

MARKETING

Quality of a service

When most local people talk about marketing, it is often clear that they have a physical product in mind. However there is little doubt that our main concern in this country should be with the marketing of services.

Goods and services

In recent years, the general area of service marketing, has witnessed much interest by both practitioners and academics. Changes in consumer awareness and expectations; advances in technology; as well as increasing competition, has meant that many service firms have placed an increased emphasis on service quality. Any service firm that seeks to establish, strengthen and develop a customer orientation must acknowledge the salient role of quality. In the first instance the interest in quality came from the physical product sector. This saw many definitions of quality such as 'conformance to specifications', the 'degree to which customer specifications are satisfied', a 'fair exchange of price and value', 'fitness of use', and 'doing it right

The importance of the service sector is reflected in its increasing contribution to many national economies. In the local economy this goes back a long way. The islands' use as a fortress over the centuries with a steady flow of military visitors has to a large extent been replaced by holiday visitors. Besides this, Malta today has taken on a further array of new services, with trans-shipment and financial services being the more recent additions, writes **Albert Caruana**.

first time'. Service quality is more difficult for the consumer to evaluate than goods' quality. However, most researchers and practitioners would today concur that service quality results from the comparison that customers make between their expectations about a service and their perception of the way the actual service had been performed. Clearly no one but the customer is able to make this distinction.

Technical and functional

One of the earliest contributors to the area of service quality was Professor Christian Grönroos from

the Swedish School of Economics and Business Administration in Helsinki, Finland. Writing in 1984, this author distinguishes between two dimensions of service quality. The first factor which he terms 'technical quality' is concerned with what the customer gets when interacting with the service firm. It can often be measured by the customer in a rather objective manner.

The second dimension is called 'functional quality' and relates to how the service or 'technical



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quality' is provided. Thus, while in many cases, the technical performance of public health services is superior to, or at least equal to that of private facilities, public facilities, public services are

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often judged to be of lower quality by their customers. This is often due to customer judgements based not on technical performance but on other factors such as lack of communication, grubby reports, abrupt staff or uninterested receptionist. Functional quality is the most

critical aspect and is concerned with the psychological inter-action taking place during the exchange transaction. It is based on the customers' perception and is therefore extremely subjective and encompasses all the cues that the customer picks up during the transaction.

These are by no means limited to cues emanating from the server but also from the entire service environment. These two dimensions of quality together are the main determinants of the corporate image of the service organisation.

Gaps model

Perhaps one of the most widely reported work on service quality is that by three American academics,

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Banking on people

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René H Formosa, General Manager, Administration. The concept is a simple one - quality service to all our clients. But translating that idea into reality at our 50 branches in Malta and Gozo required some significant changes in the way the Bank operates. We introduced the 'Independent Business Unit' concept at our branches which means that each branch is responsible for its own performance and the quality of service it delivers. Therefore, the people who know their clients and their communities best have a much greater say as to how their branch operates. Every branch also has a

MARKETING

Customers' expectations and perceptions

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by the name of Berry, Parasuraman and Ziethaml. From research work carried out by these authors among company executives they identified four gaps that together contribute to a shortfall in service quality. One of the problems with the technical-functional conceptualisation of the dimensions that make up service quality is that no method of measurement was developed. However in the gap model, the authors develop a concise, multiple item, scale with good reliability and validity that can be used to

understand better service expectations and perceptions of consumers.

It offers the possibility for service firms to look at trends over time, or compare branches or outlets. The measuring instrument that has been developed has been successfully applied across various industries. Results have consistently indicated that service quality consists of five key dimensions, namely:

- **Tangibles:** the physical facilities, equipment, and appearance of personnel.

- **Reliability:** the ability of the firm to perform the promised

service dependably and accurately.

- **Responsiveness:** the willingness to provide prompt service and help customers.

- **Assurance:** the knowledge and courtesy of employees and their ability to inspire trust and confidence.

- **Empathy:** caring, individualised attention with which the company provides its customers.

All of these dimensions are related to the importance of people in the service organisation. People are the key to service providers. Moreover results, from various studies carried out in different service industries, show that it is the reliability dimension that emerges as the key factor. The customer's message to service providers is clear: *do what you say you are going to do.*

Benefits

Why is the provision of service quality so important? There are many reasons for this. Here are a few. It helps distinguish a service firm from other service providers in a sector where there are no trademarks and the imitation of

products offered is so easy. It enables service firms to command a higher market share and increased profitability. It helps insulate the firm from price competition as the quality of the service tends to desensitise customers to price. It helps enhance customer loyalty and therefore ensures higher customer retention rates.

The positive word of mouth communication that a quality service provides contributes to the attraction of new customers. Finally

the higher levels of satisfaction that result during service transactions can contribute to employee morale and lower staff turnover.

Dr Albert Caruana holds a Ph.D. from Henley Management College and is a lecturer in marketing at the University of Malta.



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efficient and responsive place where to do business means we even take special care in the design and furnishing of individual locations. Our ultimate aim is to allow each branch to reflect the character and style of the community of the locality.

Yvonne Azzopardi, Manager's Assistant, Palace Square Agency.

At Bank of Valletta we firmly believe that our job is to offer a quality service to our customer. I feel that this is being achieved through the team spirit which exists within the various units of the Bank. The Bank gives top priority to the training and career development of its employees which in

turn is being reflected in a series of successes registered by BOV. The skills we get through training and management support for new ideas and services mean that we are always striving to give our clients the fast and personal attention which they deserve. Each time I solve a client's problem I know we are doing a good job ■

“...we are always striving to give our clients the fast and personal attention which they deserve.”

“We continuously encourage staff to suggest ways of making the branch a more pleasant place to work in and to improve the quality of our service.”

customer relations officer, together with an on-going programme of market research so as to obtain feedback from clients on how we are performing. We continuously encourage staff to suggest ways of making the branch a more pleasant place to work in and to improve the quality of our service. Special effort or outstanding performance is rewarded through ongoing incentive schemes. Our commitment to develop each branch into a comfortable,



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