

Quality in services and relationship marketing essay samples

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Services and Relationship Marketing

SALFORD BUSINESS SCHOOL

The services quality exploration began in the early 1980s. Many researchers are still working on issues of relationship marketing. The place of services in the successful development of the company has the strategic importance, so the quality of service becomes significant. Differentiation of service helps companies in achieving competitive advantages. So issues of service quality become vital for marketers. The concept of customer-focused quality is becoming a common part of marketing strategy for each company. This concept becomes essential when company want's to improve the consumer's experience and strengthen market position.

Quality is a complex of properties and characteristics of goods or services related to their ability to satisfy declared or implied needs. When the product or service meets or exceeds customer's expectations, we say that this product is quality. The company, which satisfies most of customers' needs is considered a " quality" company (Baker, Buttery and Richer-Buttery, 1998). The company, which uses relationship marketing, can raise its sales through using the advancement of the service quality. Relationship marketing aims to attract, support and raise consumer relationships with the service provider. The aspects of relationship marketing must be explored with the emphasis on internal marketing. The ability to provide a higher level quality of service comes from continual improvement. Effective marketing policy according to the principles of relationship marketing must be focused on the process of communication with customers and intensive work on improving the skill level of staff. This policy helps to build the system of quality service.

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The quality of service in relationship marketing is closely linked to customers' satisfaction, which is the evaluation criteria of quality and is determined by a number of specific parameters.

In the modern world every service has certain standards, so achieving customers' loyalty is possible only by close interaction. The main purpose of this interaction is to increase the consumer competence in the assessment of service characteristics. Thus, the seller is able to improve the perception of the service quality (Crosby and Stephens, 1987). For a successful relationship marketing it is important and useful when consumers raise their competence using the service of the company using this type of marketing. In this case the company can not only improve consumers' judgment about quality of service, but also their relationship with the company itself.

Quality can be considered in terms of some perceived feature of the product. This process of perception may have a different content for each person, depending on product and environment. There are two main directions in the definition of quality: from the position of producer (as some specific characteristics of the product) or from the position of consumer (his expectations and perceptions). Researchers distinguish objective quality and perceived quality. For example, Garvin (1988) gives five approaches to quality:

1. Transcendent. The quality of the product can't be exactly defined, but the customer knows it when he sees it. This approach doesn't give an objective assessment of quality.
2. Product-based – measure of quality relates to quantifying some of the product's characteristics. For example, the quality of a diamond relates to

the number of carats.

3. Manufacturing-based. Quality arises in the process of production. The product is considered as quality if it meets requirements of design and specifications.

4. Value-based - quality is determined by price. If a product or service has an acceptable cost and desirable performance it is considered as quality.

5. Customer-based. Quality is considered as the capability to satisfy consumer's needs. This approach to quality shows it as a consumer's perception dependent on situation.

A number of researchers suggest a similar sequence of forming customer's positive attitude to the service. When the internal service quality is good, the staff is satisfied and work stable, developing skills. The highly qualified employee provides a better external service that satisfies customers, who stay company's clients. This chain of events leads the company to a high level of profitability.

Gummesson (1998) thinks that this chain doesn't automatically lead to high profitability. He supposes that the provider of service must actively retain the customer's positive attitude to service and stimulate repurchasing. The longer the consumer uses the supplier's service, the higher the level of profitability.

Research of Parasuraman, Zeithaml, and Berry (1985) defined 10 dimensions, that consumers use in the assessment of service quality. They make a conclusion that the provider of service takes an important position in the process of forming a positive perception of the service. Such positive characteristics as prompt and friendly staff and immediate reaction on

clients' demands and needs take the major role in forming quality service. Authors Wong and Tjosvold (1995) think quality arises in the process of the service delivery. Formation of services occurs during the interaction between the service provider and consumer. It is difficult to inspect the service prior to delivery to the customer. Researchers make a conclusion that “ an organization's goal interdependence with its customers can be a powerful framework for understanding the evaluation of service quality”.

In relationship marketing more emphasis is put on quality than in traditional concept of marketing. The low quality of the product is not the most important factor of the company's failure. Most consumers refuse service because of the unacceptable or indifferent attitude towards them from the sales staff. Therefore, for successful marketing policy the quality of goods is not as much important as the quality of the whole complex of service provided by the staff – process of sale, delivery and other aspects of customer service.

SERVQUAL method

Studying literature on assessing the quality of services (Service) allows to conclude that the majority of authors agree that the most effective, understandable and useful in conditions of companies that provide services is using a technique « SERVQUAL». It was developed to overcome the complexity the abstract reasoning translation about the quality of services into specific management decisions to improve the quality of customer service.

Using the method of interviewing consumers (in various areas of service),

researchers V. A. Zeithaml, A. Parasuraman and L. L. Berry (1988) assessed consumers' reaction on the quality of service using ten criteria. The survey showed that chosen options are not independent measurements. As a result of their superposition, the researchers reduced them to five:

- 1) Tangibility (demonstration physical properties of facilities, staff, links);
- 2) Reliability (ability to perform promises);
- 3) Responsiveness (friendly, open to customers);
- 4) Assurance (knowledge, skills and ability to provide confidential and sincere customer service);
- 5) Empathy (understanding the customer and his individual needs).

On this basis, the authors have developed The Gaps Model. This model gives a general idea about the quality of services on the basis of differences (gaps) between customers' expectations and what they got as a result. To measure gaps the authors designed a questionnaire of 22 questions, called «SERVQUAL». Considering this model, we can conclude that its use is most suitable for developing innovation activity of service companies. This model helps to get an idea about existing client expectations regarding the interaction with service staff, identify priority parameters for evaluation of service, discover the "deficit" of customer satisfaction, identify the "gaps" in customer service actions, define ways of increasing the effectiveness of the service staff considering the expectations and preferences of customers. Identifying these opportunities will allow service companies to develop innovative policy, which could be based on finding ideas for developing new services or improving already existing services.

The main weakness of SERVQUAL is the lack of results accuracy. The

majority of respondents don't have pronounced expectations, their concepts of the expected service quality are too uncertain. There is no guarantee that the question (from the SERVQUAL questionnaire) will get an adequate consumer perception. So the answer to this question will distort results.

SERVPERF method

Method SERVPERF is one of contemporary methods (or algorithms of study) that helps to measure quality. It was designed by Joseph Cronin and Steven Taylor (1992) and received the name "SERVPERF" (SERVICE PERFORMANCE - performed quality or level of quality performance). Cronin and Taylor in their study based on the assumption that perceived quality didn't accurately display the level of customer satisfaction. In their opinion, confirmed by appropriate investigations, the level of satisfaction determines the success of a product or service. According to Cronin and Taylor "SERVQUAL" is described as a form of position (attitude), referred to the satisfaction, but not equivalent to it. This position is based on the difference between expectation and perception. The authors consider the perceived level of service as rather the attitude of potential consumers, expressed in the most common development of their relationship to the service. The concept of satisfaction he considers as satisfaction measurement using specific parameters that more clearly characterize the potential consumer trend.

SERVPERF method helps to avoid the negative impact of differential approach on the accuracy of data, received as a result of its application. With this purpose the stage of measuring consumer expectations is excluded from the procedure of measuring quality.

SERVPERF method only measures consumer perception of the quality of the service provided. Five dimensions of service quality and 22 attributes were left unchanged according to the original method of SERVQUAL.

Later G. Fogarti and his colleagues (2000) offered a shortened version of the method and called it SERVPERF-M. They reduced the number of attributes of measurement. The authors suggested to use only three attributes for each dimension.

We can conclude that SERVPERF method outperforms SERVQUAL method as it not only cuts down the number of options, but also reduces the load of consumer survey and helps in generating impartial responses.

Gap Analysis

Gaps occur when service characteristics don't correspond consumer expectations. Analyzing these gaps makes it possible to develop methods to improve the quality of services and achieve customer satisfaction. Using Gap Analysis can help managers to measure service quality and define what their clients expect, what they think about the service.

Regarding the quality of services the following gaps can be defined:

Gap 1 - The Customer Gap. The gap between expectations and actual perception of the services (occurs when the service provider doesn't correctly understand what are the consumers wants and needs) (Headley and Choi, 1992).

On customer expectations influence such factors as personality (interests, habits), cultural background, demographics, family lifestyle, advertising,

own experience and available information. Thus, perception is subjective. The customer gap is the most important gap, because the service will get customer's positive assessment if it meets most of his perceptions.

Understanding customer needs is the key to close the gap

Gap 2 - The Knowledge Gap. The gap between the standards of service and its actual implementation, consumer expectations and management perception (Headley and Choi, 1992).

In this case, the customer's expectations are not correctly interpreted by the management. This existing gap means that the company is trying to satisfy nonexisting or wrong customer needs. To understand what are the consumer's needs for service it is necessary to conduct comprehensive market researches.

Gap 3 - The Communication Gap. The gap between the actual services provided and communication about the quality of services. Consumers may be disappointed when company promise more than is able to give and advertising doesn't match the actual service delivery (Headley and Choi, 1992).

Gap 4 - The Delivery Gap. The gap between service delivery and service quality specification (may arise because of the service staff - lack of training, inability or unwillingness to meet the set standards).

The weakness in staff performance occurs when the organisation fails to train its employees, so they are not well-equipped to manage the consumer's needs.

Gap 5 - The Policy Gap. This gap shows the incorrect translation of the service policy into rules and guidelines for staff. Some organizations have

difficulties with translation consumers' expectations into concrete service quality delivery. This makes consumers to seek a similar product with better service, using other companies services (Headley and Choi, 1992).

Also management should pay attention to such gaps related to quality: gaps in the set of services and the structure of demand and the mismatch between the company services and services of competitors.

This method helps to identify gaps and provides manager with valuable information to improve the service quality. The advantage of this type of analysis is that it involves not only carrying out the collection of information about the current service quality, but also the development of specific programs, based on collected data, that could help to overcome the defects.

The information collected with a help of gap analysis gives ability to:

- understand the current level of service quality and identification of problem areas;
- compare performance via various consumer groups, across services and different parts of the service;
- understand the customer;
- assess the influence of service improvements.

Modern studies suggest the variety of efficient methods and tools that help to develop a strategy of improving the service quality. The choice of method depends on the state of the company, the type of service provided. In any case, the method or tool must be chosen in order to avoid unnecessary expenses for marketing surveys and obtain detailed information for making helpful conclusions and further development of marketing strategy.

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