE QUALITY

SOFT MEASURES

Not easily observed and must be collected by talking to customers, employees or others

Provide direction, guidance and feedback to employees on ways to achieve customer satisfaction

Can be **quantified by measuring customer perceptions and beliefs**

e.g., SERVQUAL, surveys, and customer advisory panel

HARD MEASURES

Characteristics and activities that **can be counted, timed, or measured through audits**

Typically **operational processes** or **outcomes**

Standards often set with r**eference to percentage of occasions** on which a particular measure is achieved

LEARNING FROM CUSTOMER FEEDBACK

KEY OBJECTIVES OF EFFECTIVE CUSTOMER FEEDBACK SYSTEMS

1. **Assessment and Benchmarking of Service Quality and Performance**
2. **Customer-Driven Learning and Improvements**
3. **Creating a Customer-Oriented Service Culture**

Some companies are benchmarking with companies from different industry. For example, Pizza Hut benchmarked Federal Express for on-time package delivery

CUSTOMER FEEDBACK COLLECTION TOOLS

(1)

Collection Tools	Level of Measurement: Firm	Level of Measurement: Process	Level of Measurement: Transaction specific	Actionable	Representative, Reliable	Potential for Service Recovery	First-Hand Learning	Cost-Effectiveness
Total market survey (including competitors)	●	○	○	○	●	○	○	○
Annual survey on overall satisfaction	●	◑	○	○	●	○	○	○
Transactional survey	●	●	◑	◑	●	○	○	○
Service feedback cards	◑	●	●	◑	◑	●	◑	●
Mystery shopping	○	◑	●	●	○	○	◑	○
Unsolicited feedback (e.g., complaints)	○	◑	●	●	○	●	◑	●
Focus group discussions	○	◑	●	●	○	◑	●	◑
Service reviews	○	◑	●	●	○	●	●	◑

Legend: ● meets requirements fully; ◑ moderately; ○ hardly at all.

Table (1) shows different type of feedback tools and their ability to meet various requirements

Source:
(1) Adapted from Jochen Wirtz and Monica Tomlin, "Institutionalizing Customer-driven Learning through Fully Integrated Customer Feedback Systems," Managing Service Quality 10 (no. 4, 2000) 210.

TOTAL MARKET, ANNUAL, AND TRANSACTIONAL SURVEYS

Total market surveys and **annual surveys** measure satisfaction ***with all major customer service processes and products***

The level of measurement could be based on:

1. Indexed (e.g., using various attribute ratings)
2. Weighted data (e.g., weighted by core segments and/or products)

Transactional surveys are conducted after customers have completed a ***specific transaction***

All three survey types are representative and reliable when designed properly.

SERVICE FEEDBACK CARDS

Involves **giving customers a feedback card** following completion of a major service process and inviting them to return it to a central customer feedback unit

These cards are a ***good indicator of process quality*** and yield specific feedback on ***what works well and what does not***

(1)

Source:
(1) http://d3olfrdxinh85x.cloudfront.net/images/Products/Multichannel-customer-feedback.png

MYSTERY SHOPPING

"Mystery shoppers" are used to determine whether ***frontline staff are displaying desired behaviors or not***

Mystery shopping gives highly actionable and in-depth insights for coaching, training, and performance evaluation

(1)

Hotel industry are active in using mystery shoppers to survey the individual skills of hotel employee

Source:
(1) http://www.hotelroomsearch.net/im/hotels/az/hotel-service-13.jpg

UNSOLICITED CUSTOMER FEEDBACK

Customer complaints, **compliments**, and **suggestions** can be transformed into a stream of information that can be used to help ***monitor quality and highlight improvements*** needed to the service design and delivery

(1)

Singapore Airlines prints excerpts from complaint and compliment letters in its monthly employee magazine, Outlook so that it could leaves a much deeper and lasting impression on staff than any statistical analysis

Source:
(1) http://www.irishtimes.com/polopoly_fs/1.2389875.1444734356!/image/image.jpg_gen/derivatives/box_620_330/image.jpg

FOCUS GROUP DISCUSSIONS AND SERVICE REVIEWS

focus groups are organized by key customer segments or user groups to drill down on the needs of these users

Service reviews are in-depth, one-on-one interviews, usually conducted once a year with a firm's most valuable customers

(1)

Focus group discussions are done to give great specific insights on potential service improvements and ideas

Source:
(1) http://i2.wp.com/12hourtranscription.com/wp-content/uploads/2016/07/12hourt-focusgroup.jpg?resize=511%2C287

ANALYSIS, REPORTING, AND DISSEMINATION OF CUSTOMER FEEDBACK

Relevant feedback tools and collecting customer feedback should be channeled back to the relevant parties to take action

Three common types of performance reports:

1. **Monthly** Service Performance Update
2. **Quarterly** Service Performance Review
3. **Annual** Service Performance Report

HAND MEASURES OF SERVICE QUALITY

Hard measures: **operational processes** or outcomes and **include** such **data** as uptime, service response times, failure rates, and delivery costs

Service Quality Index (SQI) measures daily the occurrence of different activities likely to lead to customer dissatisfaction

Control chart

Offer a simple method of displaying performance over time against specific quality standards and enable easy identification of trends

CONTROL CHART EXAMPLE

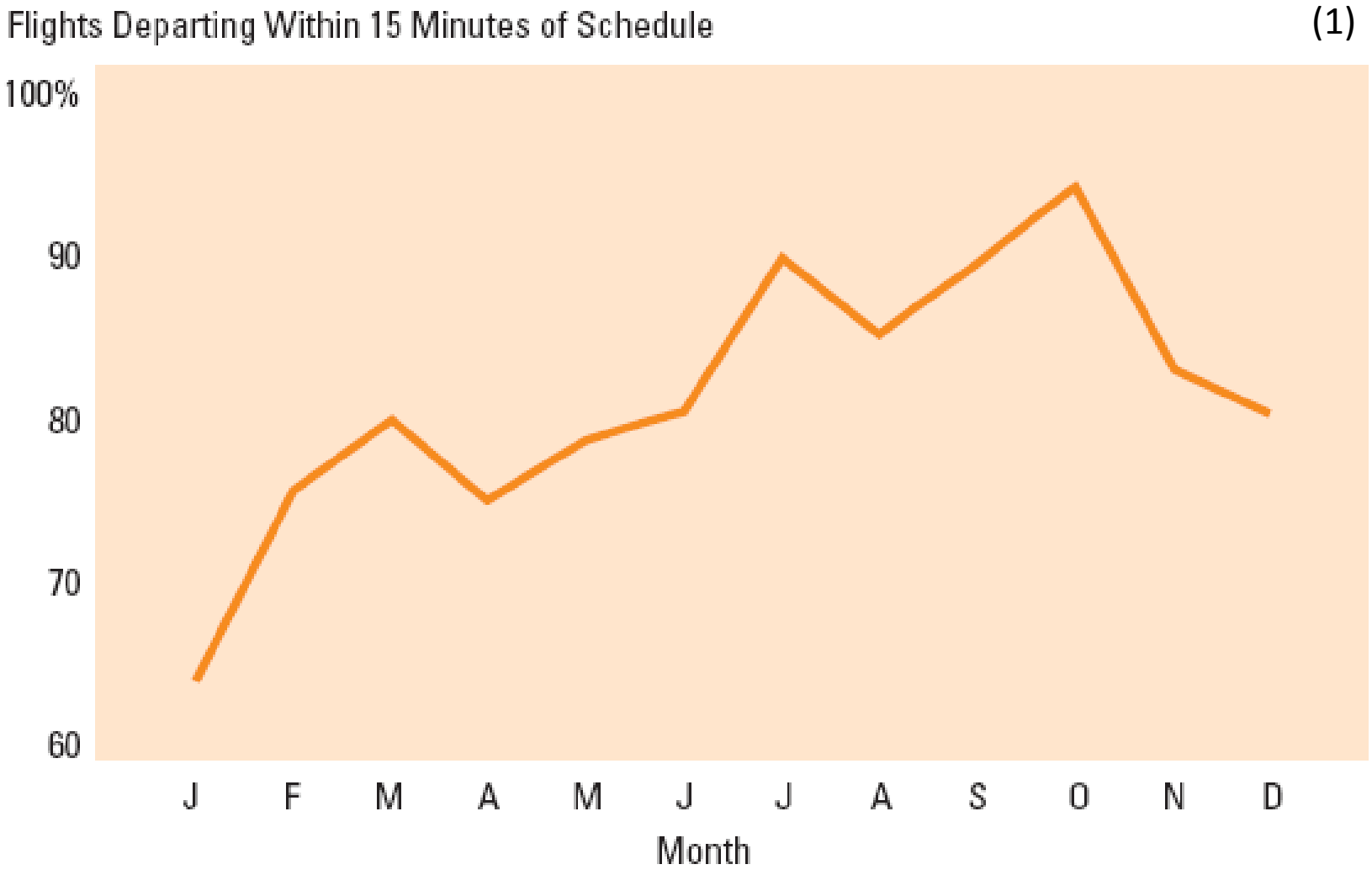


Figure (1) shows control chart for departure delays for 1 year

It is used to control the quality aspects specifically based on the track record

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS

There are some tools for determining the root causes of specific service quality problems:

- FISHBONE DIAGRAM
- PARETO CHART
- BLUE PRINTING

FISHBONE DIAGRAM

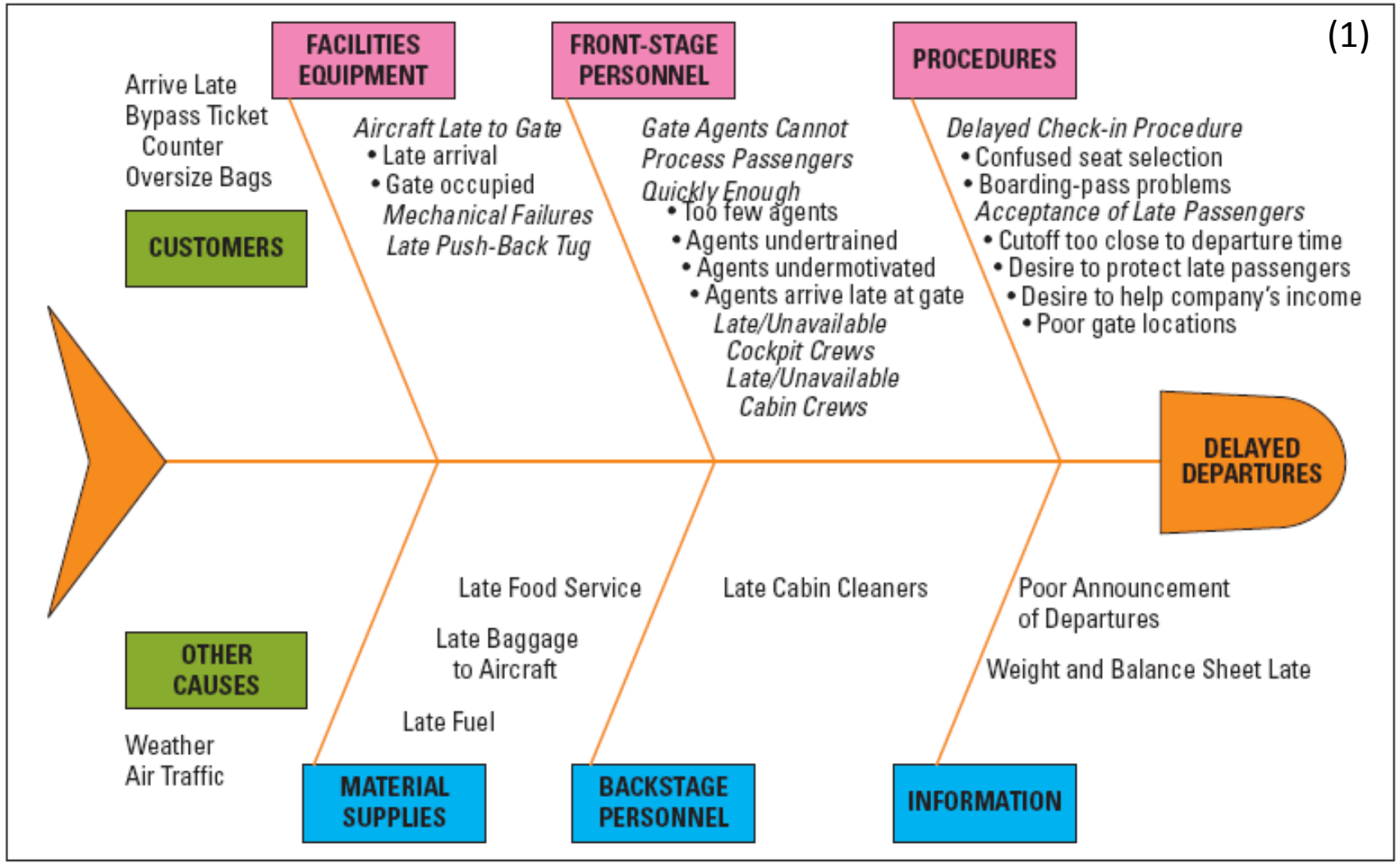
Cause-and-effect diagram to **identify potential causes of problems**

Possible reasons that might cause a specific problem can be categorized into one of eight groups—***equipment, front-stage personnel, back-stage personnel, material, procedures, information, and other***

Front-stage service problems often are experienced directly by customers

Back-stage failures tend to show up more obliquely, through a ripple effect

CAUSE-AND-EFFECT CHART FOR FLIGHT DEPARTURE DELAYS



www.mb.its.ac.id

Figure (1) shows fishbone diagram example for flight departure delays

Things that might cause a specific problem are categorized into each group

PARETO ANALYSIS

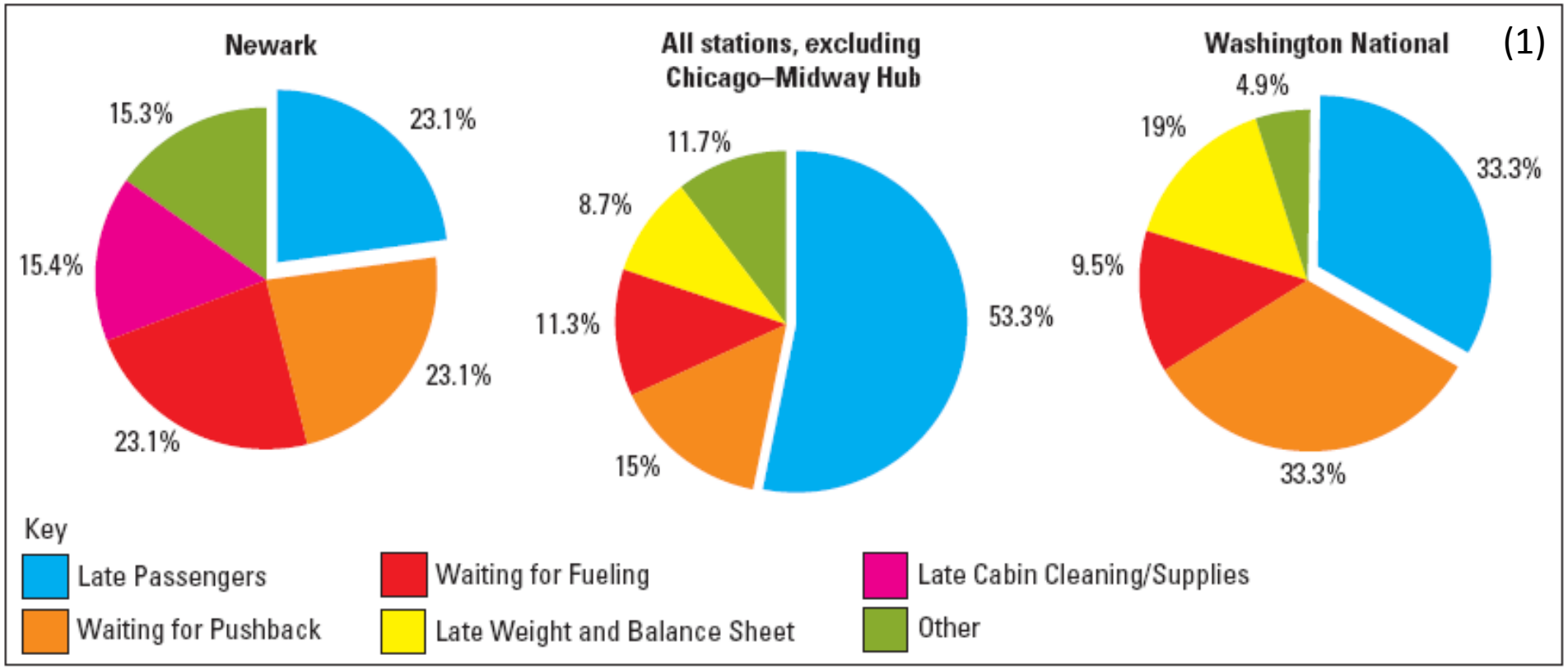
Pareto analysis seeks **to identify the principal causes of observed outcomes**

Separating the trivial from the important. Often, a majority of problems are caused by a minority of causes

80/20 RULE

reveals that around 80 percent of the value of one variable (in this instance, number of service failures) is accounted for by only 20 percent of the causal variable (i.e., number of possible causes)

ANALYSIS OF CAUSES OF FLIGHT DEPARTURE DELAYS



(1)

Figure (1) shows analysis of causes of flight departure delay. There are some significant variations in reasons from one airport to another

BLUEPRINTING

Visualization of service delivery, **identifying points where failures are most likely to occur**

Depicts sequence of front-stage interactions experienced by customers plus supporting backstage activities

Blueprints can be used to understand how failures at one point may have a ripple effect later in the process

Example

There are incorrect entry of an check-up appointment date, and it could effect the customer arrives at the doctor's office and is told the doctor is unavailable

RETURN ON QUALITY

Assess costs and benefits of quality initiatives

ROQ approach is based on four assumptions:

- quality is an investment
- quality efforts must be financially accountable
- it's possible to spend too much on quality
- not all quality expenditures are equally valid

Implication: Quality improvement efforts may benefit from being related to productivity improvement programs

Determine optimal level of reliability

Diminishing returns set in as improvements require higher investments

Know when improving service reliability becomes uneconomical

PRODUCTIVITY IN A SERVICE CONTEXT

Productivity: amount of **output** produced **relative to** amount of **inputs**

Improvements in productivity require an increase in the ratio of outputs to inputs

Intangible nature of service makes it hard to measure productivity of service firms, especially for information-based services because both input and output are hard to define

SERVICE EFFICIENCY, PRODUCTIVITY, AND EFFECTIVENESS

Efficiency: involves **comparison to a standard**, usually time-based

Productivity: involves **financial valuation** of **outputs to inputs**

Effectiveness: **degree** to which an **organization meets its goals**

IMPROVING SERVICE QUALITY

GENERIC PRODUCTIVITY IMPROVEMENT STRATEGIES

Typical actions to improve service productivity:

- Careful control of costs
- Efforts to reduce wasteful use of materials and labor
- Matching productive capacity to average demand levels
- Installing expert systems
- Teaching employees how to work more productively
- Broadening variety of tasks that service worker can perform
- Replacing workers by automated machines or self-service technologies
- Providing employees with equipment and data bases

IMPROVING SERVICE QUALITY (2)

CUSTOMER-DRIVEN STRATEGIES TO IMPROVE PRODUCTIVITY

Change timing of customer demand	Involve customers more in production	Ask customers to use third parties
By encouraging customers to use a service outside peak periods, managers can make better use of firm's productive assets and provide better service	Get customers to self-serve and encourage customers to obtain information and buy from firm's corporate websites	Delegate delivery of supplementary service elements to intermediary organizations

IMPLICATIONS OF BACKSTAGE AND FRONT-STAGE CHANGES FOR CUSTOMERS

Backstage changes may impact customers

Keep track of proposed backstage changes, and prepare customers for them

e.g., new printing peripherals may affect appearance of bank statements and the time of the month when they are posted

Front-stage productivity enhancements are quite visible in high contact services

Some improvements only require passive acceptance, *while others require to change behavior*

MEASURING SERVICE QUALITY USING SERVQUAL

SERVQUAL: Survey **instrument** to **measure customer satisfaction** with **various aspects of service quality**

The SERVQUAL scale includes five dimensions:

1. Tangibles
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

MEASURING SERVICE QUALITY USING SERVQUAL (2)

Survey research instrument based on premise that customers evaluate firm's service quality by comparing:

1. their **perceptions** of service quality actually received with
2. their prior **expectations** of companies in a particular industry
3. **Poor Quality**: Perceived performance ratings < expectations
4. **Good Quality**: Perceived performance ratings > expectations

Developed primarily in context of face-to-face service encounters

Scale may have to be customized to the research context as recent research suggests that it is not generalizable

MEASURING SERVICE QUALITY IN ONLINE ENVIRONMENTS

E-S-QUAL

In today's online environment, different service quality dimensions with new measurement items become relevant

4 KEY DIMENSIONS:

1. ***Efficiency*** (i.e., is navigation easy? and does the website load fast?)
2. ***System availability*** (i.e., is the site always available? and is it stable?)
3. ***Fulfillment*** (i.e., are orders delivered as promised)
4. ***Privacy*** (i.e., information privacy is protected?)

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS

TOTAL QUALITY MANAGEMENT (TQM)

It consists of several tools used to **control the ongoing business processes**

Based on research, ***institutions that adapt TQM have better customer satisfaction*** than those who do not

(1)

Source:
(1) http://www.intellectualtakeout.org/sites/ito/files/professor-leading-a-discussion-with-students-in-a-classroom-770x370.jpg

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS (2)

ISO 9000

Comprises requirements, definitions, guidelines, and related standards to provide an independent assessment and certification of a firm's quality management system

ISO 9000 uses many TQM tools and internalizes their use in participating firms

(1)

Garuda Indonesia is the only airline in Indonesia to receive a certificate of ISO 9001: 2015 quality management system standard for Delay Management

Source:
(1) https://www.garuda-indonesia.com/images/investor-relations/banner-governance-menu.jpg

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS (3)

MALCOM BALDRIGE MODEL

To **promote best practices in quality management**, and recognizing, and publicizing quality achievements among U.S. firms

Major services firms that have won the award include Ritz-Carlton, FedEx, and AT&T

The Baldrige Model assesses firms on seven areas:

1. Leadership commitment
2. Planning Priorities for improvement
3. Information and analysis
4. Human Resource Management
5. Process Management
6. Customer and market focus
7. Business results

TOOLS TO ANALYZE AND ADDRESS SERVICE QUALITY PROBLEMS (4)

SIX SIGMA

Service firms embraced various Six Sigma strategies to **reduce defects, reduce cycle times, and improve productivity**

Statistically, only 3.4 defects per million opportunities (1/294,000)

Has evolved from defect-reduction approach to an overall business-improvement approach

(1)

In case of mail deliveries, if it achieves a Six Sigma performance level and mail service delivers 300,000 deliveries, it only one item out of this total will go astray

Source:
(1) http://writersbrew.com/wp-content/uploads/2016/04/Postman-cartoon-620x464.jpg

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