

MEASURING SERVICE QUALITY BY USING SERVQUAL SCALE -A STUDY ON CONCORDE TATA MOTORS

Dr. I. Anand Pawar

(Dept. of Commerce, Dr. B.R.Ambedkar Open University, Hyderabad-33, Telangana)

N. Geetha

(Faculty of MBA, Chaitanya PG College, Warangal-506002, Telangana)

Abstract:

This paper aims to measure the quality of service provided by an automobile dealer using the Parasuraman et al. (1988) SERVQUAL scale. Further, it is to determine how well service level is delivered and how it matches customer expectations on a consistent basis. The sample consists of 50 respondents who have availed automobile services from Concorde TATA Motors -a premier automobile dealer in Hyderabad city. For measuring service quality there are 22-item measurement instrument called SERVQUAL has been used for assessing customers' perceptions of service quality in automobile organizations. The study reveals that respondents give assurance as the utmost importance while going for automobile service followed by reliability, responsiveness, tangibility and empathy.

Key words: Perceived service quality, service performance, customer satisfaction.

INTRODUCTION

Services as commodities that cannot be stored or disappear in use, or as activities that require personal contact. The distinct characteristics of services are intangibility, perishability, heterogeneity of the product, and simultaneity of production and consumption. Two economic units are required for a service to be produced - the consumer and the producer. While the consumer cannot retain the actual service after it is produced, the effect of the service can be retained. Managing a service operation requires the manager to understand the service concept, service delivery system, and service levels. As the consumer has a key role in the definition and evaluation of all three elements, it is imperative that service managers have a clear understanding of consumer expectations and perceptions. Services may be provided by private or public agencies. These characteristics enhance the importance of certain marketing strategies that are unique to services marketing, such as service customization, managing evidence, making the service tangible, and

synchronizing supply and demand patterns. When all these features possesses, service quality can be ensured.

Service Quality: Quality is a strategic tool for attaining operational efficiency and improved business performance. Importance of quality to service firms and have demonstrated its positive relationship with profits, increased market share, returns on investment, customer satisfaction, and future purchase intentions. Service quality has been described as a form of attitude, related but not equivalent to satisfaction, which results from the comparison of expectations with performance (Parasuraman, Zeithaml and Berry 1988). Service quality involves a comparison of expectations with performance: it is a measure of how well the service level delivered matches customer expectations on a consistent basis. Service quality has been conceptualized as a function of consumer expectations towards the service situation and process, and of the output quality they perceived themselves to have received.

Measurement Perspectives: Measurement is a necessary step towards devising any action plan. However, because of its elusiveness and indistinctness, explication and measurement of quality also present problems for researchers, who often bypass definitions and use one-dimensional self-report measures to capture the concept. The emergence of service quality and its assessment has attracted the attention of numerous researchers in the past two decades or so. In this sense, there are two main lines of thoughts on measuring service quality (i) an American and (ii) a European perspective. The focus on functional quality attributes is referred to as the American perspective of service quality while the European perspective suggests that service quality considers two more components. The European perspective considers the quality of a service as perceived by customers consists of three dimensions: functional (the process of service delivery to customers), technical (the outcomes generated by

the service to the customers), and image (how the customers view the company). Considering those dimensions, the quality of the service is dependent upon two variables: (i) the expected service and (ii) the perceived service. Functional quality of a service is often assessed by measures of customers' attitudes, as in customer satisfaction questionnaires. The process of identifying customers' attitudes begins with determining customers' requirements or quality dimensions. The author explains two ways of identifying important quality dimensions of services: quality dimension development approach and critical incident approach.

The five key gaps or discrepancies on the service provider's side that are likely to affect consumers' perceptions of service quality are:

Gap -1: Consumer expectation-management perception gap, which is the gap between consumer expectations of service quality and management perceptions of these expectations.

Gap -2: Management perception-service quality perception gap, that is, the gap between management perceptions of consumer expectations and the firm's service quality specifications.

Gap -3: Service quality specifications-service delivery gap, the gap between service quality specifications and actual service quality.

Gap -4: Service delivery-external communications gap, or the gap between actual service delivery and external communications about the service.

Gap -5: Expected service-perceived service gap, which is the gap between expected service and perceived service. Applications of the SERVQUAL scale have been made to measure service quality in hospitals, hotels, travel and tourism, telecom companies, insurance companies and banks, business school placement centre, retail stores and acute care hospital physicians, dentists, attorney, financial and banking institutions, laundry/dry cleaning and automobile companies.

About Concorde TATA Motors

Concorde Tata Motors - a fully owned subsidiary of Tata Motors (India) Ltd with state of the art infrastructure and an ISO 9001:2008 company!! Established in 1997, Concorde Motors (India) Ltd has completed more than a decade of operations as a pioneer dealership. It has succeeded in setting a network standard that has been a benchmark amongst all automobile dealerships. Concorde Motors employs 1300+ employees and had a turnover of 794 crores last fiscal year. Geographically located in 6 prime locations - Hyderabad, Bangalore, Chennai,

Cochin, Delhi & Mumbai, we at Concorde believe in giving you the best in terms of Service Quality & Customer experience. With 14 showrooms & 12 workshops, we provide our valued customers a wide choice of cars ranging from a small car to a Lifestyle vehicle in the TATA-FIAT portfolio. We have commenced the "Tata Motors Assured" used car business in the last fiscal year.

Tata Motors Limited is India's largest automobile company, with consolidated revenues of INR 1, 65,654 crores (USD 32.5 billion) in 2012-13. It is the leader in commercial vehicles in each segment, and among the top in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. It is also the world's fourth largest truck and bus manufacturer. The Tata Motors Group's over 55,000 employees are guided by the mission "to be passionate in anticipating and providing the best vehicles and experiences that excite our customers globally." Performance is an extremely important criterion that relates to organizational outcomes and success. Among the most commonly accepted theories of job performance comes from the work of John P. Campbell and colleagues. Coming from a psychological perspective, Campbell describes job performance as an individual level variable. That is, performance is something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance which are higher level variables.

Concorde Motors-Today

- Concorde has succeeded in establishing a network standard that has been a benchmark amongst all Automobile dealerships. Caters to Sales, Service & Spare parts of Tata Cars. 14 show rooms, 12 workshops with a show room + workshop area in excess of 5 lakhs sq.ft in 5 cities.
- Corporate dealership-100% subsidiary of TML. An ISO 9001:2008 company. Turnover of 794 crore last fiscal, workforce of 1300 and more. Completed more than 10 years of successful operations -experience & expertise in customer care-100000+ customers.
- Began its journey towards excellence by submitting its first Tata Business Excellence Model Application and underwent the TBEM Assessment in 2009.
- CMIL has been consistently winning numerous awards from Tata Motors since its inception. The trend continued last fiscal with the company bagging the Top Awards.

REVIEW OF LITERATURE

Parasuraman, Zeithaml and Berry (1985) emphatically pointed out that the concept of quality prevalent in the goods sector is not extendable to the services sector. Being inherently and essentially intangible, heterogeneous, perishable, and entailing simultaneity and inseparability of production and consumption, services require a distinct framework for quality explication and measurement. As against the goods sector where tangible cues exist to enable consumers to evaluate product quality, quality in the service context is explicated in terms of parameters that largely come under the domain of 'experience' and 'credence' properties and are as such difficult to measure and evaluate the service quality.

One major contribution of Parasuraman, Zeithaml and Berry (1988) was to provide a these definition of service quality. They defined service quality as 'a global judgment, or attitude, relating to the superiority of the service', and explicated it as involving evaluations of the outcome (i.e., what the customer actually receives from service) and process of service act (i.e., the manner in which service is delivered). In line with the propositions put forward by Gronroos (1982), Parasuraman, Zeithaml and Berry (1985, 1988) posited and operationalized service quality as a difference between consumer expectations of 'what they want' and their perceptions of 'what they get.' Based on this conceptualization and operationalization, they proposed a service quality measurement scale called 'SERVQUAL.' The SERVQUAL scale constitutes an important landmark in the service quality literature and has been extensively applied in different service settings. Lowndes and Dawes (2001) have found that Service quality is commonly thought to comprise of five generic dimensions - responsiveness, assurance, tangibles, empathy and reliability. These dimensions form the basis for service measurement tool SERVQUAL. This tool predominantly focused on customer perceptions and expectations of quality and helps the organizations to improve upon their service quality resulting in greater customer retention.

Jain and Gupta (2004) have done a comparative analysis of two major service quality measurement scales: SERVQUAL and SERVPERF. An ideal service quality scale is one that is not only psychometrically sound but is also diagnostically robust enough to provide insights to the managers for corrective actions in the event of quality shortfalls. This study assesses the diagnostic power of the two service quality scales. Using data collected through

a survey of consumers of fast food restaurants in Delhi, the study finds the SERVPERF scale to be providing a more convergent and discriminate valid explanation of service quality construct. However, the scale is found deficient in its diagnostic power. One should employ the SERVPERF scale should also be the preferred research instrument when one is interested in undertaking service quality comparisons across service industries. Salime Mehtap (2005) has analyzed and compared service quality in the commercial banking sector of a small island economy - Cyprus. The author with others investigated the relationship between overall bank customer satisfaction in the Turkish- and Greek-speaking areas of Cyprus and positive word-of-mouth about their banks. There is disparity in the banking sector of a divided Cyprus, where banks in the South have undergone significant restructuring before EU accession and banks in the North are affected by the economic crisis and need to restructure if they want to join the EU. After descriptive and factor analysis, multivariate regression was used to estimate the impact of service quality dimensions on overall customer satisfaction and word of mouth.

Prajapati and Kachwala (2006) in their study have found out that the delivery of information i.e. knowledge transmission in the case of Management Education Institutes (MEI) is intangible in nature. Therefore, the inputs in terms of delivery of this knowledge - faculty, equipment and the entire environment and infrastructure are very important for quality. A gap was found between the quality rendered by faculty and service provider, and quality required by students. Cauchick Miguel et al (2007) have highlighted the fact that competitiveness and search for profits have called for more attention towards customer's satisfaction and increased organizations interest in service quality. Saravan and Rao (2007) have highlighted that in service firms the practitioners are interested to know the customer perceptions of service quality for identifying shortfalls and improving service delivery. This study has analyzed the discrimination among the three groups (customer oriented, employee oriented and technology oriented) of overall service quality from the customers' perspective. The results indicate that both the technological factors and the people-oriented factors appear to contribute more in discriminating the three groups of overall service quality.

Swaid and Wigand (2007) in their study have found that to satisfy and retain customers the organization has to offer a superior service quality.

on the basis of the responses received to reach the objective.

Mean scores: mean score can be represented by the following formula:

$$\text{Mean Score} = \sum S_n * FN / N.$$

Where, S_n = score awarded to a particular point of the scale (1 to 5) FN = frequency of that point, i.e. number of respondents in favour of that point N = number of respondents, i.e. (20 or 15). The satisfaction is measured amongst the various parameters of the total experience. The parameter scoring the mean is the most satisfying to the customer, and the parameter with the lowest mean score is the least satisfying.

RESEARCH FINDINGS

Table -1 shows the results of the unweighted SERVQUAL scores. The unweighted average of the SERVQUAL scores is a positive integer implying that the respondents' expectations of automobile services have been fully met by. Examining each of the five dimensions, the SERVQUAL scores are all positive suggesting that there is no gap between the respondents' expectations of what the automobile services should be and their perceptions of the service quality actually offered by Concorde TATA Motors. The service quality of the reliability dimension was the highest with an average unweighted score of 0.548 while the lowest was for empathy with score of 0.36. The results point towards the need for Concorde TATA Motors to formulate management policies such as training of staff to give individual customer attention and to understand the specific needs of the customers. When respondents were asked to allocate 100 points across the five SERVQUAL dimensions reliability emerged as the most important SERVQUAL dimension followed by reliability, responsiveness, tangibility assurance and empathy, as shown in table-2.

This suggests that Concorde TATA Motors automobile service users place more emphasis on the reliability, responsiveness and physical facilities, appearance of Concorde TATA Motors rather than assurance and empathy. This is probably because most Concorde TATA Motors automobile service users want prompt service (due to shortage of time) as a measure of reliability. The weighted service quality scores are shown in table -3. The weighted average value which took into account the weights attached to the five dimensions indicates that in there is no shortfall in services provided. The levels of expectation and perception among the respondents with respect to the five dimensions were also

examined and are shown in table-4. The level of expectation was highest for reliability and lowest for responsiveness, while for perception of service quality of Concorde TATA Motors, the highest score was again for reliability and the lowest for responsiveness. The dimension scores are as presented in table-5. The scores show that respondents give assurance the utmost importance while going for automobile service followed by reliability, responsiveness, tangibility and empathy.

IMPLICATIONS

The findings of this study have important practical implications to management with regard to quality services of the Concorde TATA Motors. This study demonstrates the usefulness of the SERVQUAL approach as a measure of service quality. The results of the study indicate that the SERVQUAL scale could make a valuable contribution by enhancing the understanding of the perceived service quality of automobile services. The measurement scale also serves to identify symptoms and the underlying problems that inhibit the effective provision of quality services in automobile sector. Once the attributes of automobile services from the customers' perspective are more clearly known and understood, its service providers will be in a better position to anticipate consumer requirements rather than to react to consumer dissatisfaction.

The attributes of reliability, responsiveness and assurance have been identified by respondents to be the most important dimensions of service quality. These dimensions have been assigned the highest weights by the respondents thus bringing out the fact that Concorde TATA Motors should focus more on these aspects. Empathy and tangibility are found to have the lowest weighted SERVQUAL scores. This brings out that Concorde TATA Motors management should improve upon the tangibility aspects like improving physical facilities. It should provide individual customer attention and understand the specific needs of the individuals. In view of the intense competition in the automobile sector with the coming of new competitor like Malik Motors it is imperative that the management of Concorde TATA Motors carryout more research to discover any shortfalls in service quality and to take necessary corrective measures in case of a shortfall. This could ensure that the service quality of Concorde TATA Motors provides the best to its consumers in order to compete effectively. As the consumer plays a key role in the definition and evaluation of the quality of automobile services offered, managers of Concorde

TATA Motors should incorporate consumer expectations and perceptions in the formulation of effective long-term marketing strategies.

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Table-1 Unweighted SERVQUAL Score

SERVQUAL Dimension	Unweighted SERVQUAL Score
Average Tangibility score	0.455
Average Reliability score	0.548
Average Responsiveness score	0.54
Average Assurance score	0.8
Average Empathy score	0.36
Total	2.703
Average Unweighted SERVQUAL Score	0.5406

Table-2 SERVQUAL Dimension

Dimension	No. of points allotted out of 100 points
Tangibility	20
Reliability	30
Responsiveness	21
Assurance	15
Empathy	14

Table -3 Average Weighted SERVQUAL Scores

SERVQUAL Dimension	Score from Table-1 (A)	Importance Weights (Score from Table-2) (B)	Weighted Scores A*B
Average Tangibility score	0.455	19.8	9.009
Average Reliability score	0.548	31.64	17.338
Average Responsiveness score	0.54	21.72	11.728
Average Assurance score	0.8	14.92	11.936
Average Empathy score	0.36	14.22	5.119
		Total	55.13
		Average Weighted SERVQUAL Score	11.026

Table -4 Perception score Vs. Expectation score

SERVQUAL Dimension	Perception score	Expectation score
Tangibility	22.14	20.32
Reliability	26.7	23.96
Responsiveness	20.26	18.1
Assurance	22.64	19.44
Empathy	25.42	23.62

Table -5 Average Dimension score

SERVQUAL Dimension	Average Dimension score
Tangibility	22.75
Reliability	27.4
Responsiveness	27
Assurance	40
Empathy	18