

## **Service Quality Research/2**

# **What is so Different About Service Quality Research?**

By Chuck Chakrapani

If a manufacturer sells a product and if a service organization markets a service, should the principles of research apply equally to both? Why do we need a different set of principles to research service quality?

### **Product Quality Research**

Product research has two major aspects:

- Is the product 'good' from an objective point of view?
- Is the product perceived to be good from a subjective point of view?

The first aspect - is the product objectively good - can be answered by objective tests. It is easy to decide whether a product is delivering what it is supposed to deliver. A car's fuel efficiency can be tested, and so can the cleaning power of a detergent.

The second aspect - consumers' perception of the product - can also be tested fairly easily through marketing research. The emotional benefits of some products can be difficult to assess through survey methods. For instance, a person may be reluctant to admit to driving a BMW to impress others. But such benefits are relatively easy to identify through other methods such as qualitative research.

### **Service Quality Research**

Service quality cannot be assessed by either of the above two methods.

First, a service cannot be tested in the same way as a product. How does one measure whether x amount of courtesy and y amount of flexibility were delivered to the customer?

The second aspect - customer perceptions - often cannot be measured satisfactorily through traditional research methods.

Why is this so?

### **Reasons Why Traditional Techniques Can Mislead**

There are at least three major reasons why traditional research can be misleading.

#### **1. Regression Towards the Mean**

*When consumers are presented with no alternatives, they tend to accept what is available as the standard. Customer ratings will be inflated as a result.*

If, for instance, customers get poor service from *all* financial institutions, then poor service becomes the norm for the industry. Scores will 'regress to the mean'.

Consider a situation in which customers have a choice of several institutions ranging from mediocre to excellent. On a 10-point scale, mediocre institutions may score an average of about 2 or 3.

Excellent institutions may score an average of about 7 or 8. But when all institutions offer mediocre service, the scores will cluster around the midpoint of the scale. Institutions that are marginally better may get a score of 7 or 8. This commonly observed 'regression towards the mean' phenomenon results in inflated scores of satisfaction.

## **2. Artifact of Satisfied Customers**

*Any service industry will automatically generate a segment of satisfied customers. Average customer satisfaction ratings will increase as a result.*

All customers do not expect or need the same level of service. The level of service expected by some customers (in most service industries) is so minimal, that they are satisfied with just minimal service. For instance, in rural areas, many people may use their banks once or twice a month. They may not be pressured for time and they may know everyone at the bank well. If they have to wait for 20 minutes, if the staff are not very knowledgeable or if the bank made a mistake - none of these problems may really matter to the customer.

The customer doesn't care if the staff is not knowledgeable - he/she does not need their service anyway. Service charges do not matter because they do not apply to this customer. The customer is happy with the service received.

## **3. Perception is Limited by Current Framework**

*Customers do not normally think outside the current framework when asked what they would ideally like.*

It is difficult to find out from customers what would constitute 'service quality'. It is not that customers do not want to tell the researcher, but simply that they do not know.

Let us consider a few examples.

- A few years ago, when customers were asked what they ideally expected from their bank, they seldom mentioned 'flexible hours'. Now many more customers mention this aspect of service. There is no evidence that the need for flexible hours has grown in the past few years. It is more likely that inflexible hours were taken for granted a few years ago. Consequently, customers were 'satisfied' with inflexible hours.
- When customers go into a bank or a trust company, they fill in a deposit or withdrawal slip. The teller repeats this process in the computer. It is not clear why the customer has to fill in the form. Couldn't the teller simply print out a receipt from the computer and ask the customer to sign? The customer will be unlikely to mention this issue, because it is 'given', it is always done. It does not occur to the customer that this process could be a vestige of the pre-computer era. Why should it? The idea had not occurred to the people who operate the system.

## **Dynamics of Spurious Satisfaction Scores**

The three factors described above may interact to inflate customer satisfaction scores in the following manner:

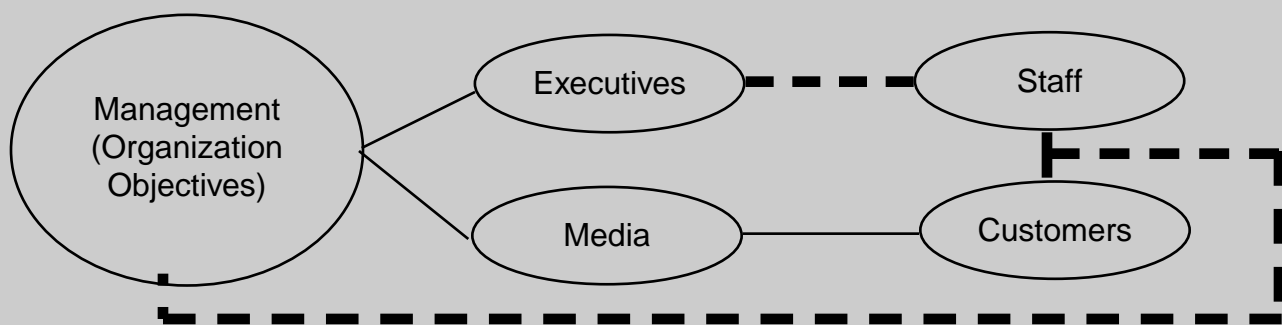
1. Let's start with service quality which has a 'true' rating of 3, on a 10-point scale where 10 is high and 1 is low.
2. Because all institutions in the category offer poor service quality, the actual ratings 'regress towards the mean'. The average moves up to 5.

3. Let us assume that such ratings follow the normal curve. This would mean that a certain proportion of your customers will be very dissatisfied and a certain proportion of your customers will be satisfied, for no specific and identifiable reason. Let us further assume that about 5% of your customers are very satisfied.
4. Let us further assume that 25% of your customers do not need or expect a high quality of service. They will also be 'satisfied customers'.
5. Because customers in (3) and (4) above are happy with the institution, they might give it an average rating of 8. Because 30% of the respondents gave a rating of 8, the overall average moves up to about 6.
6. If you are marginally better than average, 1 or 2 rating points will be added to the average, resulting in an average rating of 7 or 8.

An average score of 7 or 8 might seem high and lead you to believe that customers are very satisfied with your institution. Yet, as we saw, all it might mean is that the institution is mediocre, perhaps marginally better than the competition.

The faulty understanding of customer satisfaction obtained through traditional research methods creates weak links in the model management uses to communicate about service quality (see figure).

### Weak Links In The Service Quality Communication Model Frequently Used By Organizations



The dotted lines represent the weakest or the non-existent links in the common communications model.

1. Lack of training and support and on-going monitoring of staff with regard to service quality;
2. No formal way of assessing whether the staff is treating the customer in line with the corporate policy;
3. Inadequate feedback from performance measures to indicate whether the management objectives are being achieved.

### Other Differences

The problems described above do not arise in product testing. Certainly if all products are equally unsatisfactory there will be a regression towards the mean. But the *objective qualities of a product can be independently tested and improved without reference to customers*. A product can be improved in a laboratory. A service cannot be meaningfully enhanced without reference to customers.

Second, *poor service is not always transferred to the product*. For example, if you like a particular car but do not like the service you get from a dealer, you can buy the same car from a different dealer. It is different with service. If you are unhappy with a bank, for example, you're unlikely to go to another branch of the same bank. You are more likely to go to a different bank altogether.

## From Mediocrity to Excellence How High Satisfaction Scores Can be Misleading



The 'true' satisfaction score is 3



Regression towards the mean increases the score to 5



The segment that is unaffected by service quality increases the score to 6



Any marginal superiority over the competition could increase your average score to 7 or 8., even though your customers may not be particularly happy with the service quality

Third, *there are fewer 'moments-of-truth' for a product than for a service.* 'Moments-of-truth' is a concept used by Jan Carlzon of the Scandinavian Airline Systems (SAS). Any contact between an employee of an organization and a customer constitutes a moment-of-truth. Any of these encounters, however brief, gives a customer the opportunity to make up his or her mind about the organization. These are the 'moments of truth'. Such 'moments of truth' may start with insufficient parking spots, and continue with a number of trivial things: pens at the counter that do not write, a dirty office, illogical signs and so on. These 'moments-of-truth' considerations are somewhat less relevant to the marketing of a product.

There are many more differences between product and service quality research. But by now the reasons for the differences should be clear as should the reasons we need a different approach to study service quality.

### **Service Quality Research Methods**

Service quality research, to be effective, should address three problems:

1. The inability of customers to articulate needs that go beyond the current framework.
2. The inability of traditional research to identify impediments to service that arise out of systems that are already in place.
3. The need to overcome the artificially high score on satisfaction measures and to identify the source and nature of service quality problems.

Obviously, the traditional product research methods do not address the above problems. The question is: are there methods that fulfill these conditions? The answer is yes. Yet, paradoxically, the methods are not new. They have all been used in product research in different ways. The only difference is that these methods are chosen and used with specific purposes and in specific ways to overcome the limitations of run-of-the-mill service quality research.

While such techniques can be limited only by the imagination of the researcher, I would like to discuss a few techniques to demonstrate how they overcome the limitations of traditional research. Some of the techniques I would like to discuss are:

1. Depth interviews:  
    individual and group.
2. Problem Detection System.
3. Camera Eye Technique.
4. Segmentation.

The techniques are by no means exhaustive or even representative. The purpose of the discussion is simply to demonstrate how we can overcome the problems posed by service research.

In the next article, I will discuss these techniques, the rationale for using them in service research and the changes (to the techniques and/or interpretation) that are necessary to make the techniques relevant.