

Service Quality

Study Objectives

Having completed this chapter, readers should be able to:

1. Understand the differences between service quality management and the traditional (goods) quality management from a management perspective;
2. Understand the distinctive process of service management, and the challenges faced by service managers;
3. Understand the outcomes and importance of service quality management for companies; and
4. Have a thorough understanding of the various service quality models and their application in the service-related industries.

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 - ▶ SERVQUAL
 - Zone of tolerance
 - ▶ SERVPERF (multi-level models)
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Key Words

Assurances

Competitive advantage

Confirmation of expectations

Consumer behavior

Consumer expectations

Cost of quality

Customer delight

Customer loyalty

Customer satisfaction

Disconfirmation of expectations

Electronic service quality

Empathy

Gap model

Joseph Juran

Market and profit share

Multiple consumption

Nordic model	Service quality measurement
Output quality	Service quality model
Philip Crosby	SERVPERF model
Process quality	SERVQUAL model
Product differentiation	Statistical quality control
Quality control	Tangibles
Quality cost	Total quality control
Quality gurus	TQM (total quality management)
Quality management	Two-dimensional model
Reliability	W. Edwards Deming
Responsiveness	Zone of tolerance
Service quality management	

Introduction

In all industries, quality has long been recognized as essential to business survival. This chapter begins with an outline of the history and development of quality management and the contribution of quality ‘gurus’ to the formation and promotion of quality control principles.

Although these general principles of quality management in manufacturing do have relevance to service industries, it must be recognized that service industries have characteristics not generally found in manufacturing (see Chapter 2). Service quality is therefore not the same as product quality, and the management of service quality is not the same as the management of goods quality.





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Service quality is difficult to define and difficult to control, and various measures of service quality have been proposed. However, in the final analysis, the expectations and perceptions of customers are what matters in any assessment of service quality. Ultimately, the needs and expectations of customers guide the design of quality strategies in services.

As service academics have recognized a need to define service quality accurately, and as service practitioners have felt the need to manage it effectively with a view to a sustainable competitive advantage, various ways of defining and measuring service quality have been introduced. This chapter presents some of the most significant service quality management theories, together with their implications for hospitality and tourism managers.

An historic perspective on quality

The early days of quality control

Quality control was first developed in manufacturing by engineers and statisticians during the 1920s, with control focusing on the physical production of goods and internal measurements of the production processes. Quality control was originally seen as a means of ensuring consistency among the parts produced by different sections of a single company, so that parts could be interchanged with confidence. At first this was achieved by inspecting 100% of all outputs.

A breakthrough occurred with the introduction of the concept of statistical quality control—the idea that only a random sample of output warranted inspection to ensure an

acceptable quality level. Modern quality control began in the 1930s when Walter Shewhart, a physicist employed at Bell Labs, invented process control, using control charts and the 'Plan-Do-Check-Act' cycle of continuous improvement. During arms manufacturing in World War II, American industry used a combination of Shewhart's process control and the statistical sampling methods of an American statistician and government consultant, Dr. W. Edwards Deming, who had become an early disciple of Shewhart. The combination became known as statistical process control.

Post-war (World War II) developments

In 1951, another significant development in the story of quality management came with the publication of the first edition of Joseph Juran's *Quality Control Handbook*—a publication that became the 'bible' of the quality-control movement. Also in 1951, Armand V. Feigenbaum took Juran's ideas a step further by proposing a concept of 'total quality control' (TQC). Feigenbaum's ideas were based on his observation that all new products moved through three stages of activity—design control, incoming material control and product (or shop floor) control—and that TQC required quality control at all stages.

While these new concepts were slowly gaining acceptance in Western countries, crucial changes were taking place in Japan following World War II. These changes resulted in Japan playing a vital role in the historic development of the quality movement. At the end of World War II, Japan's economic recovery was dependent on its only plentiful resource—people—and on their ability to export manufactured goods produced from imported raw materials and energy. Japan's likelihood of success at that time seemed remote. It had a largely unskilled and illiterate labor force and its industries had been devastated by war. At that time, Japan had a universal reputation as a producer of cheap and unreliable goods.

In July 1950, the Union of Japanese Scientists and Engineers (JUSE) invited Deming to Japan. Deming held a series of lectures during which he taught the basic principles of statistical quality control to Japanese executives, managers and engineers. This was followed by a meeting with the presidents of twenty-one major Japanese companies, including the present-day world giants Sony, Nissan, Mitsubishi and Toyota. His teachings made a deep impression and provided great impetus to the implementation of quality control in Japan. In appreciation, JUSE created a prize in 1950 to commemorate Deming's contribution, and to promote the continued development of quality control in Japan. Annual awards of the Deming Prize are still given each year.

More than six decades following the award of the first Deming Prize in Japan, the concept of quality management has become the recognized guiding strategy for almost all firms around the world. Quality ultimately gives firms a competitive advantage. This emphasis has been felt across all lines of business, whether profit making or non-profit making, in both the manufacturing and service industries.

Economic impact of quality—Why quality is important

Product differentiation and competitive advantage

Conventional theory recognizes two generic strategic alternatives for developing a sustainable competitive advantage. The first is *product differentiation*, and the second is *overall cost leadership* (Porter, 1985). Quality control is a crucial element of the first of these. Although product differentiation can take many forms, superior quality is the most common basis of differentiation (Crosby, 1979, 1984; Deming, 1982; Kiechel, 1981). If customers see a clear-cut quality advantage, they usually favor that product, without trying to weigh all other factors.

A preoccupation with quality on the part of customers has become increasingly recognized, and quality has become the key to gaining competitive advantage. Firms today know that they cannot afford to ignore quality. Japanese domination of the market in the second half of the twentieth century, through the manufacture of exceptional quality products, had a significant effect on the balance of payments in Western Europe and the USA. It became crucial, therefore, for manufacturers to lift competitiveness in Europe and North America to meet the quality of the reliable products offered by Japanese competitors.

This became even more apparent with the rapid development of ‘globalization’. In a competitive global market, with its fragmented and deregulated markets, it soon became apparent to management that companies could not survive without quality. Profitability and long-term sustainability depended on it.

Market share and profitability

This apparent link between quality and profitability has been confirmed by numerous studies over the years, and depending on which market segment you are in, quality perceptions generally drive loyalty. Quality soon became established as the means by which firms sustained their position among competing firms over time, and the means by which they therefore maintained market and profit share.

Many past studies have confirmed the strong positive association between quality and market share. Similarly, subsequent studies of profit impact of market share (PIMS) indicated that improved quality increased the market share of firms five or six times faster than those which declined in quality. The link between quality of product (or service) and market share was confirmed in subsequent studies by service researchers, who also found a positive association between quality and profitability.

Although there are wide variations in research studies, there is a predominance of evidence showing positive correlations between customer variables (satisfaction, repurchase intention, perceived quality, perceived value and loyalty) and financial outcomes. We discuss the relationships among satisfaction, quality and loyalty later in this chapter.

The cost of quality—Is it worth it?

The concept of the ‘cost of quality’ is a relatively new phenomenon in the business world. Quality costs. It costs money to achieve quality. But, more significantly, it costs money *not* to achieve quality.

The cost of poor quality is well recognized. Grönroos (1991) noted that it is not too much quality that really costs, but too much *low* quality—a point that had been made earlier by Crosby (1979) who coined the startling phrase ‘quality is free’ to emphasize the general point that the presence of poor quality is the real drain on resources, rather than the costs of attempting to fix the lack of quality.

Indeed, according to the literature on operations management, quality and costs have been proven to be inversely related. That is, quality saves more than it costs. Or, to put it another way, the costs of improving quality are less than the resulting savings that would have otherwise been lost in rework, scrap and warranty expenses. This is a view widely held among Japanese manufacturers, and explains much of their dedication to the goal of ‘continuous improvement’. Of course this general truism must be tempered by circumstance. For example, the degree of quality offered will vary depending on the service ‘concept’ of a firm. If a coffee shop decides to provide ‘high quality’ five star service to its customers, the outcomes would not be beneficial.

Product quality is synonymous with the absence of defects, and the costs in question are quality costs. These quality costs include:

- ▶ prevention costs;
- ▶ appraisal costs;
- ▶ internal failure costs;
- ▶ external failure costs;
- ▶ the cost of exceeding customer requirements; and
- ▶ the cost of lost opportunities.

Crosby (1979) argued that, taken together, these various costs can drain a company of 20–30% of its revenue or turnover. In service industries, this total cost can be as high as 40–45% of revenue or turnover.

The quality ‘gurus’

The historic evolution of the quality movement has been led by three American experts on quality who have become known as the quality ‘gurus’—W. Edwards Deming, Joseph Juran and Philip Crosby. Their emergence was predominantly a response to changes in American and Japanese markets, and the need to adapt to survive. The contributions of the ‘gurus’ extend from the mere theory of overall management philosophy to the development of the practical tools of quality management.

W. Edwards Deming (1900–1993)

Dr. W. Edwards Deming was the first of the American quality ‘gurus’ to arrive in Japan and is generally considered to have been the ‘father’ of the Japanese quality revolution. Deming’s message to the Japanese was really quite simple. It was encapsulated in the so called ‘chain reaction’ (Figure 3.1).

Although Deming did not introduce the Japanese to statistical quality control (these concepts and their importance having been well known in Japan long before he went there), his contribution was to help his hosts cut through the academic theory, such that the essential ideas were presented in a simple way that was meaningful—right down to the level of production workers.

Once the Japanese accepted his new approach, Deming concentrated on showing them how to improve quality by the use of statistical control of the process. The main thrust of Deming’s philosophy was the *planned reduction of variation*. He demonstrated how productivity improves as variability decreases and, since all things vary, the need to use statistical methods to control work processes. According to Deming, statistical control did not imply absence of defective items; rather it was a state of random variation, in which the limits of variation were predictable.

Although he was primarily a statistician, Deming was clearly involved in more than the mere teaching of statistics in his fourteen points. He was, in fact, proclaiming a whole management philosophy. However, at that time (and, sadly, even today), Deming’s approach represented the complete antithesis of conventional management thinking. As a result of Deming’s influence in the early 1950s, various quality-control



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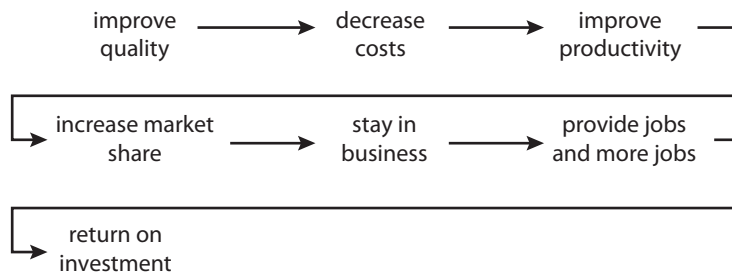


Figure 3.1

Deming’s chain reaction

Source: Adapted from Deming (1982)

methods were developed, and many good results were achieved. However, three major shortcomings in these methods remained:

- ▶ over reliance on statistical methods;
- ▶ over reliance on promotion of standardization; and
- ▶ top management lagging behind in the progress towards effective quality control.

Joseph M. Juran (1904–2008)

W. Edwards Deming was not the sole instigator of the Japanese ‘conversion’, and nor was he the only ‘prophet’ on quality in the immediate post-war period. Another American, Dr. Joseph M. Juran, visited Japan in 1954. He emphasized that quality control should be conducted as an integral part of overall management control. Although a statistician himself, he did not limit his work to statistical analysis. Juran pointed out that companies could have a comprehensive knowledge of the technical aspects of quality, such as statistical process control, but that this did not help them to *manage* quality. He was the first of the ‘gurus’ to emphasize that achieving quality was all about communication, management and people. His message was clear—quality did not happen by accident; it had to be planned and executed by enlightened management. Juran believed that the majority of quality problems were the fault of poor management, rather than poor workmanship on the shop floor.

Philip Crosby (1926–2001)

Philip Crosby has probably done more to alert Western management to the need for quality improvement, and management’s responsibility for it, than all the other ‘gurus’ and experts combined. Beginning with *Quality is Free* (1979), his books, speeches and broadcasts have influenced thousands of executives to change their behavior and commit themselves to quality. Crosby’s best-known ideas have been the exhortation to achieve ‘zero defects’ and the concept of ‘do it right first time’. Crosby’s thoughts, expressed in his book *Quality Without Fears* (1984), exerted a major influence on management in the early 1980s and initiated a growing body of research and literature in the field.

Crosby believed that, since most companies allow a certain deviation from specifications, manufacturing companies spend approximately 20% of their revenue doing things wrong, and then having to correct the errors. According to Crosby, for service companies this cost could amount to 35% of revenue. He did not believe that workers should take prime responsibility for poor quality; the reality, he said, was that management had to be improved.

Crosby argued that effective quality management required:

1. a definition of quality that can be readily understood by all; that is, the beginning of a common language that will aid communication;
2. a system by which to manage quality;

3. a performance standard that leaves no room for doubt or fudging by any employee; and
4. a method of measurement that focuses attention on the progress of quality improvement.

These points provided the premise for Crosby's 'four absolutes' for managing quality, as outlined below. These steps have proved successful in many companies and therefore demand careful examination.

Like other 'gurus', Crosby listed his core philosophy in a series of memorable points. He expressed these 'four absolutes' for managing quality as follows:

1. Quality is defined as conformance to requirements, not as 'goodness' or 'elegance'.
2. The system for producing quality is prevention, not appraisal.
3. The performance standard must be zero defects, not that which is close enough.
4. The measurement of quality is the price of non-conformance, not indices.

The core ideas of 'total quality management' (TQM)

From the above discussion, it is apparent that there is no single entity called 'total quality management' (TQM). TQM is an overall management philosophy that has been influenced by numerous academics and practitioners since the term 'total quality control' was first introduced by Armand Feigenbaum in a 1956 issue of the *Harvard Business Review*.

Because this movement has had input from many people over several decades, and because the idea is difficult to define with any precision, there is little consensus in the literature regarding the core ideas of TQM. Everyone seems to have a different set of essential principles.

Whichever words are chosen by different authors, and whichever points are emphasized, there are certain recurring themes. In terms of these *general recurring themes* of TQM, we note that TQM:



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- ▶ is focused on the customer and efficiency;
- ▶ has a conscious philosophy of continual systemic improvement;
- ▶ requires empowered employees involved in collaborative action; and
- ▶ requires committed management showing inspiring leadership.

Uniqueness of quality theory for service

Lacking a philosophy or conceptualization of service quality

Most of the above discussion on the historical development of quality control has centered on goods-manufacturing industries. In virtually all industries, the combination of globalization, deregulation and more demanding consumers has increased competition and pushed quality to the forefront of management concerns. The service sector has certainly not been immune to these developments. Indeed, delivering high quality service has been recognized as the most effective means by which a service company's offerings can be made to stand out from a crowd of look-alike competitive offerings. Research studies have repeatedly demonstrated the strategic advantage of superior quality in contributing to market share and profits. For example, Gupta, McLaughlin and Gomez (2007) studied a national restaurant chain and linked customer satisfaction, repeat-purchase intentions (customer loyalty) and restaurant performance (increased sales), all connected to the service-profit chain (see Chapter 8).

As we have seen, the 'quality movement' in goods manufacturing gained enormous impetus in the decades immediately after World War II. But the service sector lagged behind in coming to grips with these ideas, and 'quality' was not really introduced into the service literature until the beginning of the 1980s.

When service quality did start to become an issue, it was, to a large degree, influenced by traditional goods marketing, and it tended to follow a similar historical pattern. That is, initially, there was minimal reference to an overall *philosophy* of quality; little was said about *concepts* of quality, or *management models* of quality. Rather, service quality was more or less treated as a given variable. Variations in quality were seen as an unavoidable fact of life. Indeed, this is a situation that still unfortunately applies in many aspects of the service businesses.

But service is different

As they attempted to develop an appropriate philosophy of service quality, service managers recognized that the characteristics of service did not fit the characteristics of physical goods. Although the rendering of a given service might involve some physical goods, the service 'products' themselves were clearly different. Whereas goods quality could be measured objectively by such indicators as durability and the number of defects, there were no objective measures to assess the quality of intangible services.

Because most published works on quality focused on manufactured goods, the clear differentiation of products from services (see Chapter 2) became an important issue. It was clear that many of the quality strategies available to manufacturers were inappropriate for service firms. Researchers and practitioners alike realized that available knowledge about goods quality was insufficient for a proper understanding of service quality.

Looking to the customer

Because of these historical and conceptual factors, ideas of service quality had to be developed very much ‘from scratch’. Instead of using quality concepts from the manufactured goods industry, service management researchers developed their own concepts of service quality. In drawing up these ‘service-specific’ models, they turned from an emphasis on manufacturing design to an emphasis on *consumer behavior, expectations and satisfaction*.

The consumer became central in these deliberations because, as many authors have noted, people evaluate services in a fundamentally different way from that in which they evaluate goods. A service is often a *performance*, usually conducted in the presence of the customer, and service quality is therefore very much a function of *subjective perception* of an experience, rather than objective examination of a physical object.

The service quality literature has thus been firmly based on the notion that service quality is defined by the *customer*—as opposed to the situation in manufactured goods where quality tends to be defined by designers or operations managers.

Outcomes of service quality

Before we progress with a review of the way service quality has been conceptualized and measured, we first turn our attention to some of the reasons why we even care about service quality—the ‘hard’ business outcomes that businesses aspire for—satisfaction, repeat purchase, loyalty, word-of-mouth behaviors, etc. We will look at these ideas in different places in this text (also see Chapter 6), but we offer a basic overview here to help the reader understand the ‘outcome’ of effective service quality management.

Customer satisfaction

Whenever discussions about service quality take place, there is inevitably overlap or even confusion about the differences between the concepts of quality and satisfaction. Our aim here is not to go too deeply into a detailed description of the conceptual differences between these two terms, except to provide a few points of difference and to make the case that there are definite similarities and differences. The concepts explained in this chapter are focused mainly on service quality, not satisfaction.



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Satisfaction is often defined as the degree of consumption-related fulfillment provided by a product, service or experience (see the Richard Oliver (1980) reference in the References list for this chapter). That is, the “customer senses that consumption fulfills some need, desire, goal or so forth and that this fulfillment is pleasurable—and it is always related to a transaction. Thus, satisfaction is the customer’s sense that consumption provides outcomes against a standard of pleasure versus displeasure” (Oliver, 1999, p. 34).

If satisfaction is related to ‘consumption’, quality is more ‘observational’/‘attitudinal’ or ‘process’ driven. Satisfaction (with a firm) requires frequent and consistent positive experiences, whereas quality is often evaluated on a transaction basis (meaning when the service interaction occurs). There is research evidence showing that high service quality perceptions do not necessarily lead to satisfaction, and that low quality perceptions can lead to satisfaction. Service quality is only one driver of overall satisfaction. For example, in a restaurant setting, factors that influence satisfaction with the dining experience include “waiting time, quality of service, responsiveness of front-line employees, menu variety, food prices, food quality, food quality consistency, ambiance of the facilities, and convenience” (Gupta, McLaughlin and Gomez, 2007, p. 285). So while satisfaction and quality are related concepts, there are important distinctions. And while it would appear on the surface that satisfaction is an outcome of quality, it is not always the case. Nevertheless, there is strong evidence to suggest that the right service provided at the right level of quality for the customer segment leads to higher levels of satisfaction, which in turn leads to customer loyalty. Like many concepts covered in this book, there is rarely a ‘black and white’ answer in terms of how much of something is needed. Circumstances and context matter!

Customer loyalty

Another important consideration of any business is customer loyalty; that is, the degree to which customers repeatedly do business with the firm. Customer loyalty has been described as the feeling of attachment to or affection for a company’s people, product or service (Jones and Sasser, 1995). Crofts and Ford (2008) define loyalty in terms of “high return frequency, high likelihood to recommend, and high overall satisfaction” (p. 233). Oliver (1999), in a seminal paper on the subject, defines loyalty as “a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, *despite* situational influences and marketing efforts having the potential to cause switching behavior” (p. 34). Loyalty is said to be either attitudinal (a person feels or says they are loyal to



a firm) or behavioral (when this attitude of loyalty is converted into repeat patronage and even word-of-mouth advertising).

A basic business principle related to loyalty is called customer lifetime value (CLV), where a firm seeks to maximize profitability over the lifetime of a customer (Crotts and Ford, 2008). Oliver (1999) argues that ‘ultimate loyalty’ emerges from a combination of “product superiority, personal fortitude, social bonding and their synergistic effects” (p. 33). Similarly, Parasuraman, Berry and Zeithaml (1991) promote the need for businesses to become a ‘customer franchise’—with *unwavering* customer loyalty which comes from exceeding customer expectations continually.

The relationship between satisfaction and loyalty

One might intuitively think that as satisfaction rises, so does loyalty. However this ‘linear relationship’ does not generally hold up to scrutiny. Although satisfaction is a necessary step in the formation of loyalty, there are many factors that influence loyalty. According to Jones and Sasser (1995), seemingly loyal customers can still defect to the competition. In a competitive environment, they argue, organizations must strive for extremely high levels of satisfaction to avoid customer defection (rather than merely satisfied). They argue that, except in a few rare instances, complete customer satisfaction is the key to securing customers. Their research provides evidence that there is a significant loyalty gap between merely satisfied and completely satisfied customers. Figure 3.2 shows how the relationship between satisfaction and loyalty can change depending on circumstances. Note that in markets with little competition, customers can be very dissatisfied, but still remain loyal (as they have few choices to switch to the competition). However, in highly competitive markets, even moderate levels of satisfaction do not equate with commensurate levels of loyalty.

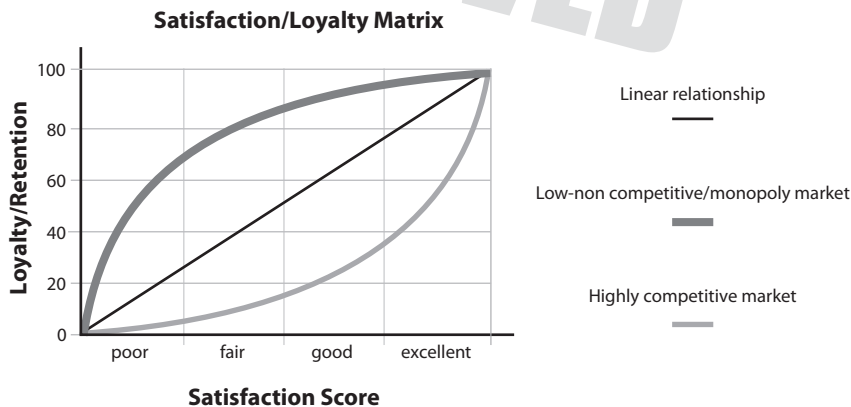


Figure 3.2

The non-linear relationship between satisfaction and loyalty

Source: Adapted from Jones and Sasser (1995)

Knowing and understanding the drivers of customer satisfaction and loyalty is critical. Studies regarding restaurants have shown strong links between satisfaction and loyalty (repeat-purchase intentions); however, the importance of one aspect of the offering can vary by type of restaurant and the customer circumstance. For instance, food quality is the critical attribute influencing repeat-purchase intentions in full-service restaurants, while speed and efficiency are more important attributes in quick-service and fast casual restaurants (Gupta, McLaughlin and Gomez, 2007).



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Therefore, managers must realize that achieving satisfaction is not a ‘one size fits all’ situation and needs to be framed by the particular context of the service.

Customer delight

Another stream of related research proposes the term ‘customer delight’, meaning a profoundly positive emotional state generally resulting from having one’s expectations exceeded to a surprisingly large degree (Rust and Oliver, 2000). This approach is one that is followed by Ritz-Carlton Hotels, highlighted by their “fulfilling even the unexpressed wishes of our guests” commitment. However, this type of approach is a contentious strategy because at some point it becomes unsustainable to exceed expectations of a customer who regularly patronizes a business. Other research (Dixon, Freeman, and Toman, 2010) suggests that in many service settings, such as phone-based and self-service interactions, loyalty is driven not by how dazzling the service experience might be, but



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rather by how well the company can deliver on the very basic service promise. They found (through a very large study) that delighting customers does not by itself build loyalty; rather, reducing the required effort of the customer and solving problems quickly does.

One pattern developing in this discussion about service quality and the outcomes of service quality is that it is important to understand customers in order to plan the type of service and the degree of quality. Chapter 4 will explore the issue of understanding customers and their expectations.

Understanding service quality theory

Service quality has become a great differentiator among service providers. Indeed, it is the most powerful competitive weapon that many leading service organizations possess. Business survival and success are dependent on the delivery of superior service quality. However, even though it is well accepted that service quality is a crucial element in the success of any service organization, there are no clear-cut definitions of service quality.

Service quality is an abstract and elusive concept because of the well-known features—intangibility, perishability, heterogeneity, and inseparability of production and consumption (see Chapter 2). Because of these features, definitions of quality can vary from person to person, and from situation to situation.

In developing an understanding of service quality, it is therefore important to understand what *customers* are looking for, and what *they* deem to be quality in services. According to Grönroos (1982b), such an understanding requires two distinct elements:

1. a clear conception of service quality—a conception that describes how customers perceive the quality of a service; and
2. an understanding of how such service quality is influenced, and which resources and activities affect service quality—that is, how service quality can be managed.

Comparing expectations and performance

How do consumers choose among various service offerings, and how do they evaluate the quality of the service offerings they receive?

When purchasing physical goods, consumers employ various tangible cues to ascertain quality. These include style, color, hardness, feel, package, brand name, price and so on. In contrast, when purchasing a service, consumers are forced to rely on a smaller number of available cues. In many cases, tangible evidence is limited to the service provider's physical facilities, equipment and personnel. In a service where personal experience of quality is a high priority, consumers who are attempting to evaluate service before purchase seek and rely on information from personal (such as word-of-mouth or social media) sources rather than from non-personal sources (such as advertisements).

Confirmation and disconfirmation of expectations

Having made a choice, how do consumers assess the quality of the service they have received? According to theories of consumer behavior, the subjective evaluation of various experiences associated with consumption is based on what is technically called a 'confirmation/disconfirmation paradigm'—that is, consumers compare their *prior expectations* of performance with the *actual performance*.

Several studies have been conducted in an effort to clarify how customers' expectations and preconceptions of performance affect the subsequent level of customer satisfaction or dissatisfaction with actual performance. In these studies, after using the product or service, the consumer compares the perceived or actual performance with the expected performance. In the jargon of the 'confirmation/disconfirmation paradigm', we can say that:

- ▶ *confirmation* results when the two performances match; but
- ▶ *disconfirmation* results when the two performances do not match; this can be of two types—*positive disconfirmation* when the perceived performance exceeds expectations, and *negative disconfirmation* when the perceived performance falls below expectations.

Because service experiences are inherently *personal* experiences, this confirmation or disconfirmation (as defined above) leads to an emotional reaction—referred to as 'arousal'. That is, if a product or service appears to be performing above or below expectations, the customer experiences an emotional reaction of significance (a sense of growing pleasure or a sense of growing concern). This arousal is then followed by a final assessment of satisfaction or dissatisfaction. In experiencing these changing emotions, the consumer is comparing prior expectations with actual experience.

But what did they expect? What is an 'expectation'? The term 'expectations', as used in the literature on consumer satisfaction, differs from the term as used in the literature on service quality. In the consumer satisfaction literature, expectations are viewed as predictions made by the customer about what is likely to happen during an impending transaction.

In contrast, in the service quality literature, expectations are viewed as what the customer desires, or wants, or thinks should happen. The crucial difference is between what consumers expect a service provider *will* offer and what they think the provider *should* offer. This subject will be discussed in more detail below.

Meeting or exceeding expectations

Service organizations can achieve a strong reputation for quality service only when they consistently meet or exceed customer service expectations. As we have seen, service quality is a measure of how well the service (as received) positively matches with expectations (as preconceived). These expectations might be expressed in terms of what is *likely* to happen or in terms of what *should* happen. Firms that satisfy what is *likely* to happen will do well. Firms that satisfy what *should* happen will do even better. Truly successful firms are those that consistently exceed customer expectations.

The issue of meeting and exceeding expectations (similar to the question of satisfaction vs. delight) has been debated in the literature. For example, Johnston (2004) argues that "exceeding expectations implies that organizations have continually to do more in order to

deliver excellent service and delight their customers . . . this definition of excellent service is inappropriate, unachievable in the long term and difficult to operationalize” (p. 129). Exceeding expectations may be unnecessarily costly and “as delivered service quality increases so might customers’ expectations of subsequent service. As a result, what might previously have been regarded as excellent service becomes simply adequate (expected) service, unless the organization continues investing in this spiral of increasing quality and expectations in order to continually exceed expectations” (Johnston, 2004, p. 130).



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Exceeding Expectations—Ritz-Carlton Hotels

Carter Donovan was the concierge of the firm’s Buckhead property in Atlanta. Donovan was informed a little girl had lost her teddy bear in the hotel. Although she managed to track it down, the bear went missing again on the day the family came for it. With the typical forethought displayed by all good Ritz-Carlton staff, Donovan realized that admitting to the little girl her bear was lost would break her heart. Instead, she ran to the gift-shop, bought a huge new bear and put it in the back of the hotel limousine. Taking the girl’s hand, she opened the limousine door and said “Look how big you’ve gotten while staying at the Ritz-Carlton!” It worked.”

Source: “Delighted, returning customers: Service the Ritz-Carlton way: Gold star advice from the leaders in service excellence.” Republished with permission of Emerald Group Publishing Ltd, from *Strategic Direction*, 20(11), 7–9, Emerald Group Publishing Ltd, 2004; permission conveyed through Copyright Clearance Center, Inc.

The effect of multiple consumption

In many service situations, other customers can affect positively or negatively the quality perceived by any given individual. For example, a customer in a bar interacts with another customer and creates an enjoyable conversation while the two jointly enjoy the live music at the bar. Although the live music is good, it is the interaction with the other customer that

makes the experience lively and memorable. The effect of other customers on the perception of service quality has been well explained by Grove and Fisk (1982) through a series of research projects involving real-life ‘dramatic’ events. In their framework, using the idea of a drama being enacted in a theatre, they considered that a number of people being served simultaneously was an ‘audience’, and that the service personnel were like ‘actors’ performing roles in a drama. In such situations, the audience influences the performance, and some members of the audience affect other members of the audience. The audience component clearly becomes important in an environment in which consumers are required to share the same service facility.

The concept of *multiple consumption* is an important related idea. Unlike tangible goods, many service products can be enjoyed by more than one consumer simultaneously—but without having to share the product. Musical concerts, educational lectures and cinema screenings are good examples. However, although the consumers do not share the actual product, the intimacy that links production and consumption of these services means that consumers are influenced either positively or negatively by their coconsumers.

Furthermore, the size of the ‘audience’ can have an effect (positive or negative) on the service experience. In the case of a crowded dance floor in a nightclub, a large group adds to the atmosphere of the experience. However, in the case of a crowded flight or grocery shop, a large number of customers can have a negative effect on the service experience.

Service managers have difficulty controlling such customer-generated effects. However, being aware of what cannot be controlled at operational stages encourages managers to assess overall design modification. Assessment of these variables when designing (or redesigning) the service process is an important aspect of quality management.

Service quality measurement—No easy task

So, how do customers assess service quality? What parameters matter in their assessment? How can service quality be analyzed in conceptual terms? There have been various models proposed by different researchers in the field. Some of these proposed models have certain similarities to one another. Others are quite different in their ideas and arrangements of factors. The variety of conceptions in the service literature demonstrates the difficulty in developing a single acceptable model that adequately describes all aspects of service quality. This is to be expected. After all, it is not easy to find a single model which takes into account every aspect of something as complex as how human beings make a subjective assessment of a personal experience. And this is what service quality is essentially all about—the subjective assessment of a complex human experience. This is certainly not an easy concept to analyze and model in simple terms!

In this next section we offer a number of the more well-cited service quality conceptualizations in order to provide a flavor of the thinking which has gone into the development of service quality.

One of the earliest models was that proposed by Sasser, Olsen and Wyckoff (1978), which introduced three different dimensions of service performance—*materials*, *facilities* and *personnel*. Thus, service performance (or service quality) was conceived to be affected by:

- ▶ the quality of the *materials* that form part of the service offering (for example, food in a restaurant);
- ▶ the quality of the *facilities* that complement the core offering (for example, comfortable seating in an aircraft); and
- ▶ the quality of the *personnel* (for example, a friendly and pleasant hotel receptionist).

All have the potential to influence service quality. The important point to appreciate in this trichotomy is the notion that service quality involves more than the outcome quality—that is, the methods and manner by which the service is delivered are of vital importance.

Developments and variations of this view of service quality have been offered by many researchers (see for example Grönroos (1982a); Lehtinen and Lehtinen (1983); Parasuraman, Zeithaml, and Berry (1985; 1988); Rust and Oliver (1994); Dabholkar, Thorpe, and Rentz (1996) and Brady and Cronin (2001) among others). They differ in their approaches, but what they have in common is recognition that service quality is multifactorial, complex and variable in origin. Space does not permit a full exploration of each of them here, but all have important contributions to make. The rest of this chapter provides a summarizing overview of these various models (see Table 3.1). Readers who are interested in particular models are invited to review the various contributions of researchers by noting the reference citations given in this text. We stress the point that there is no ‘one best way’ established in the literature—however, understanding the different ways that service quality has been conceptualized over the years helps in gaining a greater understanding about the central issues surrounding service quality challenges and opportunities.

The ‘Nordic’ model (technical quality and functional quality)

Grönroos (1982a) identified two dimensions in service quality. He argued that service quality is a combination of *technical* quality and *functional* quality (see Figure 3.3).

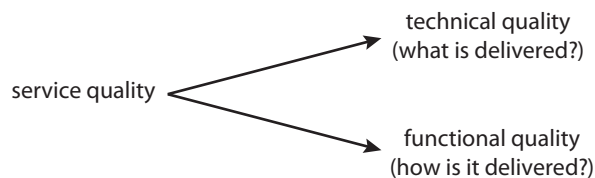


Figure 3.3

The Nordic model: “technical quality and functional quality”

Table 3.1
Service Quality Models

Service Quality Model	Researcher(s)	Description of Model	Conceptual Uniqueness of the Model
The 'Nordic' Model	Grönroos, 1982	Technical / functional (what / how)—service quality is a combination of what the customer bought and how it was delivered to them.	The 'how' is more important. Focus on functional quality to achieve organizational success.
Two-Dimensional Quality (Process-Output)	Lehtinen, 1983	Process / output—service quality is a combination of the customer's assessments both during and after the service experience.	By controlling the process quality, output quality can also be controlled.
The 'Gaps' Model	Oliver, 1980 or Parasuraman, Zeithaml and Berry, 1985	Confirmation / disconfirmation—service quality is determined when customers evaluate the experience based on their expectations and perceptions.	Customer judgments occur across multiple encounters involving service design, communication, management and delivery.
SERVQUAL	Parasuraman, Zeithaml and Berry, 1985, 1988	A multi-item scale designed to measure customer expectations and perceptions according to five (originally 10) service quality dimensions. An extension of the Gaps model.	Using the 'Gaps' model with five specific service dimensions developed over many years of scale development.
SERVPERF	Cronin and Taylor, 1992	A multi-item scale derived from the SERVQUAL scale.	Does not measure expectations, only measures performance.

In discussing *technical* quality, Grönroos argued that, although service is basically intangible, and although production and consumption are virtually simultaneous, the material content in the buyer–seller interaction is still important in the customer's assessment of perceived service quality. Examples of this technical quality include:

- ▶ food in the restaurant service;
- ▶ the room and bed in a hotel;
- ▶ computerized systems in a bank;
- ▶ machines used in a car-repair service center;
- ▶ the ski-lift machine at a ski resort; and
- ▶ an employee's technical skills and ability in serving a firm's customers.

In short, *technical quality* relates to *what* the customer receives in material terms. Technical quality represents the core component of the service, and the primary need of the customer. In discussing *functional* quality, Grönroos pointed out that, because a service is often a

subjective experience of the customer (for example, the experience of a meal in a restaurant), and because these experiences are produced through close interaction with the employees of the service firm, the technical quality dimension alone cannot account for the customer's perception of the total quality they have received. Customers will be influenced by *the way in which the technical quality is transferred to them*. Examples of this functional quality include:

- ▶ the friendliness of a hotel receptionist;
- ▶ the behavior of a restaurant waiter;
- ▶ the helpfulness of a train conductor;
- ▶ the attitude of a consultant; and
- ▶ the accessibility of a teller machine (in the context of technology-supported services).

In short, *functional quality* relates to *how* the customer receives a service.

What Grönroos sees as *technical quality* relates to what Sasser, Olsen and Wyckoff (1978) identified to be the first two dimensions of service performance—the *materials* and the *facilities*. Accordingly, Grönroos' *functional quality* equates to Sasser, Olsen and Wyckoff's (1978) third service performance dimension—*personnel*.

Of these two elements—technical quality ('what') and functional quality ('how')—the former can often be quantitatively measured (as an objective phenomenon), whereas the latter is difficult to evaluate (because it constitutes a subjective perception). Despite the fact that technical quality is easier to measure, it is often of lesser importance in the perception of service quality by the customer. How the service is rendered (that is, the functional quality of a service) is, in most cases, much more important than the material means by which it is rendered (that is, the technical quality of the service).

There are exceptions to this, like in nearly any case of satisfaction and quality. For example, if you pay a company to come to your home and wash your car, and the technician is the nicest, most helpful and friendly person (functional quality), but he does an awful job on the actual cleaning (technical quality), then it is unlikely that you would see this as a quality experience. In that case, technical quality wins out over functional quality. Technical quality, however, relates to the core service (see Chapter 1 about the difference between core and peripheral services) and hence customers will not compromise on any shortcomings in technical quality.

Functional quality commonly constitutes the key to an organization's success. From the perspective of the customer, while technical quality is essential, any deficiencies in technical quality can be compensated by superior functional quality. However, the opposite is not true. It is the functional quality that provides the perfect context for customer experience that nurtures the all-important customer-firm relationship. Crotts and Ford (2008) agree that the organization that is able to create a guest experience that keeps customers coming back

will have a competitive advantage. Similarly Pine and Gilmore (1998) would also agree, as they see the *how* (i.e., the experience) as being of greater importance than the *what*. Pine and Gilmore argue that the world has entered a fourth economy—the experience economy—where “experiences have emerged as the next step in what we call the *progression of economic value* . . . From now on, leading-edge companies—whether they sell to consumers or businesses—will find that the next competitive battleground lies in staging experiences” (see Chapter 6, p. 97).

In addition to this basic idea (that service quality involves both technical quality and functional quality), Grönroos also incorporated the concept of ‘corporate image’, arguing that the customer-perceived image of a firm is of the utmost importance to most service organizations, since this determines the way in which consumers perceive the firm. The most important part of a firm, as seen and perceived by its customers, is its service. Combining this with his idea of technical and functional quality, he argued that corporate image is derived mainly from a combination of a firm’s technical quality and its functional quality. He went on to suggest that corporate image often influences customer expectation, and helps to reinforce the organization’s advertising, marketing and public relations activities.

An example of the power of image is that of Apple products. Many customers all around the world buy Apple products simply because they have strong brand recognition, and are known for reliable, easy-to-use and attractive technology items such as phones, computers, iPods and tablets (iPads). In a case of such strong and positive brand recognition, customer perceptions of service quality can often be significantly influenced not by the item or the service itself, but rather, or partly, by the image of the firm. *Service organizations that can create strong brand image can significantly increase value and quality perceptions.*

Two-dimensional model (process and output quality)

Another way of conceptualizing service quality was proposed by Lehtinen (1983) who also identified two sets of quality dimensions. He called his dimensions ‘process quality’ and ‘output quality’. These, he said, are inherent in all services, and combine to form service quality (see Figure 3.4 on next page).

Process quality

Customer participation is integral to the experience of process quality. The intimacy of the service-production process means that the customer experiences the production process through interaction and participation. The customer therefore judges every component of the service process and assesses its quality during the service (the ‘process quality’). Given that customers are unable to judge the outcome until the service is completed, their only option is to judge the process they go through during the production process. Thus judging the process allows them to stipulate whether the outcome they are going to receive will match their expectation/requirement. This would mean that customers simultaneously judge

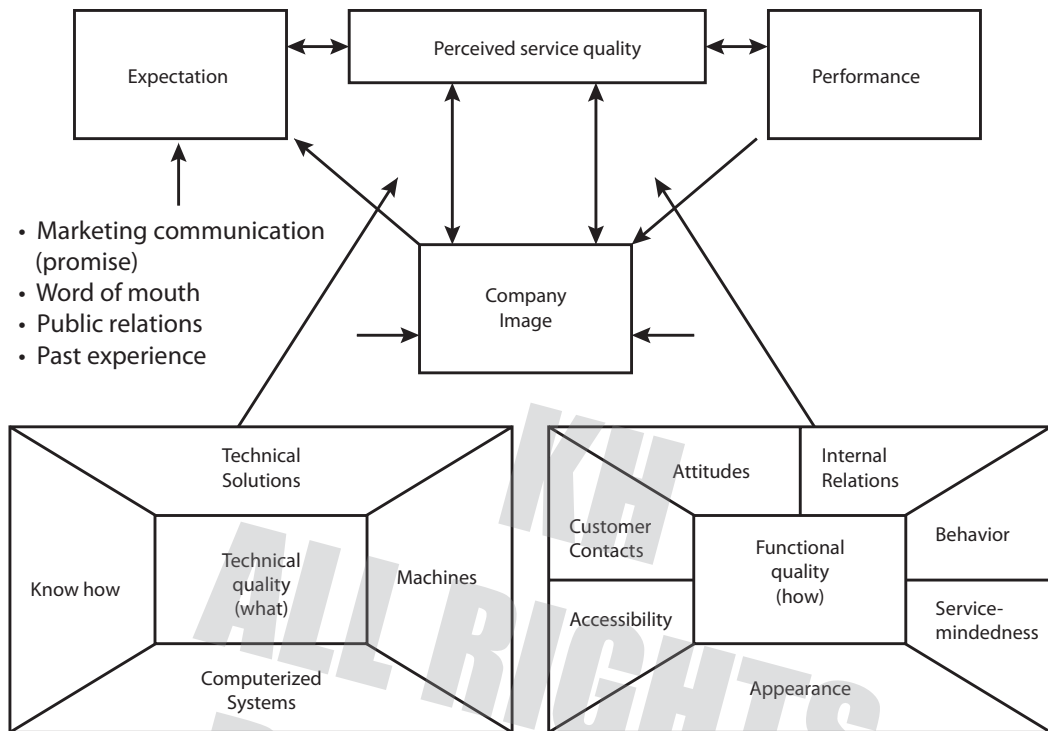


Figure 3.4
The expanded 'Nordic' model

the service provider's ability to interact with them and to make them feel comfortable. For example, a bartender may chat and joke with a customer who is sitting alone at the bar, so as to provide a feeling that he/she is with friends. The interactive quality is judged by the customer according to how his or her expectations are met during the service-production process and, more pertinently, how the customer's participation style is understood by the contact persons (representatives of the service provider) and the degree to which these persons can adapt their service styles accordingly.

The customer's judgment is essentially subjective—how the customer sees and assesses the production process. For example, in delivering hairdressing services, the stylist's conversation with the customer while cutting the customer's hair contributes to the experience of making the long hairdressing process appear short and entertaining to the customer. Of course, the stylist's demonstration of technical skill in cutting the hair is important, but process quality is what makes the experience memorable. Process quality therefore is the customer's judgment of the experience of the 'moments of truth' (service encounters). Process quality therefore is the core of the firm's ability to showcase how those technical services are delivered.

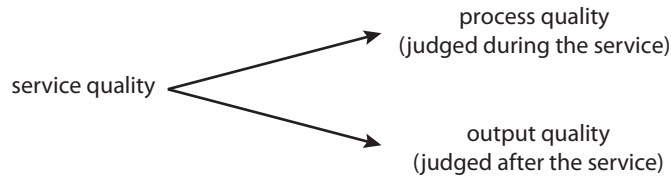


Figure 3.5
Service quality—process and output quality

Parallels can be drawn between Lehtinen's 'process quality' and Grönroos' 'functional quality'. Both dimensions relate to the delivery process—the 'how'. The difference lies in Lehtinen's emphasis on the role played by the customer in cocreating the service experience and how this can affect the service quality.

Customer participation is present in almost every consumer and professional service production, and is thus integral to the assessment of process quality. In some services, in which customer participation is especially direct and active, such as in the case of the entertainment business, including music concerts, magic shows, comedy shows, football games and so on—customer participation positively influences the customer's perception of process quality, and simultaneously positively influences the provider of the service, bringing out the best in the performance.

Output quality

According to Lehtinen (1983), output quality is the consumer's evaluation of the service following completion of the service production process. For example, output quality depends on evaluation of the appearance of a finished haircut. In addition, in some service situations, output quality is not always evaluated by the customer alone, but is also evaluated by others. For example, a haircut is often evaluated by friends and colleagues of the customer. When customers value the judgment of friends and colleagues, this aspect of output quality becomes crucially important.

However, Lehtinen (1983) asserted that the customer is the only one to judge the *process* quality (as opposed to *output* quality). A classic example of this can be found in education. If a degree obtained by a student from a famous university is considered by the student's friends and family to be of a high quality (an assessment of output quality), the student's personal sense of status and prestige is enhanced. However, the educational services that he or she received throughout the period of academic study at the university were experienced only by the student, and thus only the student is capable of judging the *process* quality of the educational services. *Process quality* represents the 'moments of truth' in a service organization and hence it represents the experience from the customer's perspective. Often it is the service process that creates the experience that offers the memory. In a service context, memory of a customer's positive experience is one of the most important assets of a firm.

Two types of output

Lehtinen also drew attention to two types of output in service production, which he termed ‘tangible’ (or physical) and ‘intangible’. Both a car wash and a haircut constitute typical tangible outputs, since both can be evaluated by outsiders who have not participated in the production process. In contrast, the output in tourism services is intangible—because it reflects a feeling or an experience, and can thus be judged only by the customer. Thus, according to Lehtinen, the output of any service production process is created during the entire period of the transaction. As a result, by controlling the process and process quality, output quality can also be controlled.

The ‘Gaps’ model

As noted previously (page 66), the quality perceived in a service can be determined as a function of the gap between consumers’ expectations of a service and their perception of the actual service delivered. In other words, customers assess service quality by comparing the service they *receive* (perceptions of ‘what I get’) with the service they *desire* (expectations of ‘what I want’). See Figure 3.6, below.

This gap is actually made up of several other gaps—all of which are potential breaks in the links of the relationship. Research has identified four intermediate gaps which, taken together, lead to the overall gap between expected quality and the overall perceived quality of service as received.

In developing this idea of four intermediate gaps (and a resulting overall fifth gap, being the total of the other gaps), the researchers looked beyond a single transaction and devel-

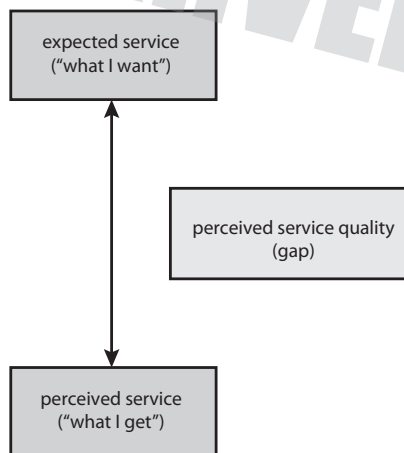


Figure 3.6
Perceived service quality gap

oped a model of service quality representing customer judgments across multiple intermediate encounters involving service design, communication, management and delivery.

Gap 1 is the difference between consumer expectations and management perceptions of consumer. Gap 2 is the difference between management perceptions of consumer expectations and the means by which these expectations might be met. Gap 3 is the difference between the specifications for the service and the actual delivery of the service. It can be referred to as the ‘service performance gap’—that is, the extent to which service providers do not perform at the level expected by management. The service performance gap occurs when employees are unable or unwilling to perform the service at the desired level. Gap 4 is the ‘communication gap’, the difference between service delivery and external communications (such as media messages which might exaggerate or falsely convey the offering). Gap 5 is the overall difference between expected service and perceived service. It is made up of the sum total of the preceding four gaps, and is thus determined by the nature of the gaps associated with the overall design, marketing and delivery of a service.

SERVQUAL

This model is the most commonly used and cited of all of the service quality models (and it is also subject of frequent criticism!). In developing their SERVQUAL model of measuring service quality Parasuraman, Zeithaml and Berry (1985) embarked on an extended, multi-staged research project designed to identify dimensions that accurately capture a measure of service quality. Early stages of their research netted ten items (see Table 3.2), which were later statistically tested and reduced to five service dimensions (and 22 total items used to measure these five dimensions) that are considered highly by customers when assessing the quality of service (see Figure 3.7).

Table 3.2

The original ten service quality factors from Parasuraman et al. (1985)

1. **Reliability**—consistency of performance and dependability.
2. **Responsiveness**—willingness or readiness of employees to provide service.
3. **Competence**—possession of the required skills and knowledge to perform the service.
4. **Access**—approachability and ease of contact.
5. **Courtesy**—politeness, respect, consideration and friendliness of contact personnel.
6. **Communication**—keeping customers informed in language they can understand.
7. **Credibility**—trustworthiness, believability and honesty.
8. **Security**—freedom from danger, risk or doubt.
9. **Understanding / knowing the customer**—making the effort to understand the customer’s needs.
10. **Tangibles**—physical evidence of the service.

The five 'final' dimensions were reliability, responsiveness, empathy, assurances and tangibles.

1. *Reliability* represents the service provider's ability to perform service dependably and accurately; this includes such qualities as dependability, consistency, accuracy, 'right the first time', and so on.
2. *Responsiveness* represents the willingness to help customers and provide prompt service in a timely manner; this includes helpfulness, friendliness, warmth, willingness, openness, and so on.
3. *Empathy* involves the caring personal attention which the firm offers its customers; this includes ease of approach and contact, jargon-free, understandable communication, an understanding of the customer's needs and so on;
4. *Assurances* reflect the knowledge and courtesy of employees and their ability to inspire trust and confidence in the customer; this includes competence, experience, qualifications, skills, courtesy, politeness, credibility, trustworthiness, honesty and security of all types (physical, financial, confidentiality, and so on).
5. *Tangibles* consist of the appearance of physical facilities, equipment, personnel and communication materials used.

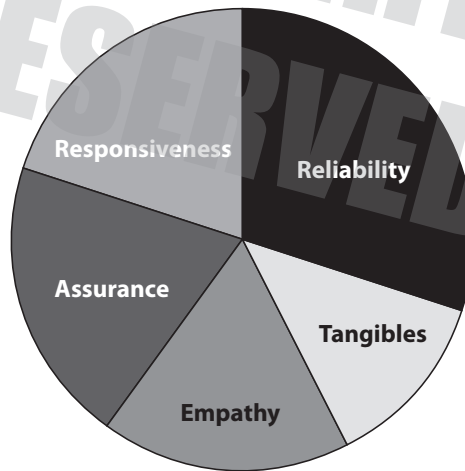


Figure 3.7
Relative importance of service dimensions in meeting expectations

Zone of tolerance

In subsequent work, these authors further examined variances and nuances of customer expectations and argued that the five dimensions could be further broken down into process dimensions (similar to the prior discussion about process), being responsiveness, empathy, assurance and tangibles, and one outcome dimension, reliability. These authors conceptualized a 'zone of tolerance' for customer expectations (see Figure 3.8) for process and outcome dimensions. They concluded that even though reliability is the most important element in *meeting* expectations, it is also the most difficult service quality dimension in which to *exceed* expectations (because customers expect reliability and have minimal tolerance for this expectation not being met). On the other hand, the process dimensions (especially responsiveness, empathy and assurances) are the key to *exceeding* expectations. With the process dimensions, the opportunity is present to surprise customers with uncommon swiftness, grace, courtesy, competence, commitment or understanding, and go beyond what is expected (Parasuraman, Berry and Zeithaml, 1991).

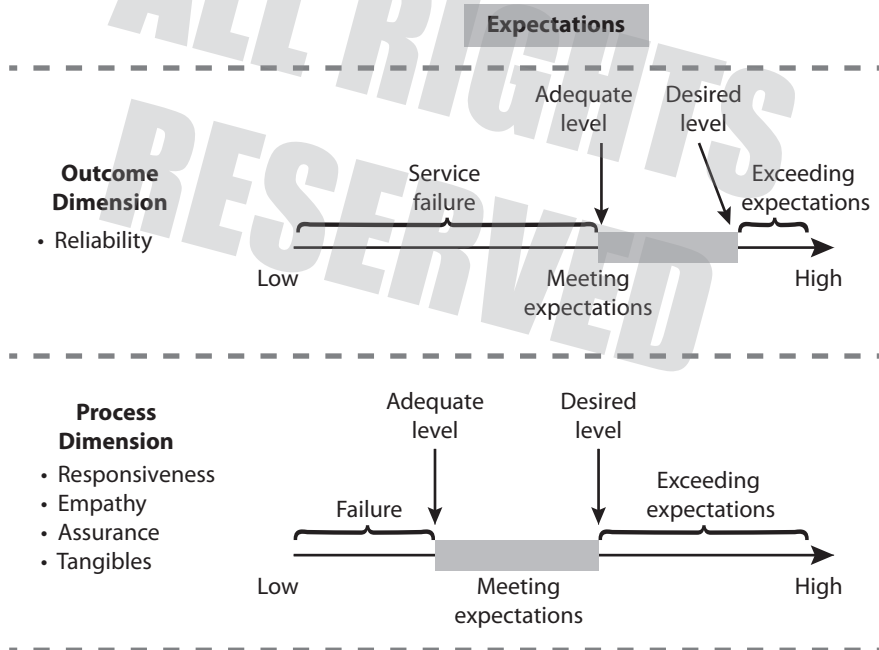


Figure 3.8

ZOT's for Outcome and Process Dimensions

Source: Adapted from Parasuraman, Berry and Zeithaml (1991)

SERVPERF (multi-level models)

The complexity of human reactions to a service experience has led some researchers to propose that perceptions of service quality are not only multidimensional (as noted above), but also occur at various levels.

Brady and Cronin (2001) proposed a hierarchical model to conceptualize perceived service quality. Their model suggested three primary levels of service quality—interaction quality, physical environment quality and outcome quality. In turn, each of these were conceived to have three sub-dimensions (see Figure 3.9). Thus:

- ▶ *interaction quality* was understood to be made up of the three sub-dimensions of attitude, behavior and experience;
- ▶ *physical environment quality* was made up of the sub-dimensions of ambient conditions, design and social factors and
- ▶ *outcome quality* was conceived as being made up of the sub-dimensions of waiting time, tangibles and valence (variable personal factors that affect experience).

Their studies found that customers aggregate their evaluations of the sub-dimensions to form their overall perceptions of an organization's performance in each of the three primary dimensions. These perceptions, it was argued, lead to customers' overall service quality perception.

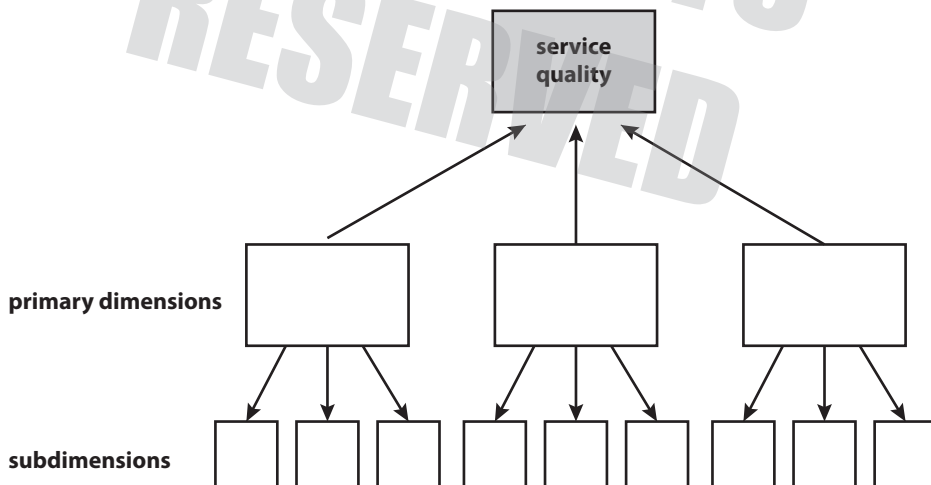


Figure 3.9

A hierarchical model of perceived service quality

Adapted from Brady and Cronin (2001)

Electronic (web) service quality

The early conceptualizations of service quality occurred in the 1970s and 1980s—before the advent of the Internet and the explosion of online retailing. Some of the original researchers involved in the development of service quality measures turned their attention to how customers would evaluate service in an online platform. E-service quality was therefore defined broadly to encompass all phases of a customer’s interactions with a Web site: the extent to which Web site facilities enabled efficient and effective shopping, purchasing and delivery (Parasuraman, Zeithaml, and Malhotra, 2005). Through another complex research process a measure of E-service quality was developed, called “E-S-QUAL” (for electronic service quality). The items proposed to measure online service were:

1. Efficiency: The ease and speed of accessing and using the site.
2. Fulfillment: The extent to which the site’s promises about order delivery and item availability are fulfilled.
3. System availability: The correct technical functioning of the site.
4. Privacy: The degree to which the site is safe and protects customer information.

Summary

To remain in business, sellers in the modern marketplace must be able to offer quality to increasingly demanding customers. This applies equally to those offering manufactured goods and those offering services. Failure to maintain consistent quality standards jeopardizes a firm’s reputation and its ultimate profitability.

Quality has thus become essential to business performance. Although the importance of product quality has long been recognized in the manufacturing industry—in which various quality management concepts and strategies have been developed and implemented over the years—the services sector has been less aware of the importance of these matters. However, the increasing economic importance of the service sector and the emergence of service marketing in recent years have highlighted the need for management to gain an understanding of quality strategies that are specifically appropriate for service firms.

In today’s economy, service is crucial to customer satisfaction and business success in every industry. For a service firm, the ability to provide quality service is, in fact, the most effective means of differentiating itself from competitors. But the distinctive nature of services and service provision predetermines and requires different approaches and tools from those that are used in the manufacturing industry. The quality of service is not only different but also more difficult to define, measure and control. In addition, a firm’s service quality is significantly affected by the subjective judgment of its customers.

From a marketing perspective, service quality is the most important determinant of customer satisfaction. It is therefore imperative that hospitality and tourism managers understand the factors that influence a customer's perceptions, expectations and satisfaction with service—and design their strategies accordingly.

This chapter has offered an overall understanding of quality concepts in general, as well as specific information pertaining to quality management in a service context. It should thus prove of assistance to service managers, as service providers, to focus their efforts and resources effectively on improving their firm's market position through quality service and customer satisfaction.

Review Questions

1. Analyze the importance of quality management in terms of costs and benefits.
2. Briefly describe various quality principles proposed by W. Edwards Deming, Joseph M. Juran and Philip Crosby.
3. Briefly describe the general recurring themes of 'total quality management' (TQM).
4. What is your understanding of service quality? How is service quality different from goods quality?
5. What are the outcomes of effective service quality management? Explain the 'customer franchise' concept.
6. How would you define customer satisfaction, customer loyalty and customer delight? Is there any interdependence between them?
7. This chapter described the relationship between customer loyalty and satisfaction relevant for highly competitive industries. Now think about and describe how the relationship between satisfaction and loyalty would look like for monopolies. Give examples of such service industries.
8. Explain the idea of multiple consumption and think of the challenges it might create for quality management.
9. What is the similarity between the 'Nordic' model and the two-dimensional model?
10. Which dimensions of the SERVQUAL model should the service manager leverage in order to pursue customer loyalty? Which dimension on the ZOT would this relate to?

Suggested Readings

This is a list of suggested further reading on topics covered in this chapter. For a separate list of full reference citations quoted in the chapter, see ‘References’, Chapter 3, page 324.

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