

# A Critical Review of the Various Models of Service Quality and their Application in the Hotel Industry

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## Abstract

This paper has been prepared with the main motive of going through the various models of the service quality and their importance. Through the study various important dimensions of the service quality models have been revisited also. The further aim of the paper extends to identify issues for future research based on in-depth literature review.

Research Design - The paper has been worked out by focusing on the past available literature in respect of various service quality models and their application in various setups. Through the models a sequence has been developed as per their chronological order and what where the modifications that were made in each model with each passing phase.

Findings - The review of the service quality models as propounded by various eminent researchers from time to time concluded that service quality is highly volatile term and changes or advances with every business setting, the situation in which it is used and the nature of the service provider and off course the user as well. Service quality as an evaluative approach is the gap that arises between the expectations and perceptions of the customers, about the services consumed by them. The dynamic nature of the service quality exhibits that it changes with every factor like time, frequency in the number of encounters, competitive environment and off course the usage rate.

Research Limitations - The research has been carried out in light of the available literature and it fails to address the empirical evidence for the same

**Keywords:** Service, Service Quality, Customers, Satisfaction, Perceptions, Expectations

## Introduction

Service quality is one of the major key words when it comes to marketing of tangible or intangible products.

Today's market is customer centric and the need of the hour is to understand the various orientations with which the customer comes in the market and is a major characteristic for an organisation to grow (Bruhn & Grund, 2000; Gronholdt et al., 2000; Martensen et al., 2000; Cassel and Eklof, 2001). Hence service quality has been a major determinant in the customer satisfaction as well. The importance of service quality was also recognized by Parasuraman, Zeithaml and Berry (1985), who developed the Gaps model that defines service quality as the differences between customers' expectations and perceptions. When service quality is able to meet the expectations of the customers it leads to high profitability and customer loyalty (Gundersen et al., 1996; Oliver, 1997). Thus service quality is the index of how well an organisation is flourishing. Current globalisation and competitive environment have thus forced organisations to apply the concept of service quality everywhere (Dominic, Goh, Wong & Chen, 2010).

As per Parasuraman et al. (1994) service quality refers to perception of the customers after the act of purchasing / consuming the service. Service quality in crux is the assessment that has been drawn by the customers as a difference between the expectation and perception. Service quality is thus result of the comparisons that customers make between their expectations about the service and their perception of the way the services has been delivered or performed; it is the comparative inferiority or superiority of the organisation and its services (Bitner & Hubbert, 1994). Kotler (2005) further defined service quality as the capability of the service to execute its functions with stability, consistency and precision including attributes such as ease of operation, repair etc. To add one of the important definitions of service quality

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is that quality of a particular service as perceived by customer is the result of an evaluation process in which they compare their perspective of the service outcome.

Thus for any organisation to be successful in its respective business, it is very much required that they deliver the services up to the expectations of the customers and try to create a favourable service experience with them. To see that how far service organisations have been able to deliver the same an evaluative assessment is to be needed from time to time. Thus through this paper a constructive effort has been made to revisit the various models and their applications in various business setup. The paper through various models has also tried to highlight the various factors that play an important role in the overall service delivery system.

## Need for the Present Study

With the shift in the business patterns and changes in the market orientations, it has become very critical for the marketers to understand the basic structure of the market as well as the dynamic nature of the customers. The main aim of the business should not be just to provide services but to engage a good number of customers in the process and to maintain a good market share. The aim of the marketers is not just to attain profit but to attain sustainable profits and a long run place in the markets as well. The market trends have changed to a good number in past two decades and yes thanks to the every growing technology for the same. The customers have become more rational when it comes to making decisions about services and eventually evaluating the service outcomes. The service providers have understood the dynamic needs of the customers and have been in continuous race to maintain their profit share in the market. The dynamic factors like establishment and growing of new markets, increased used of information technology, customers being well aware and possessing necessary knowledge etc., it becomes a must to deliver the services better than its competitor at agreed price. Thus looking into these facts service quality needs to understand in a better and well managed way, paving way for better and clear understating of the changing dynamics of business markets. This study thus is an attempt to revisit the various models of service quality and their applications in various business settings. The study has focussed provide a conceptual idea of the various models of the service quality and how effective their application can be to upgrade the overall business

and to understand the orientations of different customers primarily the market setup.

## Structure of the Study

The theoretical foundations for the service quality is immense and is very rich in terms of the literature that has been provided by the various eminent researchers from time to time (Gronroos, Parasuraman et al, other cite). There has been continues up gradation in the service quality definitions, models and their applications in order to suit the dimensions of service quality with the changing time. With the change in marketing aspects, the following factors seem to play a critical role for the comparative evaluations of the service quality models and their applications:

- Service quality is affected by the number of factors depending upon the setting in which it is to be implemented, thus recognising those factors are a major challenge.
- The criteria for development of service quality in various.
- The dynamic and yet important link between concepts of service quality and customer satisfaction and ways of their evaluation.

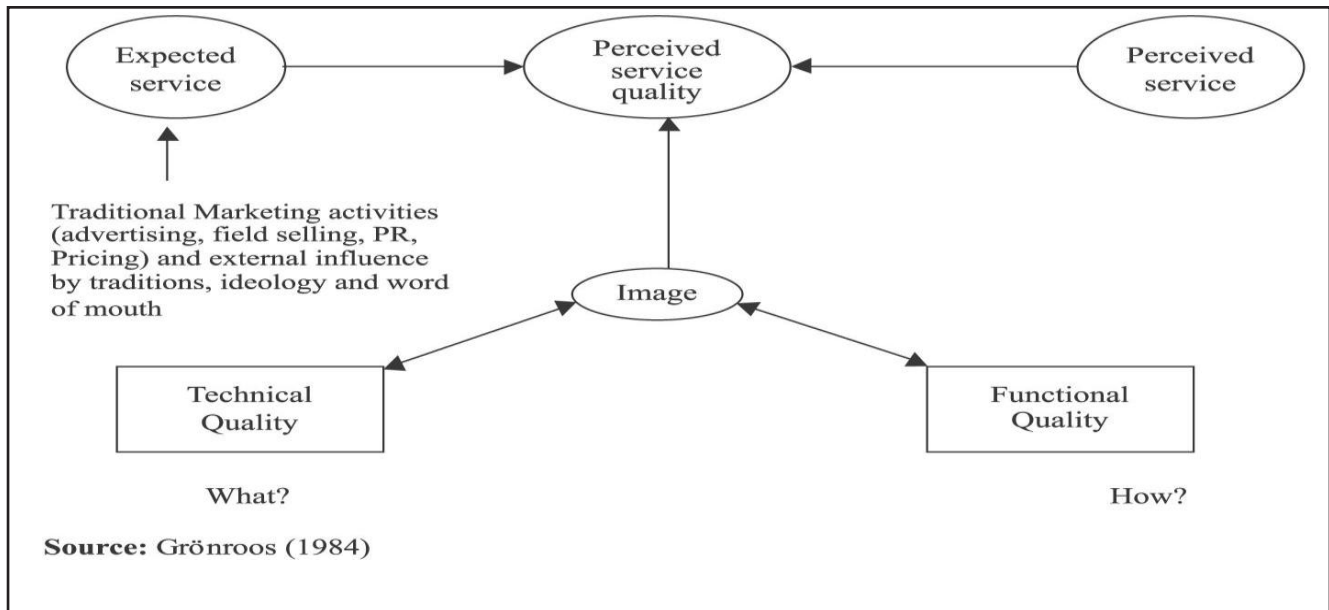
Through the research paper an attempt is made to revisit the most widely applied models of service quality and suggest appropriate ways for improvements of service quality in the organisation.

## Service Quality Models

### Service Quality Model 1: Nordic Model of Service Quality

The first service quality model was proposed by Gronroos in the year 1984. A service organisation or any another business firm in order to sustain in the market needs to have a clear understanding of consumer perceptions of the service quality and the way it is being delivered to them. Perceived service quality means the way the service has been experienced by the customers and the experience it has been able in creating in the minds of the customers. To manage perceived service quality properly and efficiently it means that the firm has to match expected services with that of the perceived services, in order to satisfy customers. For the same, the author has identified three critical components that have a crucial role to play in the

service delivery system and these are: Technical quality; Functional quality; and Image (Fig 1).



**Figure 1: Nordic Model, Gronroos (1984)**

When talking about the technical quality, it is referred what consumer actually receives as an outcome of his/her interaction with the service firm and act as an evaluative criteria for his/her evaluation of the quality of the services. On the other hand functional quality are the factors through which the technical outcome is received by the customers and at the end image is one of the critical factors of the services, which finds its building block on the previous two components. The image of a product or service is built upon the past buying experience, influence of reference groups, price of the product etc.

**Applications of the Model:** This model gives a clear understanding as to how technical and functional aspects of the services lead to the overall service quality improvement in the organisation. The model makes it clear for the service providers that it is through the improvement of the technical and functional aspect only that the overall image of the organisation can be enhanced.

**Limitation of the Model:** The model fails to give a clear understanding as to how measure the technical and functional quality aspects of the business. The model does not support the wide application, which is it cannot be tested in all the business setups or organisations.

## Service Quality Model 2: Gaps Model of Service Quality

The Gaps model of service quality was proposed by Parasuraman et al. (1985), through the model it was proposed that service quality is a function of the differences between expectation and performance along the various service quality dimensions as observed by the customers and service providers. The poor service delivery is the result of the Gaps that arise in the process of delivering the service/ product (Fig 2). The various gaps visualized in the model are:

**Gap 1:** Disparity between customer's expectations and management's perceptions of those expectations, i.e. lack of information by the management, as to what actually customers expect.

**Gap 2:** This service Gap results because of the difference between perception of the management about customers expectation and service quality specifications. i.e. improper service-quality standards.

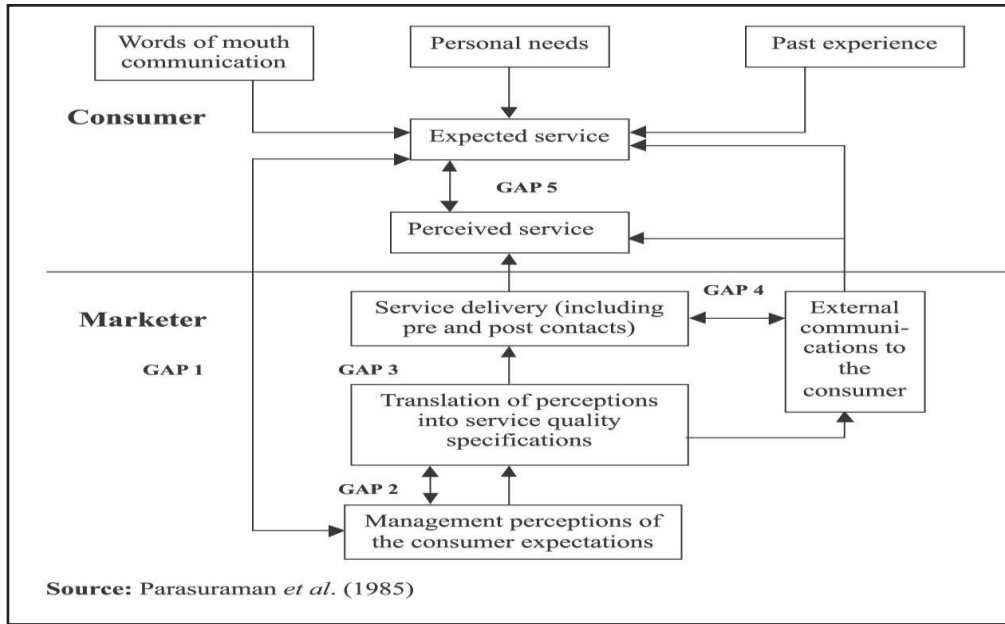


Figure 2: Gaps Model of Service Quality, Parasuraman et al (1985).

**Gap 3:** Disparity between service quality specifications and service actually delivered i.e. the service performance gap.

**Gap 4:** Disparity between service delivery and the communications to Customers about service delivery, i.e. whether promises match delivery?

**Gap 5:** Disparity between Customers expectation and perceived service. This gap is closely correlated with the previous four gaps mentioned earlier; it depends on the magnitude of the space and directions of the last four gaps.

According to the model gaps in the service quality is due the above mentioned reasons and service quality is the function between expectations and perceptions.

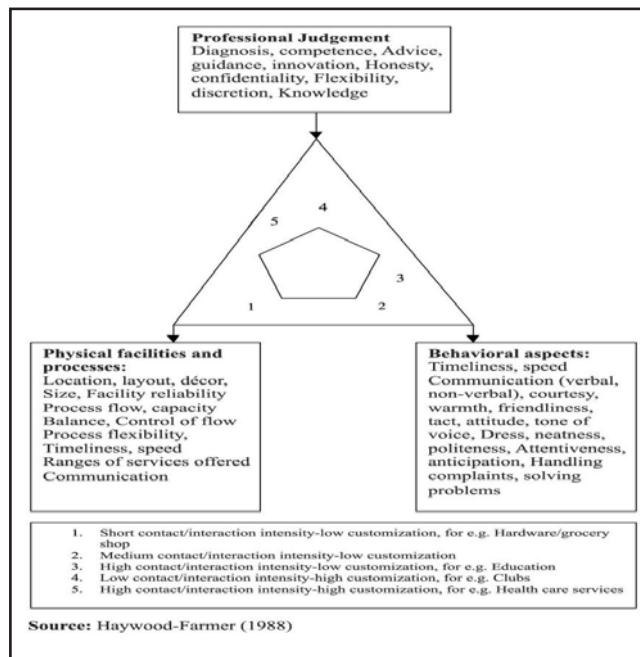


Figure 3 Attribute Service Quality Model

**Limitations of the Model:** The model is not clear as on the various exploratory factors. The model further fails to give a better understating as to how the gaps are to be measured at the different levels. Further the model is not clear about

### Service Quality Model 3: Attribute Service Quality Model

The findings and application of the model suggest that an organisation will surely tend to have high quality provided it meets customer's preferences and at the same time their expectations. The model was drafted by Farmer (1988), and is denoted as a major contribution in the service quality literature. As per the model the various attributes that are linked with the service quality need to be recognised and separated at the same time, to provide a better understanding of the service delivery system.

**Applications of the Model:** The model has wide applications and has been of the most renowned service quality models so far. This model is the analytical tool and it enables managers to have a systematic and clear understanding of the management. This model further helps the organisations to have a better understanding of the gaps that prevail in the service delivery system and how they can be addressed on time. The model is very clear about the various dimensions that are used in the overall evaluating process of the service quality.

To be specific services consists of three distinct attributes which included physical facilities and processes; people's behaviour; and professional judgment. Each attribute consists of several factors. The researcher tried to map different type of service settings as per degree of contact and interaction, degree of labour intensity and degree of service customization in to this model

**Applications of the Model:** The model provides a foundation for the divison of the organisation on three distinct dimensions of service quality. The three distinct dimensions are professional judgement, Physical facilities and processes and Behavioural aspects. These judgements are further divided into various sub dimensions that are targeting to measure the various critical factors that play a significant role in the service quality. The model has a huge potential to upgrade overall concepts of the service quality and further provides a better understanding to the business houses as to which customer segment they

have to target. The model acts as a catalyst in the design stage as well as the timely enhancement of the product/ services. This model is further useful in enhancing and augmenting the products with the changes in customer's preferences and tastes.

**Limitations of the Model:** The model fails to give a better understanding of service quality and the proper method to measure service quality. It further does not clearly provide means for the management to identify service quality problems.

### Service Quality Model 4: Performance Only Model

The authors investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. They compared computed difference scores with perception to conclude that perceptions only are better predictor of service quality. They argued on the framework of Parasuraman et al. (1985), with respect to conceptualization and measurement of service quality and developed performance only measurement of service quality called SERVPERF by illustrating that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They argued that SERVQUAL confounds satisfaction and attitude. They stated that service quality can be conceptualized as "similar to an attitude", and can be operational zed by the adequacy-importance model. In particular, they maintained that Performance instead of "Performance-Expectation" determines service quality. Service quality is evaluated by perceptions only without expectations and without importance weights according to the formula:

$$SQ = \frac{1}{K} \sum_{j=1}^K P_{ij}$$

SQ = overall service quality;

K = the number of attributes;

$P_{ij}$  = performance perception of stimulus i with respect to attribute j.

**Applications:** Service quality is an attitude and is measured as a scientific approach and is measured as an evaluative attitude. The model proposes to measure the perceptions of the customers on the basis of the perceptions they have about the services consumed by them.

**Limitations:** The model fails to address to the all service quality settings. The models need to be generalised so that it is operational at all the levels and can take service quality measurements from the point of view of customers as well as employees.

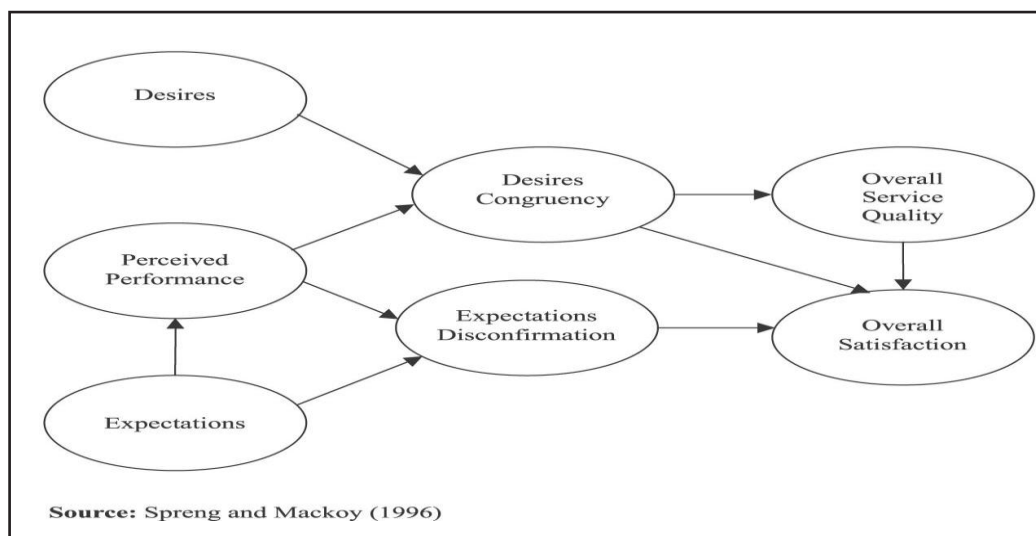
## Service Quality Model 5: Model of perceived service quality and satisfaction

This model of s perceived service quality and satisfaction has been worked out by (Spreng & Mackoy, 1996). Through this model a better and well elaborated relationship has been tried to explain through the measures of perceived service quality and overall customer satisfaction. This model is amendment to Oliver’s (1993) model. The model overlooks the effect of expectations, perceived performance desires, desired congruency and expectation disconfirmation on overall service quality and customer satisfaction. These variables are calculated in light of ten important attributes which includes (ease in making

an engagement, sociability of the staff, advise been forwarded by the advisor and how much they are listened, how much knowledge is shared by the advisor, the advice given was reliable, long term planning and development is viable through the advice given, the advisor helps in choosing the right courses that are good for the carrier, advisor was showed some level of interest in personal life, and the offices were professional).

**Applications of the Model:** This model proposes that service quality and satisfaction are different and desires necessity does not influence satisfaction. The key determinant of service quality and customer satisfaction is meeting customer desires, rising from expectations that have a positive effect on overall customer satisfaction and perceptions of performance but they have equal negative effect on satisfaction through disconfirmation.

**Limitations of the Model:** The model limits itself by not explaining how the service quality is achieved and operationalised. The model needs falls in the limitation of not providing a clear insight into the various factors that lead to the poor service quality.



**Figure 4: Perceived Service Quality and Satisfaction**

## Conclusion of the Study

Service quality is a major force in evaluating and analysing the overall development and progress level of the business units whether they are product oriented or service oriented. Service quality acts as a gauge on which the customers rate the services. Service quality has become one of the crucial factors in the business setting where the shift has been changed to “customer centric

orientations”. Business houses have understood that in order to stay long in the business what they need is an attempt is made in through the paper to review the various models of service quality and what their applications in the various felids are. The paper has further highlighted the importance and contribution of each model in the service quality literature. Each models have identified various dimensions that have a significant role in the over enhancement of the service quality.

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