



CPMD CUSTOMER SERVICE LECTURE 3

BUILDING CUSTOMER SERVICE QUALITY

LECTURE 3 OUTCOMES

- **Customer Expectations of Service**
- **The Zone of Tolerance**
- **Customer Perceptions of Service**
- **Evaluating Service Quality**
- **The SERVQUAL Instrument**
- **Practical use of the SERVQUAL attributes**

A. CUSTOMER EXPECTATIONS OF SERVICE

1. Desired Service, Adequate Service and the Zone of Tolerance

Customers have different expectations about the service that they get from an organisation.

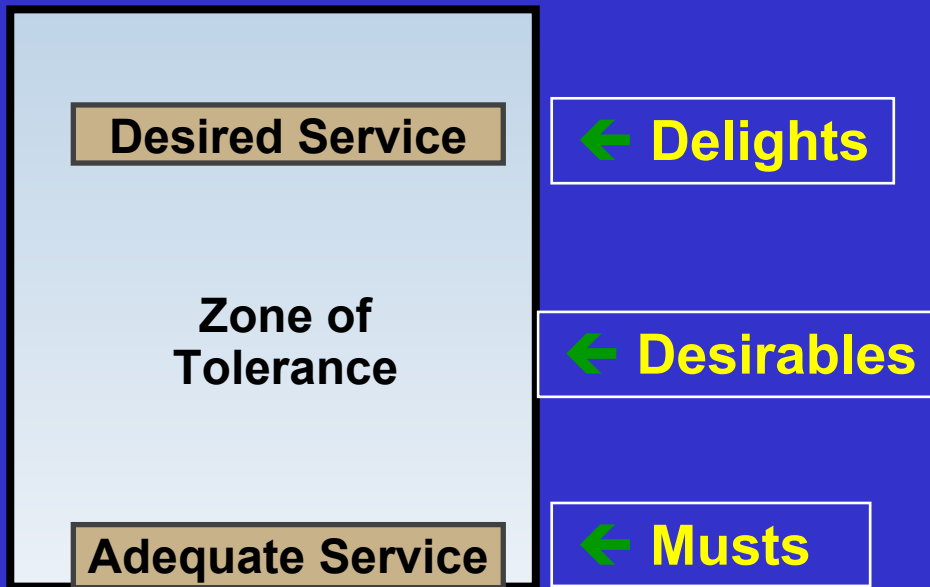
- The first expectation is called the ***desired service*** and can be described as the level of service the customer hopes to receive from the organisation. This is what the Customer believes the service should be.
- A low expectation is called the ***adequate service*** level that the customer will accept and is described as the threshold of acceptable service.

A. CUSTOMER EXPECTATIONS OF SERVICE

2. Difference between Desired Service and Adequate Service (Zone of Tolerance)

- Differences occur in *service delivery between employees of the same business* and there may also be inconsistencies in the service level of the same employee over a period of time.
- The degree to which the customer accepts this variation of service is called the ***zone of tolerance***.
- If this service level falls below the minimum level (the adequate service level), the customer will be infuriated; if it exceeds the desired service level, the customer will be delighted and will probably inform all his or her friends about it- a great place to be!!!

THE ZONE OF TOLERANCE



B. CUSTOMER EXPECTATIONS OF SERVICE

3. Difference between Desired Service and Adequate Service

Example: *Desired service level* – Car properly serviced and ready at pre-agreed time, service manager explains the work done on the car. A customer calls City Power regarding a blackout in his area. City Power promises that electricity will be restored within the hour and it is

Zone of tolerance

Adequate service – A customer calls City Power regarding a blackout in his area. City Power promises that electricity will be restore within the hour and it TAKES TWO DAYS TO RESTORE POWER

A. CUSTOMER EXPECTATIONS OF SERVICE

3. Difference between Desired Service and Adequate Service

- Providing a consistent service to a customer over time is difficult to attain
- Beware - Different customers possess different zones of tolerance

A. CUSTOMER EXPECTATIONS OF SERVICE

4. Exercise: Provide an example of what level and kind of expectations your most difficult customer holds versus your easiest customer

C. CUSTOMER PERCEPTIONS OF SERVICE

1. Customer Perceptions of Service

Customers perceive services in terms of the quality of service provided and the satisfaction level attained.

- *Service quality and customer satisfaction are the focus of attention of organisations because they want to quantify (measure) it.*
- The reason for the focus on quality of service and customer satisfaction is the belief that **organisations can differentiate themselves by means of providing better service quality and overall customer satisfaction** which could lead to better sales and profitability in the long run.

C. CUSTOMER PERCEPTIONS OF SERVICE

2. Customer Perceptions

- On a time continuum from start to finish of the service, *service expectations are usually generated at the beginning of the service encounter and then service perceptions are generated during and after the exposure to the service.*
- **CITY OF JOHANNESBURG** as a service provider needs to identify what the needs and expectations are with respect to service quality by its citizens and to define and communicate clearly what level of service quality it intends to deliver

D. EVALUATING SERVICE QUALITY

1. What is Service Quality?

- An attitude formed by a long-run overall evaluation of the firm's performance
- looks at how firms should perform
- measures a higher standard of service delivery
- expectations drive service quality perceptions

2. What is Customer Satisfaction?

- short-run, transaction specific measure

E. The SERVQUAL measurement instrument

The best known instrument to measure customer's perception of service quality is known as the SERVQUAL instrument.

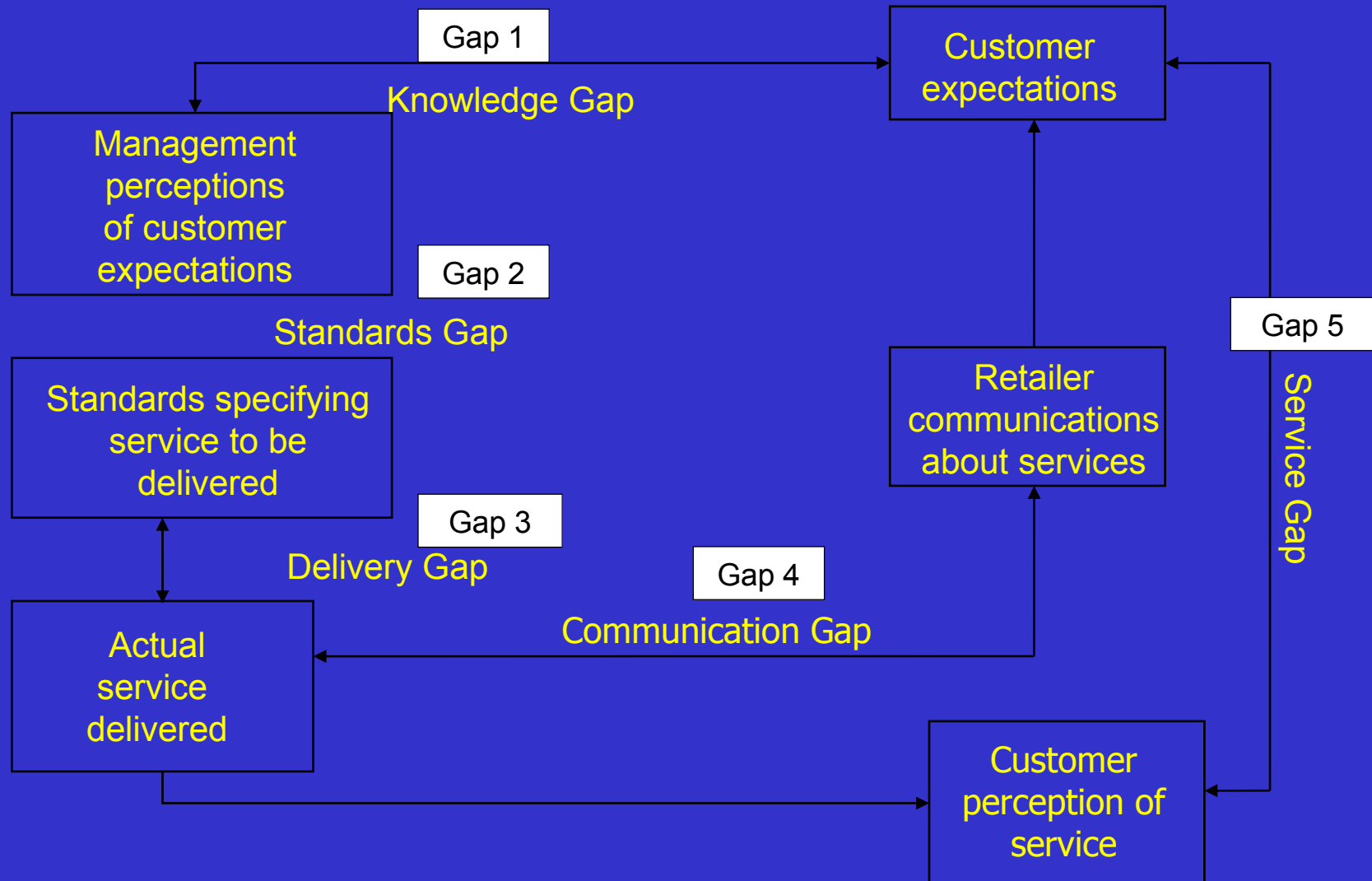
The questionnaire is divided into 2 main sections:

- Expectations measures what is anticipated in an ideal service (on a 7-point scale)
- Perceptions then measures those aspects of the service as actually delivered or experienced
- Satisfaction (S) is conceptualized as the gap between expectations and perceptions
- So.. $S = P - E$
- **Gaps can be identified to help management assess and deal with Service Quality issues**

1. The SERVQUAL measurement instrument

- The most important gap, the **SERVICE GAP** (Gap 5) describes the difference between customer's expectations of service and their perception of the service actually delivered
- The company must try and close the service gap or narrow it
- Remember that service quality focuses on the customer's cumulative satisfaction toward the company, which is collected by the customer from a number of successful or unsuccessful service experiences

1. Diagnosing Failure Gaps of Service Quality



Source: Adapted from A. Parasuraman, Valerie Zeithaml, and Leonard Berry, "A Conceptual Model of Service Quality and Its Implications for Service Quality Research," *Journal of Marketing* 49 (Fall 1985), pp.41-50.

1. The SERVQUAL measurement instrument

- **GAP 3: The Delivery Gap** - the difference between the quality standards set for service delivery and the actual quality of service delivery eg. If your salespeople do not execute the standards developed in your service/training manual, a delivery gap is formed. Sometimes this is due to role conflict or role ambiguity
- **GAP 4: The Communications Gap** – The difference between the actual quality of service delivered and the quality of service described in its external communications. If your advertising or sales promotions promise one kind of service and the customer receives a different kind of service, the communications gap can become wider. Eg

1. The SERVQUAL measurement instrument

- **GAP 5: The Service GAP then is a function of the knowledge gap, the specifications gap, the delivery gap and the communications gap.**
- **As each of these individual gaps increases or decreases, the SERVICE GAP responds in a similar way. If the firm wants to close the SERVICE GAP, it must close or attempt to narrow the four other gaps.**

2. Reasons for the Gaps

GAP 1 Not knowing what customers expect

GAP 2 The wrong service quality standards

GAP 3 The service performance gap

GAP 4 When promises do not match actual delivery

GAP 5 The difference between customer perception and expectation

2. Reasons for the Gaps

- GAP 1 - not knowing what customers expect
 - lack of a marketing orientation
 - inadequate upward communication (from contact staff to management)
 - too many levels of management

2. Reasons for the Gaps

- GAP 2 - the wrong service quality standards
 - inadequate commitment to service quality
 - lack of perception of feasibility - 'it cannot be done'
 - inadequate task standardisation
 - the absence of goal setting

2. Reasons for the Gaps

- GAP 2 - the wrong service quality standards
 - inadequate commitment to service quality
 - lack of perception of feasibility - 'it cannot be done'
 - inadequate task standardisation
 - the absence of goal setting

2. Reasons for the Gaps

- GAP 3 - the service performance gap
 - role ambiguity and role conflict - unsure of what your remit is and how it fits with others
 - poor employee or technology fit - the wrong person or system for the job
 - inappropriate supervisory control or lack of perceived control - too much or too little control
 - lack of teamwork

2. Reasons for the Gaps

- GAP 4 - when promises made do not match actual delivery
 - inadequate horizontal communication - between departments or services
 - a propensity to overpromise

E. The SERVQUAL measurement instrument

The best known instrument to measure customer's perception of service quality is known as the SERVQUAL instrument.

The questionnaire is divided into 2 main sections:

- Expectations measures what is anticipated in an ideal service (on a 7-point scale)
- Perceptions then measures those aspects of the service as actually delivered or experienced
- Satisfaction (S) is conceptualized as the gap between expectations and perceptions
- So.. $S=P-E$
- **Gaps can be identified to help management assess and deal with Service Quality issues**

E. The SERVQUAL measurement instrument

SERVQUAL is a 44-item scale that measures customer expectations and perceptions regarding five service quality dimensions--tangibles, reliability, responsiveness, assurance, and empathy.

SERVQUAL consists of two sections: a 22-item section that records customer expectations of excellent firms in the specific service industry, and a second 22-item section that measures customer perceptions of a particular company in that service industry. Results from the two sections are then compared to arrive at "gap scores" for each of the five dimensions.

D. MEASURING SERVICE QUALITY: SERVQUAL

The Tangibles Dimension

The Reliability Dimension

The Responsiveness Dimension

The Assurance Dimension

The Empathy Dimension

D. MEASURING SERVICE QUALITY: SERVQUAL

The Five Key Service Dimensions

- **TANGIBLES** - the appearance of physical facilities, equipment, personnel and information material
- **RELIABILITY** - the ability to perform the service accurately and dependably
- **RESPONSIVENESS** - the willingness to help customers and provide a prompt service

D. MEASURING SERVICE QUALITY: SERVQUAL

The Five Key Service Dimensions

- **ASSURANCE** - a combination of the following
 - Competence - having the requisite skills and knowledge
 - Courtesy - politeness, respect, consideration and friendliness of contact staff
 - Credibility - trustworthiness, believability and honesty of staff
 - Security - freedom from danger, risk or doubt

D. MEASURING SERVICE QUALITY: SERVQUAL

The Five Key Service Dimensions

- **EMPATHY** - a combination of the following:
 - Access (physical and social) - approachability and ease of contact
 - Communication - keeping customers informed in a language they understand and really listening to them
 - Understanding the customer - making the effort to get to know customers and their specific needs

1. The SERVQUAL measurement instrument

- **GAP 1: The Knowledge Gap** - the difference between what customers expect of a service and what you perceive that customers expect. Sometimes you think you know what their customers want, but do you really? eg. Better financial terms versus addition of added value services
- **GAP 2: The Standards Gap** – Even if customers expectations are accurately determined, the standards gap may open between what you perceive of customer expectations and the actual standards for service delivery eg. Your customer explains in broad terms verbally what he expects but when you draw up the proposal and quote, his expectations of what you are quoting on are different to yours

SERVQUAL Instrument for COJ

Please circle the number that best corresponds with your view related to COJ.

1. COJ has modern looking equipment.

Strongly
Strongly
disagree
agree

Neither agree
nor disagree

1 2 3 4 5 6 7

2. The physical facilities at COJ are visually appealing.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1 2 3 4 5 6 7

3. Employees at COJ appear professionally dressed.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

4. Materials associated with COJ (Web site, promotional brochures, service tracking documents, invoices, etc.) are visually appealing.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

5. When employees at COJ promise to do something by a certain time, they do so.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

6. When a customer has a problem, employees at COJ show a sincere interest in solving it.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

7. COJ employees perform the service right first time.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

8. COJ employees provide their services at the time they promise to do so.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

9. COJ insists on error-free records.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

10. Employees at COJ tell you exactly when services will be performed.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

11. Employees at COJ give prompt service to you.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

12. Employees at COJ are always willing to help you.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

13. Employees at COJ are never too busy to respond to your requests.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

14. The behaviours of employees at COJ instills confidence from you.

Strongly
disagree

Neither agree
nor disagree

Strongly
agree

1

2

3

4

5

6

7

15. You feel safe in your transactions with COJ.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

16. Employees at COJ are consistently courteous to you.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

17. Employees at COJ have the knowledge to answer your questions.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

18. COJ employees give you individual attention.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

19. COJ has operating hours convenient to all its customers.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

20. COJ has employees who give you personal attention.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

21. COJ employees have your best interests at heart.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

22. COJ employees understand your needs.

Strongly
disagree

1

2

3

Neither agree
nor disagree

4

5

6

Strongly
agree

7

Key to the instrument by SERVQUAL dimension:

Tangibles = Questions 1-4; Reliability = Questions 5-9;

Responsiveness = Questions 10-13; Assurance = Questions 14-17;

Empathy = Questions 18-22.

Group Exercise:

In your syndicate groups, Develop a score for each Expectation that you believe your customer demands from you. Now be truthful and score what your real current Performance is really like on the 22 attributes.

Add your scores up for each exercise and compare the scoring differences and ask why!!!!

Key to the instrument by SERVQUAL dimension:

Tangibles = Questions 1-4; Reliability = Questions 5-9;

Responsiveness = Questions 10-13; Assurance = Questions 14-17;

Empathy = Questions 18-22.