

Dimensions of Service Quality

- **Reliability**
 - Perform promised service dependably and accurately
- **Assurance**
 - Ability to convey trust and confidence
- **Tangibles**
 - Appearance of physical facilities and quality of facilitating goods
- **Empathy**
 - Approachability, caring and sympathy shown during service encounters
- **Responsiveness**
 - Willingness to help customers promptly

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7

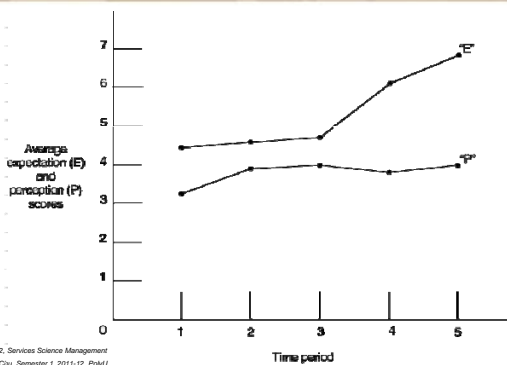
SERVQUAL

- Expectation Section (Examples):
 - They should have up-to-date equipment
 - Their physical facilities should be visually appealing
 - Their employees should be well dressed and appear neat
 - The appearance of the physical facilities of these firms should be in keeping with the type of services provided
- Perception Section (Examples):
 - ABC has up-to-date equipment
 - ABC's physical facilities are visually appealing
 - ABC's employees are well dressed and appear neat
 - The appearance of the physical facilities of ABC is keeping with the type of services provided

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8

Tracking Expectations and Perceptions for Reliability



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9

Service Equal Profits



Would higher service quality always equal to more profit?

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10

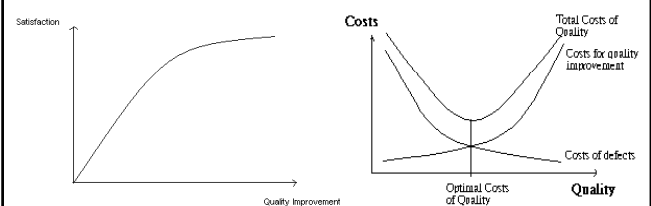
Customer Value Equation

$$\text{Value} = \frac{\text{Explicit Service (Results Produced)}}{\text{(Price)}} + \frac{\text{Implicit Service (Process Quality)}}{\text{(Costs of Acquiring the Service)}}$$

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11

The Cost of Quality

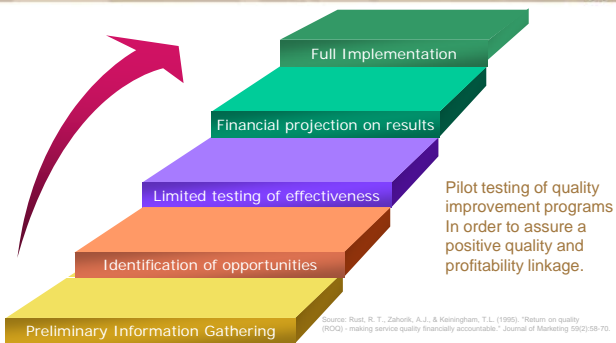


- Factors affecting profitability of quality improvement
 - Marginal return of satisfaction, Costs structure for quality, improvement, Economy, Competitors, Customer segments, Company resources

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12

The Return on Quality Approach



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13

The Balanced Scorecard

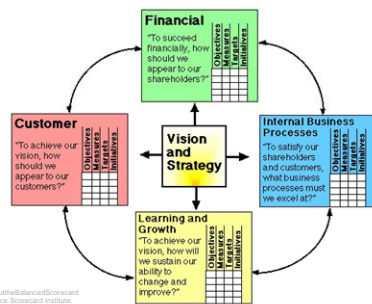
- Financial data reports only historical results
- Budgets would help to predict future performance but only limited to the monetary terms
- The Balanced Scorecard approach (Kaplan and Norton, 1996) measures different activities of an organization in order to project the relative future opportunities
- The measurements integrate financial data with the internal and external environment in an attempt to align operations to strategies of an organization
- Most of the Fortune 500 companies report their performance in terms of the Balanced Scorecard approach nowadays

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The Balanced Scorecard Approach

- Different facets of the Balanced Scorecard in aligning vision and strategy of an organization

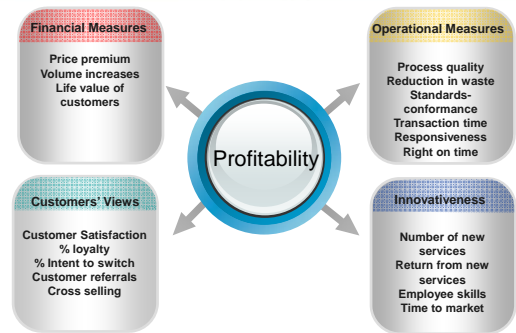


Source: <http://www.balancedscorecard.org/BSCResources/AbouttheBalancedScorecard/AboutBSCDefault.aspx> [accessed 31 May, 2008] Balanced Scorecard Institute

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15

The Balanced Scorecard Measurements



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16

Expectations and Perceptions

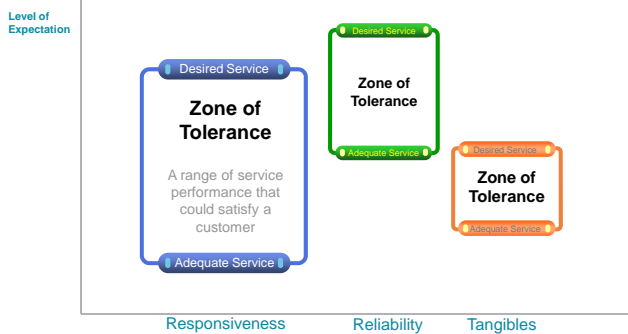
- Customer expectations
 - beliefs about service delivery that serve as standards or reference points against which performance is judged
- Customer perceptions
 - subjective assessments of the actual service experiences

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Dual Customer Expectation Levels



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Factors That Influence Desired Service

- **Lasting Service Intensifiers**
 - Personal philosophy that adjusts the level of desired service
- **Personal needs**
 - Physical or psychological requirements as desired by the customer at particular time

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Factors That Influence Adequate Service

- **Temporary service intensifiers**
 - Short term or emergency needs
- **Perceived service alternatives**
 - Acceptable alternate service providers
- **Self-perceived service role**
 - Customer's self confidence in performing his/her role during the service
- **Situational factors**
 - Confidence in service provider under particular situation
- **Predicted service**
 - Beliefs about the level of service likely to receive base on past experience, word of mouth, and implicit services

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21

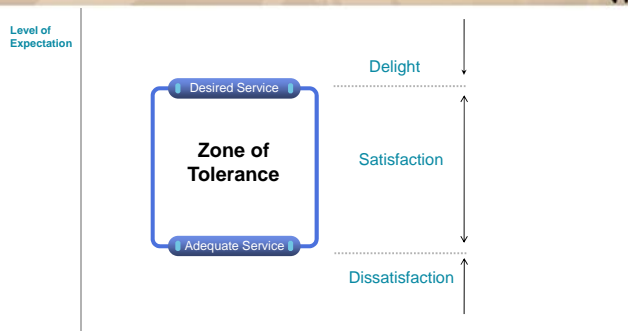
Disconfirmation of Satisfaction

- **Measuring the differences between expectation and perception**
- **Satisfaction**
 - Perception = Expectation (within the zone of tolerance)
- **Dissatisfaction (negative confirmation)**
 - Perception < Expectation
- **Delight (positive confirmation)**
 - Perception > Expectation

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Perception and Satisfaction

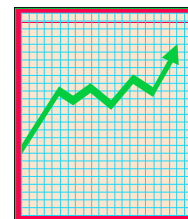


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Outcomes of Customer Satisfaction

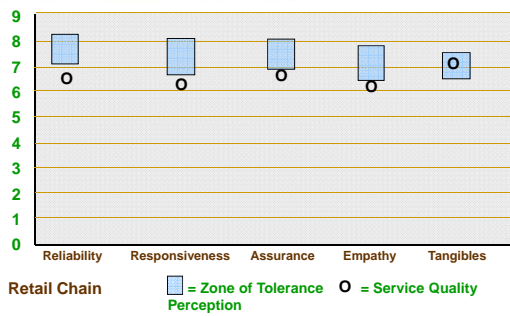
- Increased customer loyalty
- Positive word-of-mouth communications
- Increased revenues and profits



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Tracking the Zones of Tolerance for Service Quality



Retail Chain

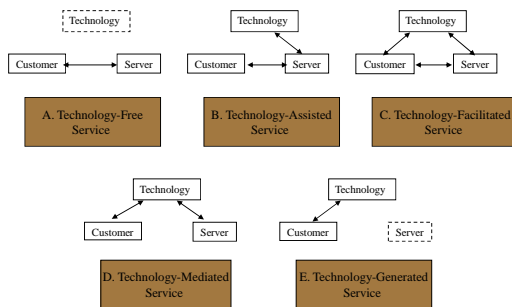
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Technology in Service

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Role of Technology in the Service

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Service and Technology

- Internet as a service
- Potential for new service offerings
- New ways to deliver service
- Enabling both customers and employees
- Extending the global reach of services

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Economics of e-Business

- Sources of Revenue:
 - Transaction fees
 - Information and advice
 - Fees for services and commissions
 - Advertising and listing fees
- Ownership
 - Customer relationship
 - Customer data
 - Customer transaction

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Pros and Cons of SST on Services

- Advantages of applying technology
 - Provide alternative choices for customers
 - Higher consistency than interpersonal alternative
 - Significantly added values for customers
- Disadvantages of applying technology
 - Poor design and difficult to use
 - Customers could not fulfill their roles
 - Deferred service recovery

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Internet as a Key SST Channel

- The relative importance of internet for an organization still largely depends on the nature of its products, services, and buyer behavior of its target audience
- Consumer who already has knowledge of a company is more likely to trust the company's online presence
- Loyalty can decrease because customers can easily access and trial the offerings by other competitors on the internet

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Mixed-mode Service Delivery

- Online and offline interaction in completing a service
- Industry restructuring through collaboration of intermediaries across a wide geographic presence either through disintermediation or reintermediation

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Managing Online Services

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People

- How an organization's staff interact with customers via online options
 - Auto-responding notifications
 - Frequently asked questions
 - On-site search engines
 - Virtual assistants
 - Online chat
 - Staff callback
 - Staff visit

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Physical & Process

- Physical Evidence
 - Appearance
 - Navigations
 - Availability
 - Performance
- Process
 - Integration of other Ps
 - Method of service delivery
 - Integration of online and offline process

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Evaluation of Online Services

- Fulfillment/reliability
 - on-time and accurate delivery, accurate product representation, and technical reliability
- Privacy/security
 - protection of personal information and risk of fraud and financial loss
- Information availability and content
- Ease of use or usability
- Graphic style
 - color, layout, print size and type, number of photographs and graphics, and animation.

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E-S-Qual Dimensions

- E-S-Qual is an extension of the Servqual and further elaborate on the characteristics of online environment into 2 sections containing 7 dimensions:
 - Core perception dimensions
 - Efficiency
 - ability of the customers to get to the Web site
 - Reliability
 - technical functioning of the site
 - Fulfillment
 - accuracy of service promises
 - Privacy
 - assurance that shopping behavior data are secured
 - Recovery dimensions
 - Responsiveness
 - appropriate information to customers when a problem occurs
 - Compensation
 - money back and returning shipping and handling costs
 - Contact
 - the need of customers to be able to speak to a live customer service agent

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Implications of the E-S-Qual

- Efficiency and fulfillment dimensions are the most critical dimensions in assessing online services
- System availability is also important but might not be totally controlled by the services organization due to ownership of equipment by end-users
- The importance of privacy varies but usually exhibit to be less important for most end-users
- The involvement of physical goods will also impact on the overall online service quality evaluation

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Information Systems Success Model

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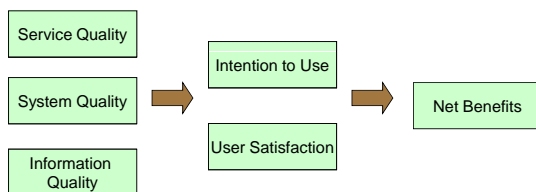
Success with Technologies

- In order to raise the effectiveness of information systems and to predict individual adoption and use of new IT systems, different models are developed to determine the success factors of new technology.
 - DeLone and McLean Model (1992)
 - The model synthesized different research on technology communications and adoptions and summarizing the key success factors of an information system
 - Technology Acceptance Model (TAM, 1989)
 - TAM was developed in view that individuals' behavioral intention to use an IT is determined by two beliefs: perceived usefulness and perceived ease of use. Both beliefs defined the degree to which a person believes that using an IT will be free of effort

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The DeLone & McLean Model



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41

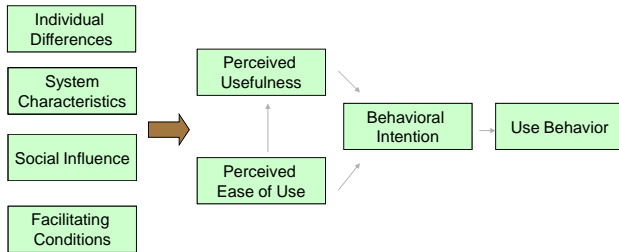
Dimensions of D & M Model

- Service Quality
 - Overall support by the service providers including but not limited to IS department
- System Quality
 - Usability, availability, reliability, adaptability, response time
- Information Quality
 - Web content should be personalized, complete, relevant, easy to understand and secure
- Intention to Use
 - Ease to use and accuracy of transaction
- User Satisfaction
 - Overall customer experience
- Net benefits
 - Contributions to personal and organization impact

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Technology Acceptance Model



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Towards e-Business Success

- The design of online services should:
 - Consider characteristics and backgrounds of targeted customers
 - Focus of the values and benefits propositions towards customers
 - Evaluate viable online business model for service implementations in conjunction with the offline offerings
 - Continuous monitoring of the service quality

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44

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45