A Study on Nature of Services and customers' expectations and perceptions regarding service quality

Kumari Reena & Maithili R. P. Singh
[12]*Department of Management Central University of Rajasthan*

Abstract: *Service sector play a very significant role in the development of Indian economy. It has great contribution in the growth of GDP. To enhance the role of service sector more in economic development, there is must need to focus on the quality of services.*
Service quality is basically judgment of the customers, if needs and expectations of the customers fulfilled by the service provider then customers judgment is service quality is good otherwise not. This study deals with the nature of the services and perceptions and expectations of the customers regarding service quality and also focus on different gap models of service quality. Nature of services involves- perishability, intangibility, inseparability, heterogeneity and ownership. Service quality gap means difference between the expectations of the customers and their perceptions. Customers" expectations are those which customers expect from service providers and perception is their actual experience with services or which they received in real. This study also emphasizes on the different gap models of the service quality like Parasuraman"s gap model and lovelock"s gap model. Parasuraman"s gap model involves five gaps of service quality and Lovelock extends the Parasuraman"s five gaps to seven gaps.
Key Words: *Service Quality, Perceptions, Expectations, Service Quality Gap, customers.*

I. Introduction

Indian economic sector is basically divided in three sectors which are primary sector, secondary sector and last one is territory or service sector. Here we are going to discuss about service sector. First of all we understand the meaning of services. Many of authors giving different definitions of the services, some important definitions are followings-

Zithaml and Bitner defined services as „deed, process and performance". Here, deed means some kind of action of service provider, process is related with the steps involved in the provision of services and performance is basically the perception of customers regarding how well service has been delivered. Many industries or companies offer services to general public like IBM, Infosys etc. Banks, hotels, transport and hospital all are service based industries. They all are providing services to their customers such as banks provides services to their customers and in hospitals, doctor giving services to their patients, hotels provides room services.

According to Philip Kotler (1984), "service as an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may not be tied to a physical product". On the basis of the above definition of the service, we conclude that services are intangible in nature and these are offered by one or more persons to another person"s. Production of services is not related with the production of any physical product.

American marketing association in 1960, defined the services as, "activities, benefits, or satisfactions which are offered for sale, or provided in connection with the sale of goods".

Another definition which was given, by Regan (1963) is "services represent either intangible yielding satisfactions directly (transportation, housing etc.), or intangibles yielding satisfactions jointly when purchased either with commodities or other services (credit, delivery, etc.)". on the basis of this definition services are intangible and these services are provide satisfaction to the customers and these services are promoted in the market like a tangible product.

Robert Judd (1964) said service as "a market transaction by an enterprise or entrepreneur where the object of the market transaction is other than the transfer of ownership of a tangible commodity".

Gronross (1990), had given a definition of service. According to him, "a service is an activity or series of activities of more or less intangible nature that normally, not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solution to customer problems".

Services are different from the product, services are intangible in nature, these are can be felt by the customers and services are cannot be seen by the customers. Feeling and experience of the customers about

services are varying from person to person and that is the reason, satisfaction level of every customer is different. One customer is more satisfied and another is less satisfied with services of the same organization and to enhance the satisfaction level of the customers every service organization improve their service quality.

Service quality

Application of quality in services is called service quality. "Quality is especially difficult to define, describe and measure in services. While quality and quality control measures have long existed for tangible goods, few such measures have traditionally existed for services. In essence, quality is determined by imprecise individual factors: perception, expectations and experience of customers and providers, and, in some cases, additional parties such as public officials." (Brown et al., 1993)

To measure the service quality and customer satisfaction in service organization Parasuraman et al. develop a model of service quality in 80"s which is called SERVQUAL. This model is based on the perceived service quality and expectations of the customers from their service provider. On the basis of customer perceptions and expectation their satisfaction level is determined. This scale has five dimensions which involves 22 items which are related with service quality. Five dimensions of SERVQUAL are Tangibility, Responsiveness, Empathy, Assurance, and Reliability. Empathy and assurance contain items representing seven original dimensions-communication, credibility, security, competence, courtesy, understanding / knowing customers and access (Parasuraman, Zeithaml & Berry, 1988).

II. Review of Literature

Navneet kaur and Ravi Kiran (2015) studied the perception of the customers regarding e-banking services of public private and foreign banks. They found that foreign bank perform better than private and public banks on the basis of customers perceptions. They also found out the positive relationship between service quality, consumer satisfaction and customer loyalty. While compared the service quality and consumer satisfaction of public and private sector banks and customers" expectations and perceived service quality of banks in Chennai city of India They concluded that public sector banks needs to improve their service quality level and fulfil the expectations of the customers. Private sector banks also need to improve their assurance services (Franklin &Arul, 2014). Shalini Gautam and Akash Singh(2014) were analysed service quality gap of the foreign and public sector banks in Indian banking sector on the basis of five dimensions of the SERVQUAL. Results shows that public sector banks needs to improve their service quality because public sector banks not able to fulfil the expectations of their customers. Service quality gap is comparatively less in foreign banks than public sector. Appannan et al. (2013) were also emphasized on the service quality and customers perception in commercial banks of Penang in Malaysia They were considered three banks of Penang namely; public bank, CIMB bank, Maybank for the purpose of this study Results revealed that public bank provided better services than CIMB bank and Maybank according to customer"s perceptions. Linda Nalini Daniel, R.Alamelumangai (2013) were evaluates the perception of employees regarding service quality of public and private sector banks and they also compare their services. Results shows that public sector banks perform better in reliability services like confidentiality, courtesy and safety etc. than the private sector banks and private sector banks do well in tangibility or physical aspects of service quality and public sector banks also do well in responsiveness services than the private sector banks. When explored the SERVPERF scale of the service quality which was he used to measure the perception of the customers regarding service quality of rural retail banks of India. Results shows reliability and assurance was most important dimension to identify the service quality of rural retail banks. Findings also revealed that all the dimensions were significantly vary gender wise also (Mohd. Adil, 2013). Rahman et al., (2013) focused on service quality, customer expectations and perceptions in government owned banks of Bangladesh. Results show the service quality gap in assurance, empathy, tangibility and responsiveness but service quality gap was not available in reliability. S. Manimaran (2010) examined the dimensions of the service quality in commercial banks and also studied the direct and indirect impact of service quality on customer"s loyalty. Findings shows that service quality had not direct impact on customer loyalty but it had indirect impact through the customer satisfaction on the service quality. Ravi K. Dhar and Silky Vigg Kushwah (2009) were also compared the expectations and perceptions of the customers about service quality of public and private sector banks and they also try to identify the discrepancies between expectations and perception of customers. Results concluded that there is significant gap is available between customer"s perceptions and expectations and this gap is more in public sector banks. Mathur et al. (2008) studied the perception and expectations of the corporate customers regarding service quality of public and private sector banks. Study found that service quality of private sector banks were better than the public sector banks and public sector bank need to focus more on their service quality.

Objectives of Study

Objectives of the study are given below-

- To understand the nature of services.
- To examine the perceptions and expectations of the customers regarding service quality.
- To study the service quality gap models.

III. Research Methodology

This study is a conceptual study and purely review based study. I have study various research papers related to services and service quality and books relates to service marketing and after that I have reached on that findings and conclusion.
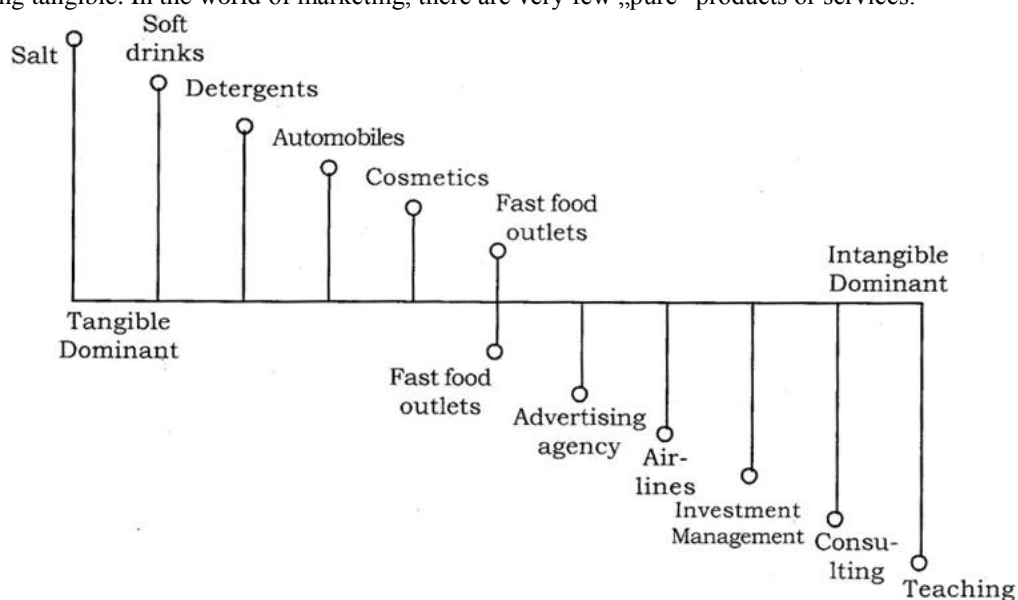
Nature of the services

Nature of services is different from the nature of products. Product can be stored, touch and can also transfer the ownership of the products, but in case of services it cannot be possible. There are basically five features of the services which are- perishability, intangibility, inseparability, heterogeneity and ownership. These are the features of services which distinguish them from goods. Understanding the nature of service marketing is very important because sometime service marketing managers used tangible products tools to solve out the service marketing problems (Verma, 2008).

Some basic characteristics of services are following-

1.) Perishability: Perishability of services means services cannot be resold, stored, returned or saved. Services are perishable in nature. These are cannot be stored like goods. Goods can be produced in advance and stored as inventories and when demand for those goods rise they sold out stored goods.

So, chances of losses in the business of services are more than the business of goods, because if goods are not consumed when these are produced then these can be stored but services are go waste, if these are not consumed at the time of production. For example- a train or airplane have capacity of 300 seats and demand is only for 100 seats then rest of seats are go waste but in case of goods, if demand is less than the supply then we can resell rest of goods after some time or in next demand.

2) Intangibility: intangibility of services means services cannot be touches, seen, smelt and tasted by the customers. Intangibility is very basic characteristic of the services and it differentiates the services from goods. Goods can be touched, smelt, seen and also tasted by the consumers. For example- when we buy fruits or vegetables, we can see their freshness, eat, smelt, touch and taste also but when we travel from one place to another, we cannot be touched, smelt, and taste the journey because journey is a service and which is intangible in nature. When consumer buy services they cannot get anything tangible, but in case of goods they must get something tangible. In the world of marketing, there are very few „pure" products or services.

Source: G. Lynn Shostack, "Breaking Free From Product Marketing", Journal of Marketing, Vol.

41, No. 2, April 1977, pp. 73-80.

Inseparability: Inseparability of the services means production and consumption of the services are occurred simultaneously. These are cannot be consumed separately like goods. Goods are produced in the factory and then supply to the consumers through the various supply channels from factory to consumers but services are consumed and produced at same time. For example-banking services consumed and produced at same time and teaching services also produced and consumed at same time in educational institutes, travelling is also consumed by the passengers when it is produced, in theatre entertainment services also consumed and produced at same time, services of beauty salon, health services or check-ups etc. are produced and consumed simultaneously. Performance of services required to be relatively decentralized so that the service can reached instantly to the customers in right locations and also because of their production and consumption occurred together, the customers are also involved in that and observes the manufacturing process and thus it may influence the contribution of the service transaction (Zeithaml & Bitner,2011).

Heterogeneity: Heterogeneity in services means two services are not same, these are different from each other. Because services are performances, these are very often produced by humans, two services will not be similar. The employees supplying the service regularly are the service in the eyes of the customers, and performances of the people may vary from day to day or hour to hour (Zeithaml & Bitner, 2011). For example- when patients visit to a doctor many times, their experience is varying every time. When customer visit bank many times and they face different employees every time then their behaviour and services are also different. Heterogeneity in services possible because no two customers have same demand, different customers has different experience, different demands and different needs. So, different services will offer to those customers on the basis of their need, preferences and experiences.
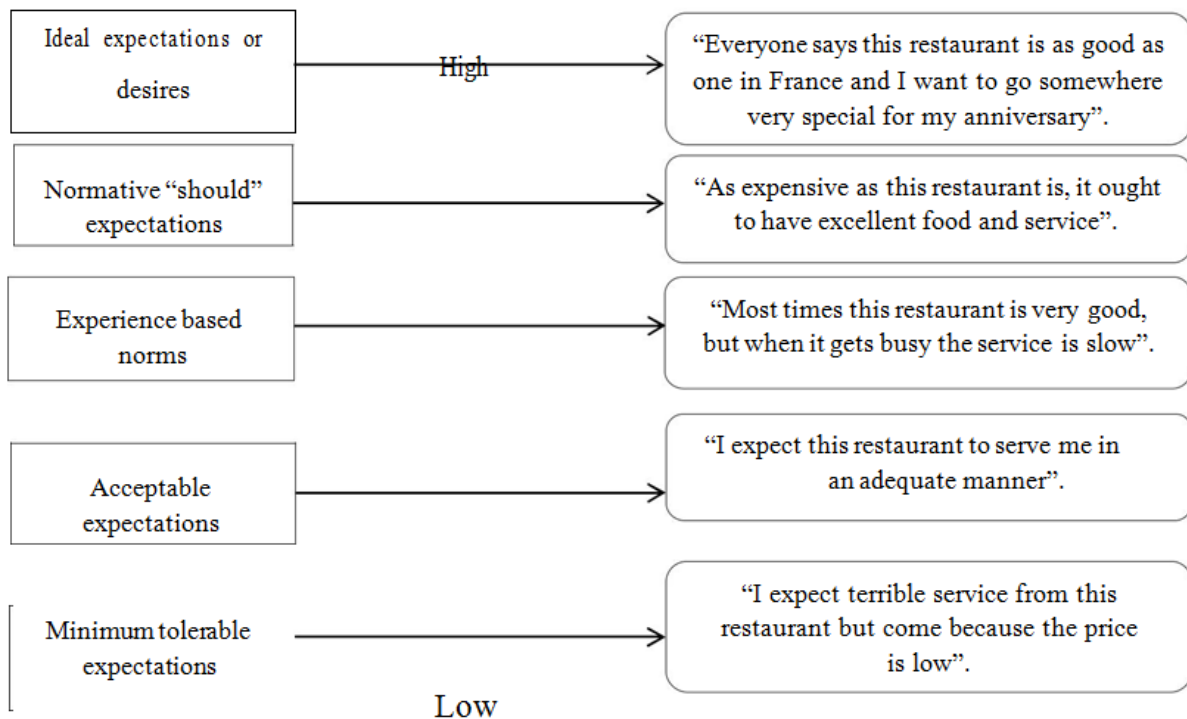
Ownership when customers buy goods then ownership of that good is also transfer to that customer or we can say that when customer buy goods then he becomes their owner but in case of services ownership cannot be transferred from one person to another person. For example-when customer a book, flat, television or laptop etc. then he becomes the owner of that thing but when a patient go to the doctor for health check-up or when passenger travel in train or airline then he is not able to be the owner of that service. Consumers made payment only for use or access of the services not for the transfer of the ownership. In case of goods transfer of ownership is possible but in case of service it cannot be possible.

Above mentioned features of the services differentiate them from the goods. These are the characteristics by which services receive special treatment from the marketers and make them unique.

Expectations of the Customers

Customer expectations are viewpoint about service delivery that work as standards or reference points against which performance is judged (Zeithaml & Bitner, 2003). Comparison of services are made with against to their expectations suppose, bank customers expect they receive prompt service from the bank employees and then they compared their actual service with their expected service delivery and by comparing the both of services, they make judgement about service quality. Expectations are vary from customer to customer. Expectations of customers regarding services have various levels. However, if the actual experience of customers with the services does not meet their expectations, customers are not satisfied by service quality and they may also complain for poor service quality, tolerate in silence, or they change providers in the future (Ganesh, Arnold & Reynolds, 2000).

R. K. Teas shows the customers" expectations from highest one to lowest, according to him ideal expectations are the highest expectations of the customers and minimum tolerable expectations are the lowest. Customers make comparison of their perceptions and expectations about service quality.

Ideal expectations or desires	→ High →	"Everyone says this restaurant is as good as one in France and I want to go somewhere very special for my anniversary".
Normative "should" expectations	→	"As expensive as this restaurant is, it ought to have excellent food and service".
Experience based norms	→	"Most times this restaurant is very good, but when it gets busy the service is slow".
Acceptable expectations	→	"I expect this restaurant to serve me in an adequate manner".
Minimum tolerable expectations	→	"I expect terrible service from this restaurant but come because the price is low".

Low

Source: Ideas drawn from R. K. Teas, "Expectations, performance evaluations and consumers perceptions of quality," *journal of marketing* 57 (October 1993), pp. 18-34.

Perceptions of the Customers

Perceptions of the customers are focus on the perceived service gap of the gap model. Perceptions of the customers are their real experience with the service delivery. Actual experiences of the customers are always examined relative to their expectations about service quality because expectations of the customers are dynamic, assessment may also shift over a period of time – from individual to individual and from one culture to another culture. Perceived services of the customers in terms of service quality and how they are satisfied with overall their experiences (Zeithaml & Bitner, 2003). Perception of the customers regarding service quality directly links with the customer satisfaction because if their perceived service quality is more than their expected service quality then they are satisfied otherwise not satisfied.

Service quality is basically difference between the expected service quality and perceived service quality. Service quality of the service organisation is may be good, neutral and bad, when experienced service quality exceeds expected service quality then service quality is good and customers are well satisfied but if perceived service quality is below than the expected service quality then service quality is bad and when service quality is existing in between of two then it is neutral. Suppose, when customers goes to a restaurant they expect they receive fast service and good food in this restaurant, if they received very fast service and very delicious food in that restaurant that means service quality of that restaurant is good and if they receive service very late and taste of food is also not good that means service quality of this restaurant is bad and service is existed in between of two that means their opinion about service quality of restaurant are neutral.

Service Quality Gaps Model
Various authors identify the different models but out of then two models are very popular which are Parasuraman, Zeithaml & Berry gaps model and Lovelock, Wirtz & Chaterjee gaps model.

Parasuraman, Zeithaml & Berry Gaps Model

Zeithaml, Berry and Parasuraman identify four possible gaps related to the service organization that may generate fifth and most important final gap- difference between what the customers expected and what they received in real. (Parasuraman, Zeithaml & Berry, 1988).
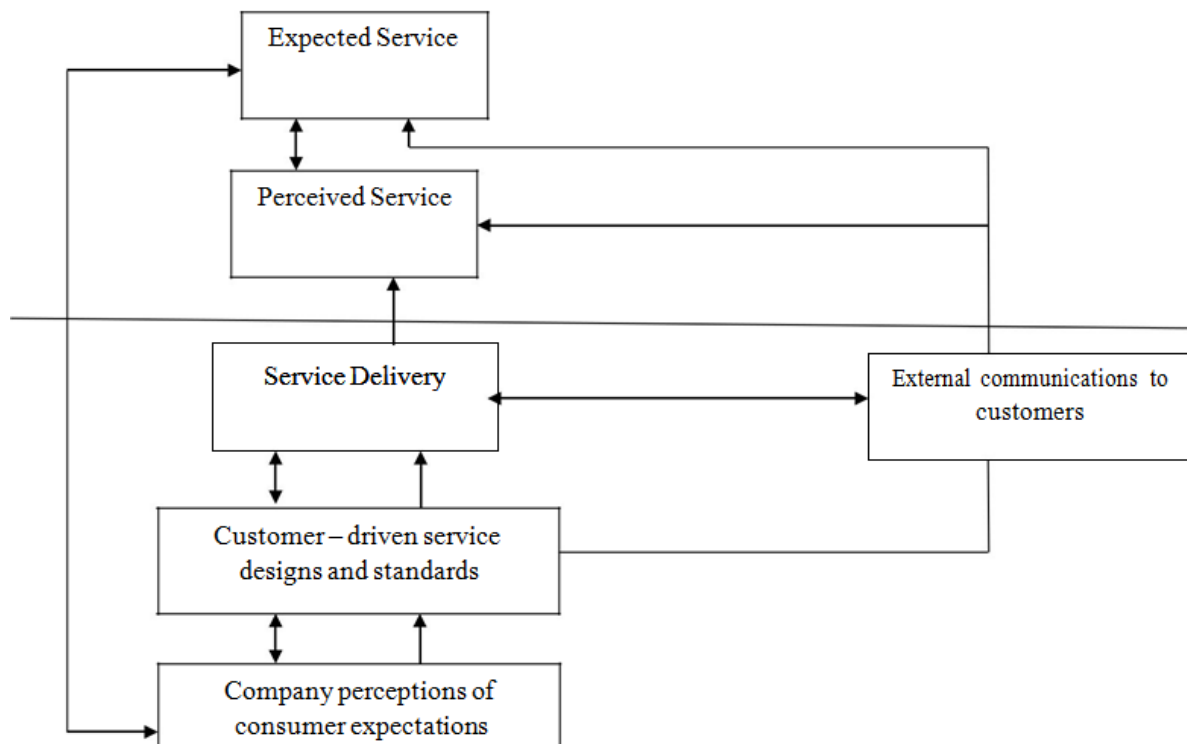
Source: Parasuraman, A., V.A. Zeithaml and L.L. Berry (1985), "A Conceptual Model of Service Quality and Its Implications For Future Research", Journal of Marketing, Vol. 49, pp.41-50.

Gap 1: Understanding Gap (Company Does Not Know or Understand About Customer Expectations)

Knowledge gap is also called understanding gap. This gap shows the difference between what consumers expect from management and management perception about consumers. Consumers" expectations are simply their needs and wants which they expect from service provider or management. Management unable to understand about exact need and wants of the consumers because of intangible nature of services. There are many reasons behind this understanding gap which are- lack of research in market place, many levels of management and may upward communication is not adequate.

Gap 2: Standards Gap (Company Does Not Have Right Standards of Service Quality)

Standards gap is about setting some benchmarks or standards of service quality. In this gap, management may exactly understand the need and wants of the consumers but they unable to fulfill their need and wants. For example consumers want individual attention from management but in large size of organizations it is very difficult. So, in that kind of situations standards gap is occurred. Standards for service quality are very essential for the growth of organization. Organizations must need to establish some standards for providing prompt service delivery, individualized attention etc.

Gap 3: Delivery Gap (Company Unable to Deliver Right Standard of Service Quality)

In this Gap, management established standards or specifications for service quality but problem is that service is not delivered according to those standards. For example- a fast food restaurant set some service delivery standard like deliver food at home within thirty minutes but they failure in deliver food within thirty minutes, this is called delivery gap. Delivery gap is arising because of inefficient staff, lack of team work, lack of technology, lack of resources etc.

Gap 4: External communication Gap (Promises Made by Company Does Not Match With Performance)

External communication gap is also called promotional gap. Every company promote their products through advertising, publicity, their sales force communicate with consumers etc. and they make some promises though this communication but when consumer actually buy that services then services delivered is not match with the promised or communicated service quality. For example- every online shopping site promised for genuine and original product bur customer sometime got unimaginative product from them. Sometime prices are different, quality is different, and they may deliver service in more time than they communicated.

Gap 5: Perception Gap or Service Quality Gap (Gap between service expected by consumers and service perceived by consumers)

Every consumer have some expectations from their service provider but when their actually perceived service is different from their expectations then this gap will occurred. For example-consumer expect from bank they receive prompt but banks service delivery process is too slow. One another example is consumers expect their service provider help them when they are in problem but service provider not is not helps them. When expectations of the consumers are more than their perceived service then they are dissatisfy with the service quality of service provider and if their expectations are less than their perceived service then they are satisfied with the service quality of their service provider.

Parasuraman, Zeithaml & Berry propounded a model of service quality in 1985 which is known as SERVQUAL. It is an instrument which is used to measure the service quality of service sector. Initially they are find out the ten dimensions of service quality or SERVQUAL model which are- tangible, responsiveness, reliability, competence, communication, courtesy, credibility, access, security and understand the consumers. Later, they found out the correlation between five variables- competence, courtesy, security, credibility and between other two variables- access and understand the consumers, then they sum up these seven dimensions in to two variables which are- assurance and empathy.

Lovelock, Wirtz & Chaterjee Gaps Model

Lovelock, Wirtz & Chaterjee(1988) extended the gap model developed by Parasuraman, Zeithaml & Berry in 1985. Their five types of gap were extended in seven gaps which can happen during delivery of service. Gap 6 and 7 were propounded by lovelock, Wirtz and Chaterjee.
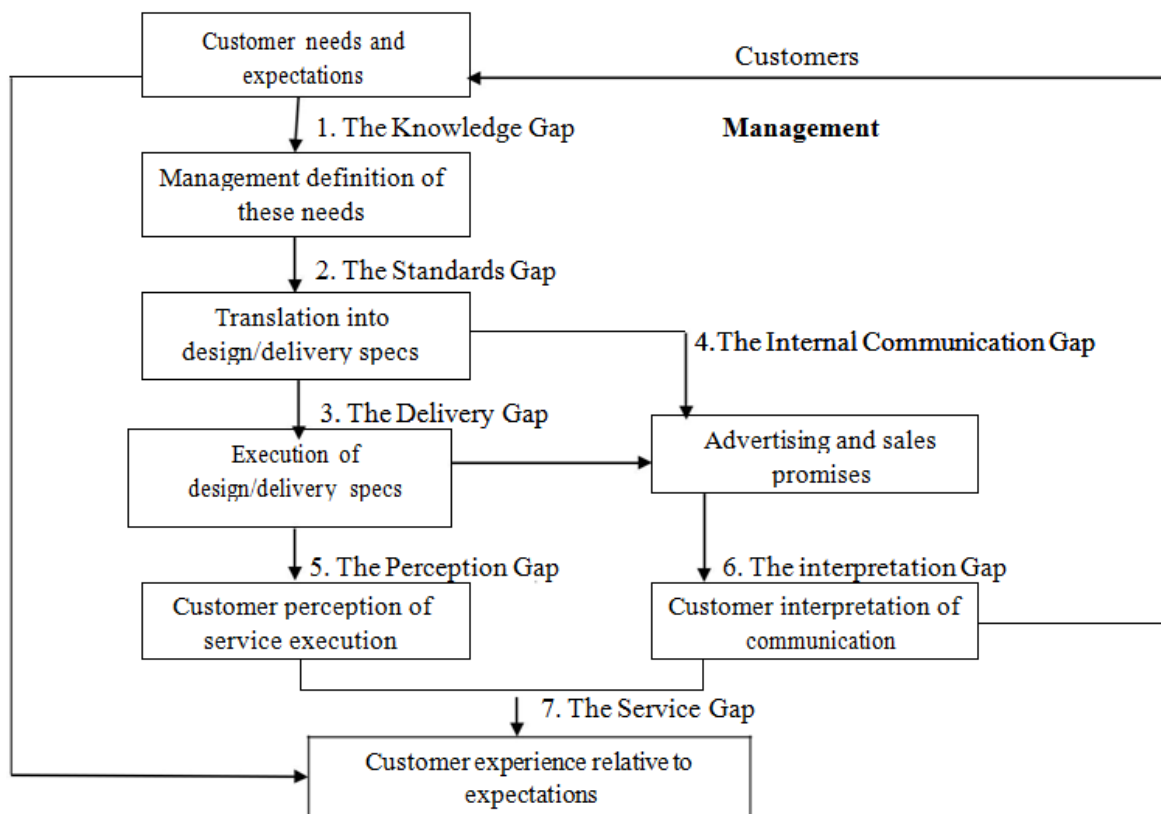
Source: "Services Marketing: People, Technology, Strategy", Christopher Lovelock, Jochen Wirtz, Jayanta Chatterji, Sixth Edition, Pearson, 2010, Pg 407

Gap 1: Knowledge Gap (Difference between expectations of consumer and perception of management)

Knowledge Gap is that when service provider not understand the need and wants of the customers. This gap is basically related with what service provider got customer expectations and what are the actual expectations of customers. Service provider thinking is different from their customer about service quality.

Gap 2: The Standards Gap (Gap between management perception about customer expectations and specification of service quality).

This Gap deals with the perception of the management about customer expectations and their standard of service delivery. Sometime management able to understand the customer expectations but they have not some standards to fulfil their expectations. Here, management need to establish some standard to fulfil the expectations of customers

Gap 3: Service Delivery Gap (Gap between specification of service quality and service delivery)
His Gap related with the discrepancy between service quality standards and their delivery to customers. Company set some standards of service quality but management unable to deliver service according to those standards.

Gap 4: Internal Communication Gap (Gap between delivered service and service communicated to consumers)
Communication Gap means company communicates something different and consumer gets something different. Company told about product features and product descriptions through the advertising, publicity but they deliver different from them.

Gap 5: Perception gap (Discrepancy between Customers" Expectations and their Real Experience or Perceptions)
Perception gap emphasized on expected service quality and perceived service quality. Every customer expect they got good service from their service provider but their real experience is not good as their expectations, this difference or Gap is known as Perception gap.

Gap-6: Interpretation Gap (Gap between actual promise made by service provider and interpretation of these promises by consumers)
This gap is related with the wrong interpretation of promises by consumers which were made by service provider before the service delivery. Sometime organization made some promises before service will actually delivered but consumers interpret them in wrong way. For example- some time companies give some offers to the consumers like up to 50% off but consumers interpret it as flat 50% off.

Gap 7: Service Gap (Gap between customer expectations and real experience)
This gap is related with the expectations of customers from their service provider and their real experience of service delivery. The service gap is the discrepancy between customers expectations about receive and their perception regarding service that is delivered in real (Lovelock, Wirtz & Chatterjee, 2007).

IV. Conclusion

Services are perishable and intangible in nature and these are inseparable because they are produce and consume at same time. No two services have same kind, these are different from each other and ownership cannot be transferred from one person to another. Expectations of the customers also vary from customer to customer and culture to culture. These expectations are ranging from high to low, ideal expectations are high level expectation and minimum tolerable expectations are low level expectations. Perceptions of the customers regarding service quality are the comparisons of their expectations and their real experience, in other word perceptions are basically their actual experiences which they face at the time of service delivery. Difference between the expectations and perceptions is known by service quality gap. Here, two gap models are discussed which are Parasuraman"s gap model and Lovelock"s gap model. Parasuraman explain the five kind of gaps and Lovelock extend these five gaps to seven gaps.

References

[1]. Adil, M. (2013). Modelling effect of perceived service quality dimensions on customer satisfaction in Indian bank settings. *International Journal of Services and Operations Management*, *15*(3), 358-373.
[2]. Appannan, S., Doraisamy, B., & Hui, T. X. (2013). CUSTOMER PERCEPTION ON SERVICE QUALITY OF COMMERCIAL BANKS: A CASE STUDY IN PENANG, MALAYSIA. *Academic Research International*, *4*(5), 459.
[3]. Brown, T. J., Churchill, G. A., & Peter, J. P. (1993). Improving the measurement of service quality. *Journal of retailing*, *69*(1), 127-139.
[4]. Daniel, L. N., & Alamelumangai, R. (2013). EMPLOYEE PERCEPTION OF SERVICE
[5]. QUALITY: A COMPARISON BETWEEN PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS IN KARNATAKA, INDIA. *Annamalai International Journal of Business Studies & Research*, *5*(1).
[6]. Franklin, L. L., & Arul, H. (2014). A Comparative Study On Customers" Satisfaction In Service
[7]. Quality Dimensions Among Public Sectors Banks And Private Sectors Banks In Chennai
[8]. City. *International Journal of Business Quantitative Economics and Applied Management Research*, *1*(6), 41-55.

[9]. Ganesh, J., Arnold, M. J., & Reynolds, K. E. (2000). Understanding the customer base of service providers:

[10]. An examination of the differences between switchers and stayers. *Journal of marketing*, *64*(3), 65-87.

[11]. Gautam, S., & Singh, A. (2014). To Identify Service Quality Gaps in Banking Sector: A Comparative Study of Public Sector Banks and Foreign Banks. *Global Journal of Finance and Management*, *6*(5), 439-444.

[12]. Gronroos, C. (1990). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of business research*, *20*(1), 3-11.

[13]. Judd, R. C. (1964). The Case for Redefining Services. *Journal of marketing*, *28*(1).

[14]. Kaur, N., & Kiran, R. (2015). E-banking service quality and customer loyalty: Changing dynamics of public, private and foreign bank consumers in India. *Global Business and Management Research*, *7*(1), 74.

[15]. Kotler, P. (2009). *Marketing management: A south Asian perspective*. Pearson Education India.

[16]. Lovelock, C. and Wright, L., 2001. *Principles of service marketing and management*. Prentice Hall.

[17]. Lovelock, C. (2011). *Services marketing: People, technology, strategy*. Pearson Education India.

[18]. Banks. *Journal of marketing & Communication*, *6*(1).

[19]. Manimaran, S. (2010). Linkage Between Service Quality and Customers Loyalty in Commercial

[20]. Mathur, G., Chakraborty, A., Vigg, S., & Holani, U. (2008). Service Quality Perception of Corporate towards Private and Public Banks. *Journal of Marketing & Communication*, *4*(1).

[21]. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual. *Journal of retailing*, *64*(1), 12-40.

[22]. Rahman, M. T., Chowdhury, M. S. R., & Kabir, M. R. Customer Perceptions and Expectations Regarding Service Qualities in Govt. Owned Commercial Banks of Chittagong City-A Study on Janata Bank Limited, Bangladesh.

[23]. Regan, W. J. (1963). The service revolution. *The Journal of Marketing*, 57-62.

[24]. Shostack, G. L. (1977). Breaking free from product marketing. *The Journal of Marketing*, 73-80.

[25]. Verma, H. V. (2012). *Services Marketing: Text and Cases, 2/e*. Pearson Education India.

[26]. Wilson, A., Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2012). *Services marketing: Integrating customer focus across the firm*. McGraw Hill.

[27]. Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering quality service: Balancing customer perceptions and expectations*. Simon and Schuster.