

**Service Marketing: A practical approach**  
**Prof. Dr. Biplab Datta**  
**Vinod Gupta School of Management**  
**Indian Institute of Technology-Kharagpur**

**Lecture-18**  
**Service Quality-II**

Hello! there. We will start this marketing session on services marketing with a practical approach.

(Refer Slide Time: 00:31)

**Lesson 18**                      **Service Quality - II**

**The Gap Model of Service Quality**

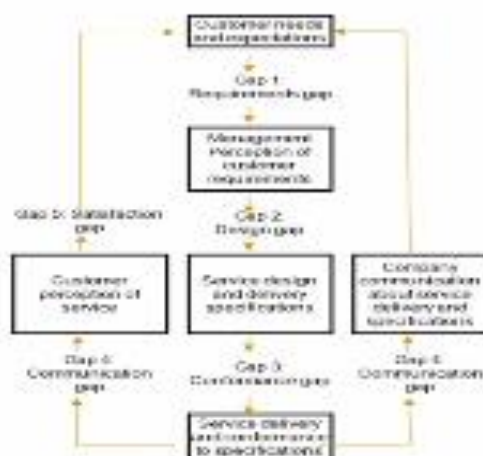
**Dimensions of Service Quality**

**Measuring Service Quality**

We go to lesion 18 which is the service quality part 2. So here we look at the gap model of service quality, the dimensions of service quality and how service quality can be measured.

(Refer Slide Time: 00:45)

The Gap Model of Service Quality



So first we see the gap model of service quality. Now Parasuraman, Berry and Zeithml they wrote about the gap model of service quality in 1985. So here you see that there are various gaps like gap1, gap2, gap3, gap4 and gap5. So the first gap is between customer needs and expectations and management perception of customer requirements. That means customers have certain needs and expectations.

But the management they pursue something slightly different from what customers need and expectations are. And therefore there is a difference between these 2 and that gives rise to what is called gap 1 or the requirements gap. So the next there is certain perception about customer requirements by the management and there are the service design and delivery specifications. So whatever with the management perception they prepare design and delivery specifications for the service to be deliver.

Now there might be a small gap between what management perceives and what the delivers specifications are. So the gap between perception of requirements and the delivery specifications is called the gap 2 or the design gap. Then we come to gap3. So here service some the service design and delivery specifications written down by the management and the same is communicated to the employees who would deliver the service.

But the actual delivery of service is not in conformance to the specifications. So that is called the conformance gap or the third gap. Then we have gap4, which is the communication gap. So here we see that there is a customer perception of service which forms when the customer has experience the delivery and conformation to specifications, experience the service, same thing when the company communication about service delivery and specification.

So some promotion or communication the company makes about the service delivery or specification. And that is different from the actual delivery and conformation to specifications. Now the communication made by the different from the actual delivery and therefore it is called the communication gap. So these are the 2 gaps, gap4 that is the communication gap.

Then we have perception of service and that perception of service and the customers needs and expectations there is a big gap. That is called the satisfaction gap. That means customer was perceiving something about the services and they were delivered something worst than

what they were perceiving. So that is the satisfaction gap. So needs and perceptions are different and give rise to gap 5. Similarly the company communication about the service is different from the customer needs and expectations.

Okay or other the company communication about the service gives rise to the customer needs and expectations and these customer needs or expectations are different from customer perception of service and that is called the satisfaction gap. Now this gap 5 is the most important gap because it is directly link with the satisfaction that customers will get when the services are performed or delivered to the customer. So the company has to look at these gaps and has to bridge these gaps, but the most important gap is the satisfaction gap which the company must bridge.

(Refer Slide Time: 05:04)

Professors Parasuraman, Berry and Zeithaml published the gap model of service quality in 1985. According to this model, five gaps lead to poor quality of services delivered to a customer. The gaps must be closed in order to deliver excellent quality. We shall discuss how each of the gaps can be closed in the following sections.

**Gap 1 - Requirements gap.** This gap follows from management's ignorance of customer requirements. This gap can be addressed by taking the following steps:

1. Adequate marketing research orientation: This includes conducting sufficient market research about customer requirements, instead of basing our decisions on intuition or gut feeling, and incorporating the conclusions into service design and delivery.
2. Adequate upward communication: This includes adequate direct communication between customers and management, adequate communication between customers and the service personnel and adequate communication between service personnel and the management regarding the requirements of customers.
3. Adequate focus on customer relationships: This includes proper market segmentation and carefully marketing to the intended segment, interacting with customers while treating them as long term relationships instead of treating them as short term transactions and focusing on understanding and serving current customers instead of running after acquiring new customers.
4. Adequate service recovery: This includes having a process of understanding a customer was dissatisfied with a faulty service delivery, delivering the correct service to the aggrieved customer, learning the lessons and incorporating the lessons into future service delivery.



So Professors Parasuraman, Berry and Zeithaml published the gap model of service quality in 1985. According to this model, 5 gaps lead to poor quality of services delivered to a customer. The gaps must be closed in order to deliver excellent quality. We would now discuss the different gaps in more detail. So we come to the first gap which is the requirements gap.

Now this gap follows from management's ignorance of customer requirements. So customers have certain requirements what management is ignore and about close requirement and they think that customers would need some requirements which is different form the customer's actual needs. So this gap can be addressed by taking the following steps. First is adequate marketing research orientation.

This includes conducting sufficient market research about customer requirements, instead of basing management decisions on intuition or gut feeling, and incorporating the conclusions into service design and delivery. So management must go for adequate market research there other than there got feeling about what customers may need or require. Next is adequate upward communication.

So this includes adequate direct communication between customers and management, adequate communication between customers and the service personnel and adequate communication between service personnel and the management regarding the requirements of customers. Third way to bridge the requirements gap is the adequate focus on customer relationships.

This includes proper market segmentation and carefully marketing to the intended segment, interacting with the customers while treating them as long term relationships instead of treating them as short term transactions and focusing on understanding and serving current customers intrad of running after acquiring new customer. So it is always better to serve and retain current customers instead of running after acquiring new customers because it is cheaper and more profitable to serve current customers than to acquire new customers.

So acquiring new customers requires a lot of investment while serving current customers can be done much cheaper and keep the customers satisfied and delighted. So that they tell others also about the service and many people start purchasing the service. Adequate service recovery: This includes having a process of understanding a customer was dissatisfied with a faulty service delivery, delivering the correct services to the aggrieved customer, learning the lessons and incorporating the lessons into future service delivery.

So the requirements gap can be bridge by adequate market research orientation, adequate upward communication, adequate focus and customer relationships and adequate services recovery.

**(Refer Slide Time: 08:26)**

**Gap 2 - Design gap:** This gap is about building an incorrect service design and incorporating unsatisfactory service standards. This gap can be addressed in the following manner:

1. Proper service design: This includes having a systematic service design process leading to clear delivery and connecting the design and the services mix to the positioning of the service in the minds of the customer.
2. Incorporating customer driven standards: This includes having a process of eliciting the standards of service delivery at each moment of truth from our customers. The company must adhere to these service standards and not fall below the customer specified levels.
3. Appropriate servicescape and physical evidence: This includes having appropriate design and construction of a comfortable servicescape to meet the needs of customers and service personnel in production and consumption of services, adequate maintenance and updating of the servicescape and developing physical evidences, such as servicescape merchandise, in line with the expectations of the customers.

Next we go to the second gap which is the design gap. This gap is about building an incorrect service design and incorporating unsatisfactory service standards. This gap can be addressed in the following manner. Proper service design: this includes having a systematic service design process leading to clear delivery and connecting the design and the services mix to the positioning of the service in the minds of the customer.

Incorporating customer driven standards: This includes having a process of eliciting the standards of service delivery at each moment of truth from our customers. The company must adhere to these service standards and not fall below the customer specified levels. Appropriate servicescape and physical evidence: This includes having appropriate design and construction of a comfortable servicescape to meet the needs of customers.

And service personnel in production and consumption of services, adequate maintenance and updating of the servicescape and developing physical evidences such as servicescape merchandise in line with the expectations of the customers. So everywhere in the expectations what management think as the requirements of the customer that has to be converted into exact service specifications, so that the requirements of the customers can be met easily.

**(Refer Slide Time: 10:01)**

**Gap 3 - Conformance gap:** This gap is about service personnel not delivering to established standards and procedures. This gap can be addressed by taking the following measures:

1. **Effective human resource policies:** This includes effective recruitment, clear service roles, ensuring proper employee-technology-job fit, appropriate evaluation and compensation systems, adequate empowerment to be able to serve the customer up to his/her expectations, adequate control over situations and excellent teamwork keeping customer satisfaction as the main goal.
2. **Properly educated customers:** This includes customers fulfilling their roles and responsibilities and affecting other customers positively.
3. **Good relationships with service intermediaries:** This includes clarity over the roles of the intermediaries like agents, franchises, brokers, retailers, etc., appropriate empowerment, and inculcating the discipline of taking customers and their requirements seriously and endeavouring to meet those to the satisfaction of the customer, and having systems to control the quality and consistency with which intermediaries deliver the services to the customers of the brand.
4. **Successfully matching demand and supply:** This includes the ability to divert peak hour customers to lean hours, and the capability to cross-train employees for smoothly handling customers and delivering services during peak hours while adhering to service standards.

Third is the conformance gap: This gap is about service personnel not delivering to established standards and procedure. This gap can be addressed by taking the following measures. Effective human resource policies: This includes effective recruitment, clear service roles, ensuring proper employee technology job fit, appropriate evaluation and compensation systems.

Adequate empowerment to be able to serve the customer up to his or her expectations, adequate control over situations and excellent teamwork keeping customer satisfaction as the main goal. Properly educated customers: this includes customers fulfilling their roles and responsibilities and affecting other customers positively. Good relationships with service intermediaries: This includes clarity over the roles of the intermediaries like agents, franchises, brokers, retailers, etc, appropriate empowerment, and inculcating the discipline of taking customers.

And their requirements seriously and endeavouring to meet those to the satisfaction of the customer and having systems to control the quality and consistency with which intermediaries deliver the services to the customers and the brand. And fourth successfully matching demand and supply.

So we will look at this part in more detail later on, but currently it is sufficient to say that this matching includes the ability to divert peak hour customers to lean hours and the capability to cross train employees for smoothly handing customers and delivering services during peak

hours while adhering to service standards. So in order to ensure that the service personnel deliver as per the specifications.

We have fourth measures what is effective human resource policies that is the employees are trained very well. They properly educated customers, so customers are also educated properly to observe or to take the services and to create the services with the service delivery personal, good relationship with service intermediaries so with brokers, franchises, retailers, agents etc. there has to be good relationships.

So that they can deliver in time and as per the design confirming to the design and finally successfully matching the demand and supply because the service demand and supply usually do not meet. Meet at peak hours there are more people to say dine in a restaurant but at that time the number of seats becomes less while in non peak hours there are many seats left main tables left, but there are few personnel to take the services. SO that is why it is important to successfully match demand and supply. So these are, these 4 points, this 4 strategies can help to close gap which is the conformance gap.

**(Refer Slide Time: 13:24)**

**Gap 4 - Communication gap:** This gap is about the difference between actual delivery of service and the promises and perceptions communicated during advertising and promotion of the services. This gap can be addressed by the following methods:

1. Having integrated marketing communications: This includes maintaining consistency among all communications about the service offering, proper marketing and communication about the service to employees and ensuring proper interactive communication among service personnel and customers in order to give them the correct perception of the service.
2. Under-promising and over-delivering: This includes delivering more than what is promised and remembering that actions speak louder than words.
3. Adequate horizontal communications: This includes having adequate communications throughout the company and her collaborators about the services so that no gaps and confusions arise due to difference in knowledge between the various arms of the service company.

Coming to gap 4 which is the communication gap. So this gap is about the difference between actual delivery of service and the promises and perceptions communicated during advertising and promotion of the services. So must ensure that you do not communicate or promote to a services in such a manner that the perception of the service that is when customers are receiving the service.

They perceive the service in a certain manner and there is no difference between these perception of service and the actual communication that you made about the service to the customers. So having integrated marketing communications: So this includes maintaining consistency among all communications about the service offering, proper marketing and communication about the service to employees and ensuring proper interactive communication among service personnel and customers in order to give them the correct perception of the service.

So the communication should be such that the perceive services matches closely with the communication that is made to the customers. Then under promising and over delivery. This is the very good strategy because it is better to promise less and deliver more because when customers receives more than what they expect they are likely to be delighted about the service and finally adequate horizontal communications.

So this includes having adequate communications throughout the company and her collaborators about the services, so that no gaps and confusions arise due to difference in knowledge between the various arms of the service company. So horizontal communications with other parties or players who are deliver the service that communication gap should be reduced and they should deliver exactly what and how the services had to be delivered as is perceived by the management about the requirement of the services.

**(Refer Slide Time: 15:38)**

**Gap 5 - Satisfaction gap:** This is the gap between customers' expectations and perception of the actual service experience by them. This gap can be closed by closing the four gaps discussed earlier.

In 1982, Professor Christian Gronroos wrote that service quality can be of two types: 1. technical quality, i.e., the quality of the outcome and 2. functional quality, i.e., the quality related to the manner in which, or how, the services have been delivered.

Then we come to the fifth gap which is the satisfaction. As I told earlier that this satisfaction gap is the most important gap, it must be looked into. This is the gap between perception of



the service actually deliver to the customers and their expectations of service mainly from the communications and promotions that customers receive from the services delivery company. So this gap is between customers expectations and perception.

This gap can be closed by closing the 4 gaps discussed earlier. So all the 4 gaps which were discussed earlier. If those gaps can be closed then it will automatically lead to closure of the satisfaction gap. In 1982 Professor Christian Gronroos wrote that service quality can be of 2 types. That is technical quality that is the quality of the outcome and the functional quality that is the quality related to the manner in which or how the services have been delivered.

So we generally do not discuss about technical quality because the technical quality would vary from service to service or from service product to service product, but the functional quality tended to remain same over different kinds of services and we are going to discuss the functional quality of the services.

**(Refer Slide Time: 17:13)**

### Dimensions of Service Quality

Based on their research, Professors Parasuraman, Berry and Zeithaml advanced five dimensions of functional service quality in 1988. These include the following:

1. Reliability: Ability to perform the promised service dependably and accurately
2. Responsiveness: Willingness to anticipate customer needs, help customers and provide prompt service
3. Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence
4. Empathy: Caring, individualized attention that is provided to the customers
5. Tangibles: Appearance of physical facilities, equipment, personnel and communication materials

So what are the dimensions of functional service quality?. Based on their research Professors Parasuraman, Berry and Zeithaml advanced 5 dimensions of functional service quality in 1988. These are tangibles, reliability, assurance, responsiveness, empathy and we have those elaborated here. So reliability is the ability to perform the promised service dependably and accurately.

Responsiveness willingness to anticipate customer needs, help customers and provide prompt services. Assurance is the knowledge and courtesy of employees and their ability to inspire

trust and confidence in the customer' mind. Empathy: Caring, individualized attention that is provided to the customers, and tangibles: Appearance of physical facilities, equipment, personnel and communication materials.

**(Refer Slide Time: 18:16)**

### Service Quality Measurement

The five dimensions of service quality discussed earlier, form part of the 44-item 'SERVQUAL' questionnaire used for measuring service quality. 22 items in the questionnaire are used to measure customer expectations about a particular service, while 22 similar items are used to measure customer perceptions of the performance of the service. Although other authors have advanced other dimensions of service quality, based on the particular service under research, the SERVQUAL dimensions have been largely accepted as intuitively appealing and have been widely used to measure the quality of services.

The above 44-item questionnaire can be converted into a 22-item questionnaire that measures customer perceptions of service performance against their expectations of service. Such a questionnaire is given in the Table shown in the next slide.



So how do we measure service quality, it is said in management that whatever you want to improve you should be able to measure, whatever you want to manage you should be able to measure. So the service quality measurement also has a questioner which is very popular in social services. In order to measure something we use a questionnaire or an inventory schedule or a questionnaire or a schedule inventory for intervening the people who have taken the service or who have discussed the service.

So the 5 dimensions of service quality discussed earlier form part of the 44 item SERVQUAL questionnaire used for measuring service quality. 22 items in the questionnaire are used to measure customer expectations about a particular services, and another 22 items are used to measure customer perceptions of the performance of the services. Although other authors have advanced other dimensions of service quality.

Based on the particular services under research, the SERVQUAL dimensions have been largely accepted as intuitively appealing and have been widely used to measure the quality of services. So many other types of services measurement instruments like bank well or health well that things like that, so this type of service quality measurement schedules or measurement battery has been developed and has been discussed by various authors.

However, those are all depended or related to the service quality questionnaire by PBZ that is Parasuraman, Berry and Zeithaml who have advanced it in 1988. So this services quality questionnaire consist of 44 items, 22 items for the expectations of the services and 22 items for the perception of service. Now what as published in my book we have this 22 item questionnaire, the 44 item questionnaire to be converted into a 22 item questionnaire which measures customer perception of a service performance against their expectations of service. So that questionnaire is given in the next slide.

(Refer Slide Time: 21:03)

22-Item Questionnaire for Measuring Service Quality						
Directions: The following set of statements relate to your perception of the performance of XYZ against your expectations from XYZ. For each statement, please show the extent to which you believe XYZ has performed against your expectations.						
	Item	Much less than expected	Less than expected	Same as expected	More than expected	Much more than expected
1.	XYZ has up-to-date equipment					
2.	XYZ's physical facilities are visually appealing					
3.	XYZ's employees are well-dressed and appear neat					
4.	The appearance of the physical facilities of XYZ is in keeping with the type of service provided					
5.	When XYZ promises to do something by a certain time, it does so					
6.	When you have problems XYZ is sympathetic and reassuring					
7.	XYZ is dependable					
8.	XYZ provides its services at the time it promises to do so					
9.	XYZ keeps its records accurately					
10.	XYZ tells customers exactly when services will be performed					
11.	You receive personal service from XYZ's employees					
12.	Employees of XYZ are always willing to help customers					
13.	Employees of XYZ are too busy to respond to customer requests promptly					
14.	You can trust employees of XYZ					
15.	You feel safe in your transactions with XYZ's employees					
16.	Employees of XYZ are polite					
17.	Employees get adequate support from XYZ to do their jobs well					
18.	XYZ gives you individual attention					
19.	Employees of XYZ give you personal attention					
20.	Employees of XYZ know what your needs are					
21.	XYZ has your best interests at heart					
22.	XYZ has operating hours convenient to all their customers					

So in this slide we see these are 22 item questionnaire and the directions are the following set of statements relate to a perception of the performance of XYZ against your expectation from XYZ where XYZ service company against your expectation from XYZ. SO what is the purpose, so it is much less than expectant means this service dimension are the service attribute is much less than expected from the company or it is less than expected.

So this is the performance compare to the expectation of the service. So there are 22 items in the services you see 1-22 there are 22 items and these are the expectations the performance against the expectations for the service. So we have XYZ as a service company so we say XYZ has up to date equipment. No is it much less than expected, is it less than expected, is it same as expected, is it more than expected, or is it much more than expected.

So people would be require to tick mark any of these 5 depending upon what is the perception as compare to the expectations of the service. So let us now see this 2 items. So the first item is XYZ has up to date equipment. Next is XYZ physical facilities are visually

appealing. XYZ employees are well dressed and appear neat. The appearance of the physical facilities of XYZ is in keeping with the type of service provided.

So these items which are in purple colour they measure the tangible dimension of service quality. So this is the tangible dimension which is 4 items. Next we go to item number 5. When XYZ promises to do something by a certain time, it does so. When you have problems XYZ is sympathetic and reassuring. XYZ is dependable. XYZ provides its services at the time it promises to do so XYZ keeps its records accurately.

So these 5 points relate to the reliability dimension of service quality. Then XYZ tells customers exactly when services will be performed, you receive prompt service from XYZ's employees, employees of XYZ are always willing to help customers, employees of XYZ are too busy to respond to customer requests promptly. So this is the responsiveness dimension of services quality.

The number 14 is you can trust employees of XYZ, you feel safe in your transactions with XYZ employees, employees of XYZ are polite, employees get adequate support from XYZ to do their jobs well. So this is the assurance part of the service quality from XYZ and finally XYZ gives you individual attention employees of XYZ give you personal attention, employees of XYZ know what your needs are XYZ has your best interests at heart.

XYZ has operating hours convenient to all their customers. So these 5 items relate to the empathy dimension of service quality. So as we have discussed and this very important these dimensions of service quality reliability, responsiveness, assurance, empathy and tangibles. So each of this 5 dimensions are measured by 4 to 5 items and therefore 22 items are able to measure this 5 dimensions and when these 22 items you know the customer ticks marks on this 22 items.

Then you know that which of the items are doing well, which of the items are doing worse than expected or less than expected, and which of the items are doing more than expected and therefore customers may be delighted with those services. Accordingly with the diagnosis that can be done with the help of these questionnaires you can know what you have to enhance and what you do not have to enhance or what is doing very well.

And accordingly you can improve your services in those dimensions and again measure the services using the service quality items and see where the services delivering company demands on a particular date or particular day. So you can improve this services of the company by requesting your customers to check mark these questionnaire and then you can see which is being done well and which are being done not to the expectations of the customers and you can improve them. Thank you very much for attending this session, I hope it helps. Thank you.