

## MEASURING THE SERVICE QUALITY GAP IN COURIER INDUSTRY

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**ABSTRACT:** With India rapidly becoming a major economic force, now more and more courier companies are covering cities, towns and rural areas under their wide network. The objective of this study is to determine the gap in services offered by Courier firms with special reference to expectations of customers and services offered. The standard scale of SERVQUAL was administered to 100 respondents. The business organizational buyers perceive that courier service firms are empathetic and reliable, in the sense they provide prompt services. However responsiveness which entails willingness to help the customers and deliver prompt service is ranked last.

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### INTRODUCTION:

Services are very different from products. So the marketing concepts need to be revisited while marketing a service. Services can range from financial services provided by the banks, technology services provided by the IT Company, courier service, healthcare service etc. Services marketing dominated by the 7 P's of marketing are Product, Price, Place, Promotion, People, Process and Physical evidence.

- Product is core offering. This is “the thing” that will fulfill the needs of customer. If your product is faulty, everything else fails.
- Price has a lot of impact on the service buyer's satisfaction level. Price is often considered a proxy for quality.
- Place often offers a different side of value (utility) to the customer. Who would want to travel 10 miles to have a regular dinner, even if that is priced very competitively and has a super quality? Services are often chosen for their place utility. Closer to the customer means higher probability of purchase.
- Promotion plays a role in the perception the possible target audience may have about your service. There has to be a fit between the promotion and the positioning.
- People are crucial in service delivery. The best food may not seem equally palatable if the waitress is in a sour mood. A smile always helps.
- Processes are important to deliver a quality service. Services being intangible, processes become all the more crucial to ensure standards are met with.

- Physical evidence affects the customer's satisfaction. Often, services being intangible, customers depend on other cues to judge the offering. This is where physical evidence plays a part.

### The 7 P's Of Service Marketing:



### COURIERS AND ITS GROWTH IN INDIA:

A courier is a person or a company who delivers messages, packages, and mail. Couriers are distinguished from ordinary mail services by features such as speed, security, tracking, signature, specialization and individualization of services, and committed delivery times, which are optional for most everyday mail services. As a premium service, couriers are usually more expensive than usual mail services, and their use is typically restricted to packages where one or more of these features are considered important enough to warrant the cost. Different courier services operate on all scales, from within specific towns or cities, to regional, national and global services. The world's largest courier companies are DHL, FedEx, and Aramex. If one tries to find a courier company in India, one can find them in every nook and corner of the large part of India.

Many factors have contributed towards this huge spread. Economic growth, technological advancements, escalation of industrial sector, increase in export and import and large scale

effect of liberalization are few of the major reasons. Now a day, courier companies are considered as vital component of any economy.

In the earlier days, the major courier players were centered in major metros because of their better connectivity with airport, ports and railways. But with India rapidly becoming a major economic force, now more and more companies are covering cities, towns and rural areas under their wide network. Despite that development, the large and medium sized companies are still based in the metro cities of India. Mary Breckinridge is credited to pioneer the courier service. Back in First World War, she was working in an American committee that used to deal by taking personnel into the service whose primary job was to deliver the medical supplies and assisting the medical staffs in far flung places. The official year for record was 1928 and the term given was courier. Sooner as was expected, its popularity increased with changing time and mounting needs. By the end of Second World War, when the need of the hour was urgent delivery of essential messages and commodities, courier services witnessed many fold increase.

After Second World War, a plethora of courier companies have been launched worldwide. Courier Company is primarily indulged in delivery of goods and mails to any place of the world. The services offered by them are accessible almost all the time.

There are large numbers of courier companies in India. It can be segmented into organized, semi-organized and unorganized categories. The organized sector players are quite large in magnitude. These players often have best of speed and reliability. As the competition is heating up, companies are offering specialized services including online tracking of the goods. In this service a customer can check the route via which goods are being delivered and the exact location of the thing in the specific time duration. Many large companies also offer multi-point coordination and heat control facilities for the parcels. The major players in Indian courier industry are DHL, Blue Dart, and First Flight etc. Out of these players DHL courier definitely has an edge over the competitors since its 68 percent acquisition of another big player Blue Dart. DHL is a huge brand name in courier industry not only in Indian context but also worldwide.

### **Research Objective:**

1. The objective of this study is to determine the gap in services offered by Courier firms with special reference to expectations of customers and services offered.
2. To identify whether the service quality goals of the courier firms are challenging, realistic and explicitly designed to meet the customer expectations.
3. To identify the determinants of superior customer service in courier industry.
4. The strength of gap methodology helps to identify the specific quality failures that occur in courier service business.

### **Methodology**

**Research Design:** A descriptive research design was used to gain an insight into customer's perception about the services offered by courier services with respect to five dimensions of SERVQUAL scale.

**Source of Data Collection:** Primary data was collected for research by using structured servqual questionnaire. The respondents were asked to provide rating for services offered by Courier firms using Likert's five-point rating ranging from 1 (strongly disagree) to 5 (strongly agree) .

**Sample size:** The sample size used was 100. The respondents were selected on basis of simple random sampling. The sampling units are organizational customers of the courier service segment.

### **DATA ANALYSIS:**

The standard scale of SERVQUAL was administered to 100 respondents. Primary data was analyzed using percentages and Mean averages. Gap analysis was done by calculating the average mean for individual statements and dimensions namely: reliability, assurance, tangibility, empathy and responsiveness.

### **LIMITATIONS OF STUDY:**

1. The study is restricted to metropolitan city of Hyderabad.
2. The size of the sample selected for the study constitutes only a small segment of the population. , the findings may have limitations pertaining to the size of sample.
3. Random probability method of sampling is used to select respondents. Therefore the occurrence of error is inevitable.

### **REVIEW OF LITERATURE**

The quality of services offered will determine customer satisfaction. For this reason, research on customer satisfaction is often closely associated with the measurement of quality (East 1997). There is a lot of literature available on the relationship between customer satisfaction and service quality. (Bolton and Drew 1994).

Anderson and Fornell (1994) indicate that the literature is not very clear about the distinction between quality and satisfaction and dissatisfaction and a cognitive or affective reaction emerges as a response to single or prolonged set of service encounters. Satisfaction is a post consumption experience which compares perceived quality, with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system. (Parasuraman et al., 1985 and Anderson and Fornell, 1994).

Service quality is a concept that has aroused considerable interest and debate in research literature as difficulties in both defining and measuring it with no overall consensus emerging on either occurs (Wisniewski, 2001).

Quality is one dimension on which satisfaction is based (Anderson and Fornell, 1994). Bolton and Drew (1994) point out that customer satisfaction depends on pre existing or contemporary attitudes about service quality. Zeithamal and Bitner (1996) suggest that a customer relationship with a company is strengthened when that customer makes a favorable assessment about the company's service quality and weakens when a customer makes negative assessment about the company's service quality.

Service quality has been described as a form of attitude that results from comparisons of expectations with performance (Parasuraman et al., 1985 and Cronin and Taylor, 1992). Customers, while evaluating the quality of a service, compare the service they expect with perception of that services they actually receive (Gronroos, 1982). It has been argued that the quality of services is not a one-dimensional construct. Rather, service quality incorporates various dimensions that relate to both core and augmented service offerings (Gronroos, 1984; Bitran and Lojo, 1993 and Lewis 1993). Service quality has been reported as having apparent relationship costs (Crosby, 1979), profitability (Buzzell and Gale, 1987; Zahorik and Rust, 1992 and rust and Zahorik 1993), customer satisfaction (Bolton and Drew 1991 and Boulding et al., 1993), customer retention (Reichheld and Sasser, 1990), behavioral intention and positive word of mouth. Quality is the most important purchase decision factor influencing customer buying decision. Also, it has strategic benefits of contributing to the market share and return on investment (Phillip et al., 1983 and Anderson and Zeithami 1984), as well as in lowering manufacturing cost and improving productivity (Gravin, 1983).

Service quality by its nature is a very elusive, indistinct and abstract concept. Consumers do not easily articulate their requirements; also there are difficulties in delimiting and measuring the concept. As a result, only a handful of researchers have operationalized the concept (Parasuraman et al., 1985, 1988; Brown and Swartz, 1989; Carman, 1990; Bolton and Drew 1991; Babakus and Boller, 1992; Cronin and Taylor, 1992; and Teas, 1994). According to Rust and Oliver (1994), customer satisfaction is a summary cognitive and affective reaction to a service incident (or sometimes to a long term relationship). Satisfaction (or dissatisfaction) results from experiencing a service quality encounter and comparing the encounter with what is expected (Oliver, 1980). Satisfaction is positively associated with repurchase intentions, likelihood of recommending a product or service, loyalty and profitability (Bitner et al., 1990; Anderson and Fornell, 1994 and Anton 1996).

According to Parasuraman et al., (1985), the criteria used by consumers that are important in moulding their expectations and perceptions of delivered service fit 10 dimensions: tangibility, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding, knowing the customer and access. Parasuraman et al., 1988 have developed a 22-item instrument, recognized as SERVQUAL. This is widely used to measure service quality. Parasuraman has condensed this into five dimensions of service quality: Tangibility (physical facility, equipments and appearance of personnel); Reliability (ability to perform the promised service dependably and accurately); Responsiveness (willingness to help customers and provide prompt service); Assurance (knowledge and courtesy of employees and their ability to convey trust), and Empathy (individualized attention the company provides to its customers). Gap scores can be analyzed for each individual statement and can be aggregated to give an overall gap score for each dimension (Parasuraman et al., 1988).

**The 5 Service Dimensions Of Quality:** After extensive research, Zeithaml, Parasuraman and Berry found five dimensions customers use when evaluating service quality. They named their survey instrument as SERVQUAL. The five SERVQUAL dimensions are:

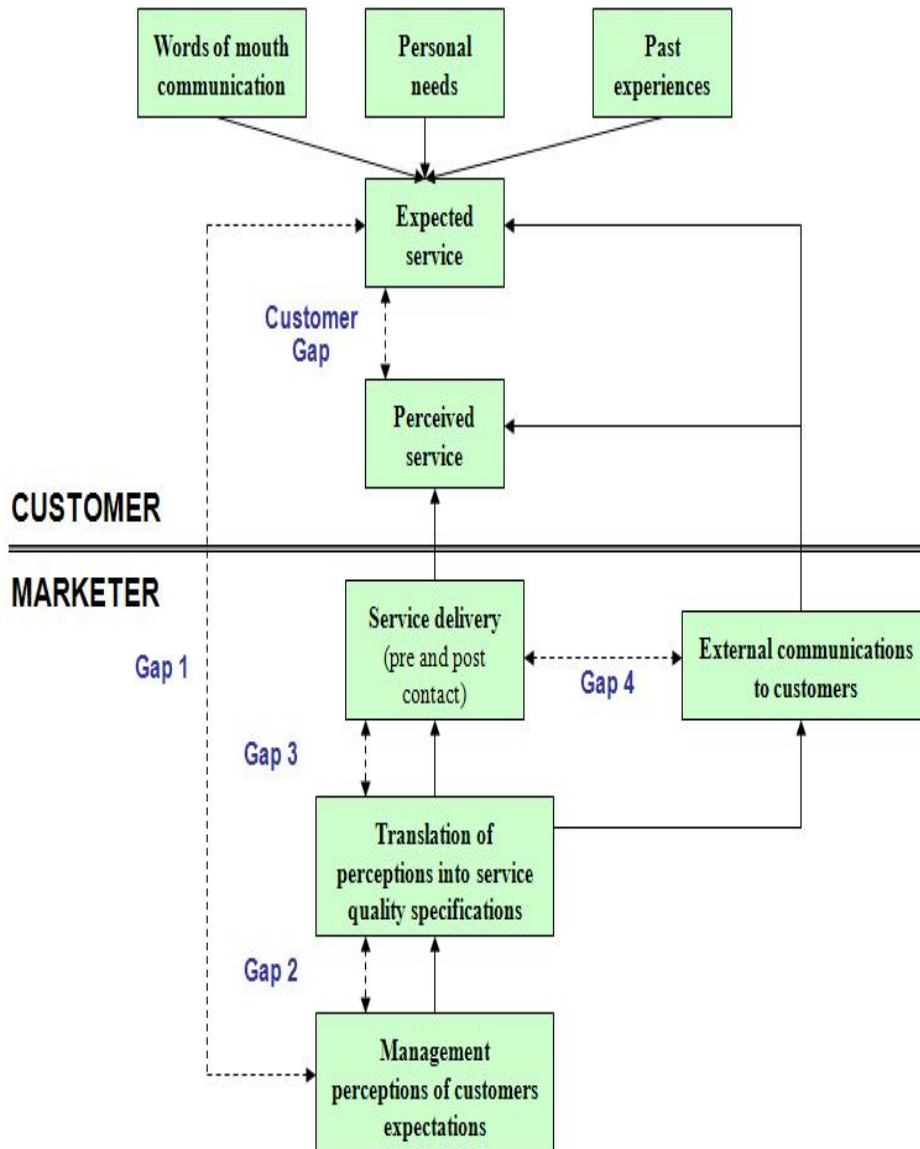
**TANGIBLES-** Appearance of physical facilities, equipment, personnel, and communication materials.

**RELIABILITY-** Ability to perform the promised service dependably and accurately.

**RESPONSIVENESS-** Willingness to help customers and provide prompt service.

**ASSURANCE-** Knowledge and courtesy of employees and their ability to convey trust and confidence.

**EMPATHY-** Caring, individualized attention the firm provides its customers.



**The Integrated Gaps Model of Service Quality**

The key points for each gap can be summarized as follows:

Customer gap: The difference between customer expectations and perceptions – the service quality gap.

- Gap 1: The difference between what customers expected and what management perceived about the expectation of customers.
- Gap 2: The difference between management’s perceptions of customer expectations and the translation of those perceptions into service quality specifications and designs.
- Gap 3: The difference between specifications or standards of service quality and the actual service delivered to customers.
- Gap 4: The difference between the services delivered to customers and the promise of the firm to customers about its service quality.

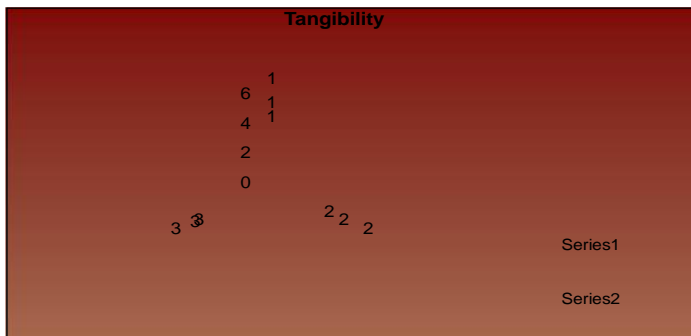
**GAP ANALYSIS:**

PARAMETER	EXPECTED SERVICE(Mean)	ACTUAL SERVICE(Mean)	GAP
<b>TANGIBILITY DIMENSION</b>			
Physical facilities	4.16	3.2	-0.96
Materials	3.76	2.76	-1.00
Branch locations	4.04	3.8	-0.24
<b>RELIABILITY DIMENSION</b>			
Problem solving	4.32	3.28	-1.04
Large network	4.2	3.2	-1.0
Dependability	4.28	3.36	-0.92
<b>RESPONSIVENESS</b>			
Right service	4.36	3.28	-1.08
Service timing	4.32	3.24	-1.08
Prompt service	4.12	3.16	-0.96
<b>ASSURANCE</b>			
Safety	4.24	3.32	-0.92
Courteousness	4.32	3.76	-0.56
Knowledge	4.32	3.28	-1.04
<b>EMPATHY</b>			
Operating hours	4.24	3.36	-0.88
Personal attention	4.16	3.32	-0.84
Specific needs	4.16	3.16	-1.00

**MEAN CAN BE CALCULATED AS:  $\sum (fx) / \sum (f)$ .**

**GAP= ACTUAL SERVICE-EXPECTED SERVICE**

**DIMENSION 1: TANGIBILITY:**

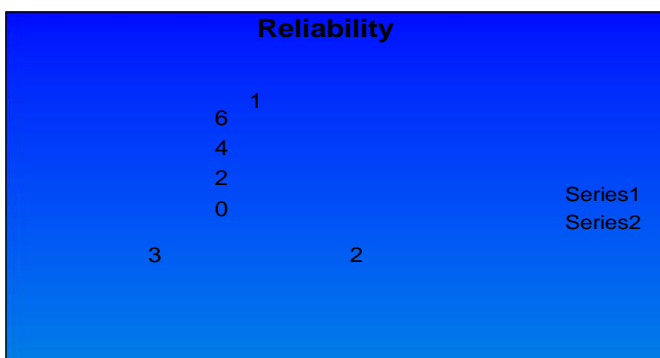


**SERIES 1: ACTUAL SERVICE.**

**SERIES 2: EXPECTED SERVICE.**

The above figure shows the gap that exists between expected service and the actual service with respect to tangibility dimension which includes physical appearance, materials, and branch locations.

**DIMENSION 2: RELIABILITY:**

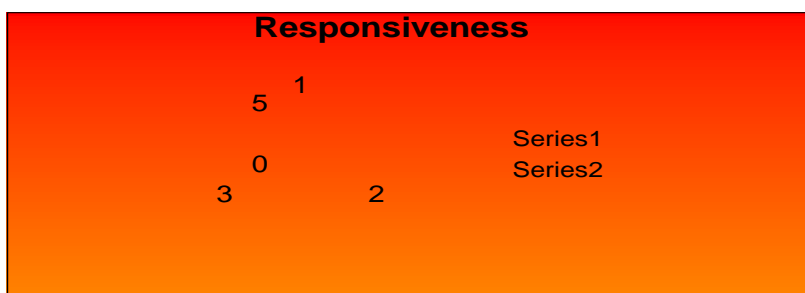


**SERIES 1: ACTUAL SERVICE.**

**SERIES 2: EXPECTED SERVICE.**

The above figure shows the gap that exists between expected service and the actual service with respect to reliability dimension which includes dependability, problem solving, and large network.

**DIMENSION 3: RESPONSIVENESS.**



**SERIES 1: ACTUAL SERVICE.**



**SERIES 2: EXPECTED SERVICE.**

The above figure shows the gap that exists between expected service and the actual service with respect to responsiveness dimension which includes prompt service, service timing, and right service.

**DIMENSION 4: ASSURANCE.**

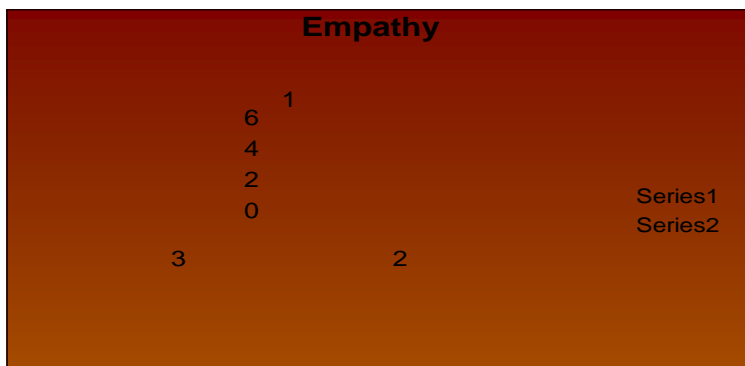


**SERIES 1: ACTUAL SERVICE.**

**SERIES 2: EXPECTED SERVICE.**

The above figure shows the gap that exists between expected service and the actual service with respect to assurance dimension which include knowledge, safety, and courteousness.

**DIMENSION 5: EMPATHY:**



**SERIES 1: ACTUAL SERVICE.**

**SERIES 2: EXPECTED SERVICE.**

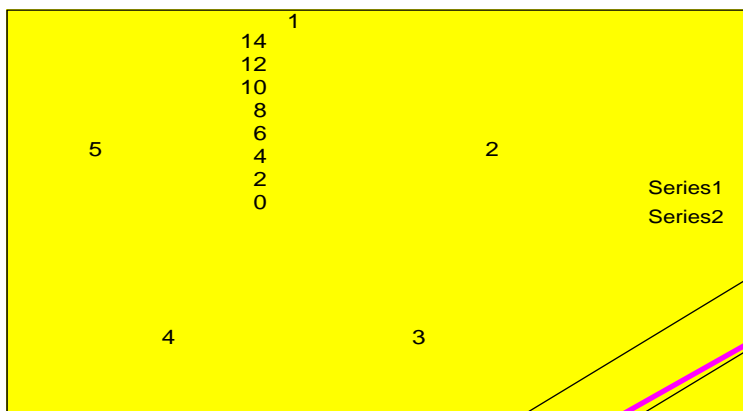
The above figure shows the gap that exists between expected service and the actual service with respect to empathy dimension which include operating hours, specific needs, and personal attention.

**OVERALL GAP BETWEEN ACTUAL SERVICE AND EXPECTED SERVICE**

DIMENSION	Expectation	Perception	Gap
Tangibility	3.98	3.25	-0.73
Reliability	4.27	3.28	-0.99

Responsiveness	4.26	3.22	-1.04
Assurance	4.29	3.45	-0.84
Empathy	4.18	3.28	-0.90

From the above table, it can be seen that the highest gap exist for reliability and responsiveness. This is a matter of concern for courier firms and reflects the need for service improvements in these areas. However customers have high expectations from courier firms with respect to assurance and reliability. Customers are to some extent happy with the assurance dimension. Low gap with respect to tangibility dimension indicate that the customers are happy with the tangibility dimension and therefore is not expecting more. When it comes to empathy ,it is clear that customers do not attach much of the importance .This is probably due to the fact that customers spend less time in courier organization.



**SERIES 1: ACTUAL SERVICE.**

**SERIES 2: EXPECTED SERVICE.**

Overall Gap between Actual Service and Expected Service

**CONCLUSION:**

Quality is a critical factor in service industries. The research on measuring service quality has focused primarily on how to meet or exceed the external customer’s expectations and view service quality as a measure of how the delivered service level matches consumer’s expectations. On the basis of mean score calculated for individual dimensions, it was found that business customers have ranked assurance dimension as most important.

Assurance is to be provided to the organizational buyers in terms of safety in reaching the parcels to destination.

The business organizational buyers perceive that courier service firm are empathetic and Reliable, in the sense they provide prompt services. However responsiveness which entails willingness to help the customers and deliver prompt service is ranked last.

The materials such as pamphlets and statements should be made more visually appealing by the courier service firms to attract new business customers. The knowledge of the courier firm employees should be improved by organizing various training and development program. There should be a reduction in cost as per the response of the present business customers. Indian customers are more concerned about service quality, convenience and speedy services.

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