Chapter 2
The Marketing of Services

Literature Study	**Internet Services** **The Marketing of Services** Relationship Marketing Interrelationships between constructs
Methodology	Survey and Analysis
Qualitative Findings	Visualisation of Internet Service provision Service breakpoints (Fail Points)
Quantitative Findings	SERVQUAL Interrelationships between constructs
Recommendations	Defining a portfolio of projects
	Academic recommendations

This chapter will cover the following topics in order to enlighten the concept of Services Marketing:

(1) Defining service quality. Because of the characteristics of services it is hard to define what is meant by quality.
(2) One of the easiest ways of understanding service quality is comparing it to product quality.
(3) Total quality of service is different from the traditional total quality management. Different initiatives and implementation frameworks exist.
(4) Different shortfalls (Gaps) exist within a service organisation that can lead to a gap between what customers expect and what they receive.
(5) The SERVQUAL instrument is proposed as a measurement instrument for the measurement of the expectation versus experience gap.
(6) Customer satisfaction is based on current and historical perceptions of service quality and is a cumulative judgement of service delivery over time.
(7) The flow model will be linked to customer satisfaction through the findings of researchers who propose that flow is associated with positive affect.
(8) Core and value added services are reviewed in order to overcome the possibility of myopia.
(9) Service blueprinting and the value thereof are reviewed as a qualitative way of understanding the service design as the 'product' of service organisations.

During the past decade, services marketing and specifically customer satisfaction, as a sub-division thereof, service quality measurement and theory grew in importance (Berry and Parasuraman, 1993:13-59).

Service quality is the area that has been subjected to the greatest amount of research in service marketing (Fisk and Bitner, 1993:77).
The service quality paradigm lead to a more customer-centred approach to doing business (Hendricks, 1997).

2.1. The Meaning of Service Quality

Quality has been defined in ISO 8402 as "The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs". Other definitions are 'fitness for purpose', or 'satisfying customer expectations' (Monnet, 1995).
Researchers and managers of service firms concur that service quality should be a comparison of expectations with performance. Quality evaluations should involve not only the final outcomes, but also the service processes.

Table 2.1 Important views in defining service quality.

Year	Important views
1982	According to Gronroos (1982), two types of quality exist; technical quality, which involves what the customer is actually receiving from the service, and functional quality, which involves the manner in which the service is delivered. Since 1982, quality has been seen as having three dimensions; physical quality (physical aspects of the service such as the office), corporate quality (the company image or profile), and interactive quality (interaction between contact personnel and customers).
1983	Service quality is regarded as a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.
1987	Quality is the consumer's judgement about an entity's overall excellence or superiority, which differs from objective quality.
1990	According to the confirmation-versus-disconfirmation theory, quality is determined by the level of fit between customer expectations of the service and the perception of the actual service performance. Meeting or exceeding the expectations results in customer satisfaction. If there is a gap between expectations and experience, cognitive dissonance leads the customer to cease patronising the service. It is proposed that customers are the sole judges of service quality.
1991	Parasuraman, Zeithaml and Berry (1991) saw quality as a form of attitude, which results from incidents of satisfactory transaction over time. Expected quality is the desires of consumers, what they feel a service provider should offer rather than would offer.

In the services industry, the delivery of a high quality service is essential to guarantee a company's survival through differentiation. The increase of profits and market-share can also be accentuated as advantages of a higher quality service (Schmenner, 1986:21-26). The client defines quality in the current business environment. Mechanisms must be established to gather information related to the client's perception of quality (Teas, 1993:18-34).

There is a link between quality, client retention and profitability. This is not surprising–customers who are satisfied with the quality of the service are more likely to be loyal to the firm. To move someone from customer to advocate one needs to go a step further and replace customer satisfaction with customer delight by offering service quality that exceeds expectations (Payne, 1994:29-31).

2.1.1. Goods Quality vs. Service Quality

A profound difference exists between the knowledge frame of goods and services with regards to quality because of distinctive characteristics:

(1) Services are intangible. They are performances rather than objects. Specifications for uniform quality can rarely be set. The customer criteria to evaluate service quality may be complex and difficult to capture precisely. However, the only criteria that really count are the customers. Only they can judge quality. "Precise-manufacturing specifications can seldom be set for services." Due to service intangibility, a company may find it more difficult to understand how consumers perceive services and services quality (Lovelock, 1991:7).

(2) Services are heterogeneous. Their performance often varies from provider to provider, from customer to customer, from day to day. The quality of a provider's interactions with a customer can rarely be standardised. Consistency of behaviour from service personnel is difficult to assure. Quality is therefore highly dependent on the performance of employees; an organisational resource that cannot be controlled to the degree that components of tangible goods can be engineered (Lovelock, 1991:7).

(3) Service production and consumption are inseparable. Quality often occurs during the time of delivery rather than being engineered at a manufacturing plant and delivered, intact, to the customer. Customers are often present and evaluate the service during the design, production and delivery processes. That is, customers do not evaluate service solely on the basis of its outcome, but also on the processes used. Quality can only be established and evaluated once the delivery of the service to the client has taken place. Service companies may further have less control over quality when consumer participation is intense, since the client also affects the service process (Lovelock, 1983:9-20).

(4) Perishability (services cannot be inventoried) is also cited as a differentiator between the marketing of goods and services (Ziethalm *et al.*, 1985:33-46; Hendricks, 1997).
(5) The time factor is critical. Many services are delivered in real time. There are limits as to how long customers are willing to wait for a service to be provided. (Lovelock, 1991:8)
(6) Different distribution channels exist for services than for products. Service providers may have to manage customer contact that within a product company would have been contracted out to intermediaries. Consumption behaviour might also have to be managed like for example in a restaurant where customer's behaviour could irritate other customers present at the same time. (Lovelock, 1991:8)

Three additional themes must also be included in the differentiation of service quality:
(1) Service quality is more difficult for a client to assess than goods quality.
(2) Service quality perceptions spawn from the comparison of the client's expectations with true service effectiveness.
(3) The effect of services as well as the evaluation of the process of service delivery plays a role in the quality evaluation of services (Hendricks, 1997).

"Poor quality places a firm at a competitive disadvantage. If customers perceive quality as unsatisfactory, they may be quick to take their business elsewhere" (Lovelock, 1991:365).

2.1.2. TQS versus TQM

Although TQS and the 'older' TQM do have similarities in terms of manufacturing, there are certain differences between the two:

(1) One of the major differences between TQS and TQM is tangibility. Manufacturing produces a tangible product; usually matching a well-defined specification that all those concerned have agreed will meet customer requirements. In services, measurement of quality deals not with well-defined specifications, but with the perceptions of the customer. Perceptions are fickle and not only vary from customer to customer, but can also vary in terms of the same customer at various times (LOGIC web-site, 1997).
(2) Another difference between TQS and TQM is timing. Manufactured products can be demonstrated and produced preceding demand, and inventories stored in a warehouse. Services, on the other hand, are often produced, sold and consumed simultaneous with demand.
(3) The form of products between TQS and TQM also differs. When striving for quality in manufacturing, companies strive for absolute standardisation and conformance, or at least strive for some sort of

uniformity. Things are made to fit a specification identified earlier. Services, on the other hand, strive for diversity in meeting highly variable customer expectations and those varying perceptions. Service customers are also in a position to experience the process of producing the outcome, even if there is a manufactured product associated with it (LOGIC web-site, 1997).

The Action Plan for TQS:
It is proposed that the TQS journey starts with the REACH concept and is implemented through the EDGE process. The action plan is indeed a mix of TQM and many important concepts in services marketing, such as gap analysis, internal marketing and a service culture.

In order for companies to sustain their competitive advantage through excellence in service, the service culture must be founded on five pillars– Research, Empowerment, Acknowledgement, Communication, and Help (LOGIC web-site, 1997).

(1) Research: The organisation must first research the needs and beliefs of its external customers and internal customers (such as employees).
(2) Empowerment: Everyone in the organisation, from top to bottom, must be given the power to develop and maintain a service culture in their daily work.
(3) Acknowledgement: Management must set the standards of service excellence that its customers (as well as employees) demand.
(4) Communication: The standard must be communicated to everyone in the organisation, so that they are all focusing in the same direction.
(5) Help: The quickest and most effective way to help employees understand and appreciate the importance of service excellence is to train them and reward them.

The EDGE process is a practical arm of REACH. It consists of four stages – Evaluate, Design, Guide, and encourage Excellence. The service EDGE is an interactive and flexible process geared toward encouraging management and staff to take an active part in creating and maintaining a service culture, both internally and externally (LOGIC web-site, 1997).

(1) Evaluate: The first step is to perform an internal and external review of the organisation. This serves to compare the current service performance with the best practices of others as well as shortfalls on expectations held by clients. The comparison and evaluation will reveal the service quality gaps, 'Figure 2.1' as described in the gap model below (Berry *et al.*, 1988).
(2) Design: The gaps are reviewed to determine what has caused them. The current service delivery chain is mapped, service relationships between departments determined, gaps highlighted, and cost-of-service impact analyses performed. Through the workshop approach,

employees groups find ways to close the gaps and report to the management for approval. The approved improvements are ranked in order of importance and assembled into a company-wide service implementation plan. Any operational change will be framed within a strategic service vision, a vision to out-think the competition rather than to match them.

(3) Guide: The third step is to put the plan into action. Communication processes are streamlined. Quality teams are empowered. Training is developed and delivered. Performance measures are put in place. The goal is to ensure that a climate of change is felt throughout the organisation.

(4) Encourage Excellence: The integration of service excellence in an organisation is complete when it results in lasting improvements to the business process. Excellence should be fairly rewarded and quality teams should meet regularly. The entire organisation should stay on top and keep up with ever changing customer needs (LOGIC web-site, 1997).

People are always the central theme in quality improvement, while technology gives people the tool to maintain or improve quality.

The 'Right Things Right' grid–derived from Deming's 'doing things right the first time' attitude also provides an insightful view of quality improvement (Table 2.2). The grid is a simple way to look at the work that people do from different angles. The first angle is how people do the work they do. People either do things right or do things wrong. The second angle has to do with what work people actually do, doing the right things or the wrong things. When combining these two, there are four possibilities:

Table 2.2. The 'Right Things Right' grid.

	Do things right	**Do things wrong**
Do the right things	Add Value	Quality problems
Do the wrong things	Thing's that don't matter to customers or the company	Real waste of time

(LOGIC web-site, 1997.)

- Doing the right things right, the only grid that adds value to company and its customers.
- Doing the right things wrong, quality problems.
- Doing wrong things wrong, a real waste of time.
- Doing wrong things right, things that do not matter to customers, internal or external, but doing a good job for them.

Reliability is at the heart of excellent service. The flip side of 98% reliability is two percent unreliability, and more than likely, the actual 'cost' of two percent unreliability is higher than the cost of improving 98% reliability,

which includes lost customers, unfavourable word-of-mouth, and redoing services not done properly the first time. If companies were to investigate the primary causes of service unreliability, they would find most problems rooted in poor service design, inattention to service details, and basic carelessness. These are problems that cannot be solved by throwing money at them.

Building a 'Do it Right First' Attitude–Companies should use every opportunity to build a 'do it right first' attitude. This means specifically addressing the reliability issue in company communications. This is achieved by including mission statements; setting reliability standards; teaching the why and how of reliability in training programs; appointing action teams to study specific services and recommend ways to improve reliability; measuring error rates; and rewarding error free service. One of the most important opportunities for improving reliability involves analysing services for 'fail points'–the service process most vulnerable to mishap. Identifying fail points focuses attention on the need for special training, additional inspection, building in corrective sub-processes, or even redesigning the original process (LOGIC web-site, 1997).

2.1.3. The Gaps Model

Parasuraman *et al.* (1993) proposed a conceptual model of service quality based upon an exploratory investigation with consumers and executives from selected service fields (Figure 2.1). The model indicates that consumer's quality perceptions are influenced by a series of four distinct gaps occurring inside the organisations (gaps 1 to 4).

Perceived service quality is defined as the difference between consumer expectations and perceptions (gap 5), which in turn depends on the size and direction of four gaps associated with the delivery of service quality on the side of the marketer.

In their exploratory research, they revealed that consumers used ten key criteria in evaluating service quality, including reliability, responsiveness, competence, accessibility, courtesy, credibility, security, keeping the customer informed, knowing the customer, and tangibles (physical evidence of service). They also proposed that consumers typically rely on experience properties (attributes which can only be discerned after purchase or during consumption) when evaluating service quality, which include self-experience and others' experience (word-of-mouth).

Their final proposition is that perceived service quality exists along a continuum from ideal quality-when perceived service is much more satisfactory than one expected, satisfactory quality, where perceived quality equals expected quality, to totally unacceptable quality-when perceived service is much less satisfactory than one expected (Hendricks, 1997).

The four potential shortfalls, or gaps, within the service organisation that may lead to a gap between what customers expected and what they receive (gap 5) are:

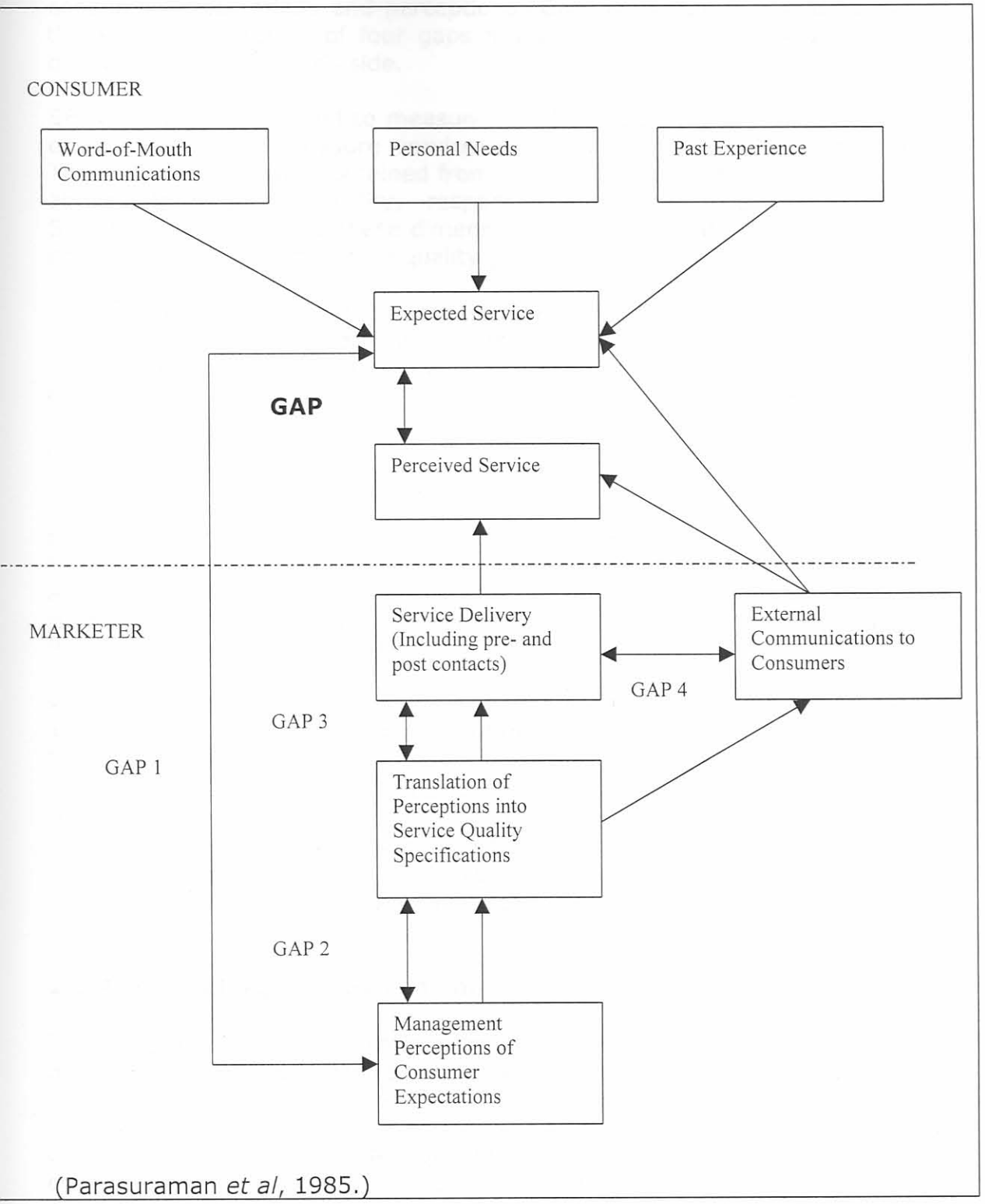
Gap 1: Differences between consumer expectations and management's perceptions of consumer expectations; thus the discrepancy between what the customer wants and what management thinks the customer wants.

Gap 2: Differences between management's perceptions of consumer expectations and service quality specifications.

Gap 3: Differences between service quality specifications and the service actually delivered.

Gap 4: Differences between service delivery and what is communicated about the service to consumers; thus the discrepancy between service promised and service provided.

Figure 2.1. The Gaps model of service quality.



(Parasuraman *et al*, 1985.)

Perceived service quality is defined in the model as the difference between consumer expectations and perceptions (Gap 5), which in turn depends on the size and direction of four gaps associated with the delivery of service quality on the marketer's side.

SERVQUAL was designed to measure Gap 5. The SERVQUAL scale serves to operationalise and measure service quality along five distinct dimensions. These dimensions were obtained from refining the ten dimensions mentioned above; tangibles, reliability, responsiveness, assurance and empathy. SERVQUAL scores along these dimensions can be viewed as indicators of the construct of perceived service quality (Lovelock, 1991:420).

The benefits of quality improvements come in two forms:
One effect is the improved ability of the firm to attract new customers, due to word of mouth, as well as the firm's ability to advertise the quality of its offerings. This effect is in many ways analogous to product repositioning, and is part of 'offensive marketing,' those actions which seek to attract new customers.

The second result of improved quality is that when current customers are more satisfied with the products they buy, they become repeat customers. Small increases in retention rates can have a dramatic effect on the profits of a company. Retaining current customers through higher levels of satisfaction is referred to as 'defensive marketing' (Schneider and Chung, 1996:65-80; Burger and Cann, 1995:91-98).

Rust, Zahorik and Keiningham (1997) defined the relationship between service quality improvements and profitability:
"We model the relationship between service quality improvement efforts and profitability as a chain of effects. The improvement effort, if successful, results in an improvement in service quality. Improved service quality results in increased perceived quality and customer satisfaction and perhaps reduced costs. Increased customer satisfaction in turn leads to higher levels of customer retention, and also to positive word-of-mouth."

2.1.4. The SERVQUAL Instrument

The SERVQUAL scale is a concise multiple –item scale with good reliability and validity that companies can use to better understand the service expectations and perceptions of their customers. The instrument is designed to be applicable across a broad spectrum of services. The skeleton questionnaire can be adapted or supplemented where necessary to fit the characteristics or specific research needs of a company (Lovelock, 1991:367).

Customers assess service quality by comparing what they want or expect to what they actually get or perceive they are getting (Berry *et al.*, 1988; Candlin and Day, 1993:133).

Knowing what the customers expect is the first and probably the most critical step in delivering quality service (Hendricks, 1997). The prime determinants of expected service quality, as suggested by Zeithaml *et al.* (1990), are word-of-mouth communications, personal needs, past experiences, and communications by the service provider to the subscriber. Subscribers talk to each other and exchange stories about their relationship with the ISP. These conversations are a factor in fashioning subscriber's expectations of the ISP's service. Subscriber's personal needs influence their expectation of the ISP. A business users need for urgency may differ depending on whether he or she has a urgent information or communication task a day before an annual presentation, or simply wants to surf the Web for leisure. Of course, prior experience is a key moulder of expectations. Subscribers may adjust or raise their expectations based on previous service encounters. For instance, subscribers who find that the toll free help desk frequently solves their problems are likely to expect answers to future problems. The factors just discussed all relate to expectations that originate with the user (Pitt, L.F. Watson and Kavan, 1995).

SERVQUAL's items measure the core criteria of service quality. It transcends specific functions, companies, and industries. It is suggested that context-specific items may be used to supplement the measurement of the core criteria (Pitt *et al.*, 1995). Core service measurement borrowed from network quality literature will be added as the core service measurement for this study. "Improving quality in the eyes of the customer is what pays off" (Lovelock, 1991).

The instrument has been tested to include all the variables outlined in the service blueprint. This validation was executed by assuring that the 5 SERVQUAL dimensions encompass the full service design. Assuring that the measurement of service quality encapsulates the methods, processes and evidence of the service delivery process is important because it adds both relevance and objectivity to the measurement (Parasuraman *et al.*, 1993:140-147).

Table 2.3. The five primary criteria for the evaluation of service quality.

Tangibles – Appearance of providers physical facilities, equipment, personnel and communications 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 providers and their ability to convey trust and confidence.
Empathy – Approachability, ease of contact, listening, keeping customers

informed and making effort to know customers and their needs- caring, individualised attention the company provides its customers.
(Zeithaml *et al*, 1990.)

Assessing the quality of service using SERVQUAL involves computing the difference between the rating customer's assign to the paired expectation perception statements.

THUS: SERVQUAL Score = Perception Score – Expectation Score.

By examining these various gap scores a company can not only assess its overall quality of service as perceived by customers but also identify the key dimensions, and facets within those dimensions, on which it should focus its quality improvement efforts (Andrew Fletcher Consulting, 1996).

From extensive research, Zeithaml, Berry and Parasuraman concluded that customers ranked the importance of two SERVQUAL dimensions consistently, regardless of service industry. Reliability is the most important contributor to service quality and tangibles are the least important (Nitecki, 1997).

SERVQUAL is an appropriate instrument for researchers seeking a measure of IS service quality. The role of the IS department within an organisation has broadened considerably over the last decade. Initially it was a developer and operator of information systems, but the IS department now has a much broader role. The introduction of personal computers has resulted in more users of information technology interacting with the IS department on a more frequent basis. Users expect the IS department to be of help to them with a range of tasks, such as hardware and software selection, installation, problem resolution, connection to LANs, systems development, and software education. Facilities such as the information centre and help desk shows this enhanced responsibility. IS departments now provide a wider range of services to their users. Their roles have broadened from product developers and operations managers to service providers. Current IS success measures, product and system quality, focus on the tangible end of the spectrum. Pit LF *et al* 1995 argue that service quality, the other end of the spectrum, needs to be considered as an additional measure of IS success (Pitt *et al.*, 1995).

2.2. Customer Satisfaction

Satisfaction is a customer's post-purchase evaluation of a product/service offering. A customer is satisfied when an offering performs better than expected and is dissatisfied when expectations exceed performance.

Customer satisfaction/dissatisfaction is modelled as a function of disconfirmation arising from discrepancies between prior expectations and actual performance. Hence, a simple model of the antecedents of customer satisfaction with a service offering can be expressed algebraically as:

CS/Dt = f(Disconfirm(t), Perform(t), Expect(t-1).

In other words, a customer's satisfaction/dissatisfaction with a service offering at time (t) depends on his or her current perceptions of performance Perform(t), prior expectations about performance Expect (t-1) and perceptions of the discrepancy between these two constructs Disconfirm(t) (Bolton and Drew, 1991).

As previously stated, Internet connectivity is a continuously provided service with a membership type relationship. Because of the similarities between the Internet subscription model and the telephone subscription model the following section borrowed from the telecommunications industry is contextualised.

It is proposed that customer responses for continuously provided services or long lasting goods are characterised by passive expectations, and that disconfirmation will not operate unless service changes occur that are outside the range of experience based norms. Because telephone service is a continuing service, these notions suggest that customer responses for telephone service should be affected only by performance evaluations (Bolton and Drew, 1991).

Local telephone services are different from many other products/services due to it being regulated; prices are not free to fluctuate and the service has no direct competitor in franchised areas. Because it has a long history as a stable and well-established, nearly universal service, most customers have a very clear idea that is based on prior experience, of what constitutes traditional telephone service. For example, customers satisfaction with local telephone services may decline when the company drops free telephone repair (as occurred during deregulation), or when the customer moves from one local franchise to another. Consequently, a customer's satisfaction with local telephone service should depend on (favourable or unfavourable) disconfirmation of anticipated performance levels only when a service change occurs which is outside the range of experience-based norms.

Because telephone service provision and usage are continuous, a customer can easily form an assessment of performance, and it is readily available for incorporation into an evaluation of satisfaction. Therefore, current performance levels should have a direct effect on customer satisfaction, as well as an indirect effect via disconfirmation.

In the CS/D paradigm, expectations typically are defined as anticipated or predicted levels of product/service performance formed by advertising, word-of-mouth, or past experience. Exploratory research on customer expectations about telephone service confirmed the idea that expectations about a continuing service are not processed actively. Perhaps customers do not explicitly conceptualise expectations about service because telephone service is characterised by its stability. This model postulates that customer

satisfaction with local telephone service is not affected directly by expectations, but only indirectly through disconfirmation (Bolton and Drew, 1991).

The similarities of telephone and Internet services exist on the core service dimension earlier defined as network connectivity.

2.3. The Flow Construct

As hypothesised in Chapter 1 the psychological construct flow will be analysed as a profiling construct for customer satisfaction:
"Positive affect and exploratory behaviour are outcomes of flow" (Yung, 1997:1-14).

A profiling construct within this context is a construct that can be used in order to micro-segment or profile customers into different groups where meaningful differentiation in communication in service is required. If it is found that the flow construct does differentiate between different customer satisfaction groups the Internet service provider can, based on the analysis of a short set of questions, try to 'manipulate' behaviour into the flow-state.

An example would be to educate a customer in Internet service utilisation where the customer currently experiences anxiety with the Internet experience.

One suspects that the highest and the most sustainable levels of customer satisfaction occur for products and services that are either the objects of intrinsic desires, or are facilitators of fulfilment of intrinsic desires (Dimanche and Havitz, 1995). The firm transforming mimetic desires into intrinsic ones or designing products better meeting intrinsic desires may find a new route to competitive advantage (Bagozzi, 1995:272-277).

One can assume that when people indicate that they are engaging in something they perceive as 'leisure', the use of the label acts as a form of 'short-hand', signifying ongoing conscious experiences consisting of a unique set of perceptions, feelings and satisfactions. The experiential dimension of leisure most commonly agreed upon is positive affect. The leisure experience also has been conceptualised as similar to a variety of highly involving psychological states. Of these, the 'flow' model has had the greatest influence on theorising about leisure experience. The flow experience is described as "one of complete involvement of the actor with his activity", and a number of elements has been identified that are indicators of its occurrence and intensity.

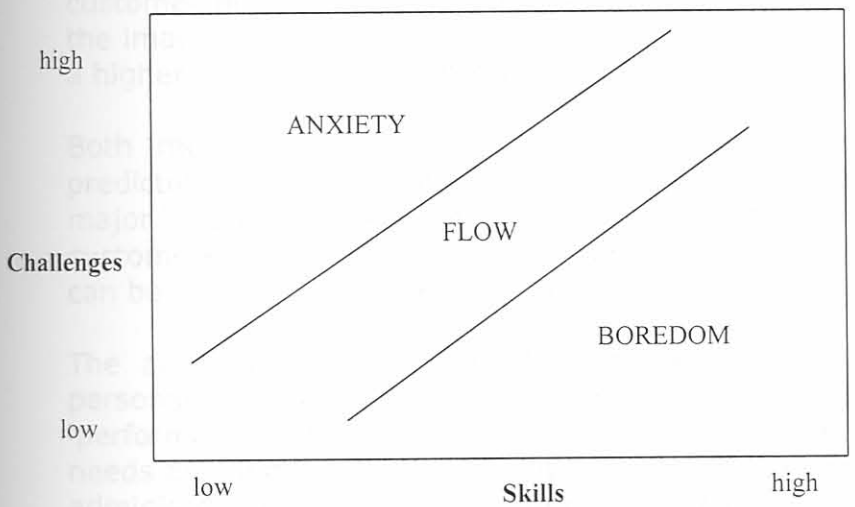
These indicators include the perception that personal skills and the challenges provided by an activity are in balance, centring of attention, loss of self-consciousness, unambiguous feedback to a person's actions, feelings

of control over actions and environment. Further indicator are momentary loss of anxiety and constraint, and the enjoyment or pleasure (Manell, Zuzaneck and Larson, 1998:289-304).

According to Manell *et al* (1998), Csikszentmihalyi, during 1975, conceptualised flow as an optimal experience that stems from peoples perceptions of challenges and skills in given situations. Situations in which challenges and skills are perceived to be equivalent are thought to facilitate the emergence of such indicators of flow as positive affect and high levels of arousal, intrinsic motivation, and perceived freedom.

In flow model, experiences in which both challenges and skills are congruent it is coded as 'flow' experiences. High challenge - low skill experiences, are considered to be 'anxiety' experiences, and experience with high skills and a low challenge are classified as 'boredom' experiences (Figure 2.2). (Manell *et al.*, 1998:289-304).

Figure 2.2. The Flow Model.



(Ellis, Voelkl and Morris, 1994:337-356.)

2.4. Core and Supplementary/value-added services

With the service sector becoming more competitive the need for meaningful competitive differentiation is sharpened. To an increasing degree this differentiation is dependent on higher performance on supplementary product elements. Both service and manufacturing industries, the core product sooner or later becomes a commodity as competition increases and the industry matures. As a result competitive advantage usually emphasises performance on the supplementary service elements. It is also stated that a firm who does not deliver on the core service will go out of business. To be competitive thus means that the Internet service provider must focus on the

supplementary services in addition to the core service, which tends to become a 'hygiene' factor.
It is also important to note that different elements of the augmented service offering have different roles and levels of importance (Lovelock, 1991:19).

Although relationship marketing adds value to the service package, it is not a substitute for having a strong, up-to-date core service. Two main views of relationship marketing can be compared. One view, relationship generalisation, is consistent with economists' assertion that the relationship is a quality surrogate and that buyers generalise positive feelings about the provider to core aspects of the service. The other, rational evaluation, is that relationship marketing adds value to the service by providing certain demanded 'peripherals' but buyers mainly care about core service quality and consider evidence from a variety of sources (including competitors) in their evaluations (Crosby and Stephens, 1987).

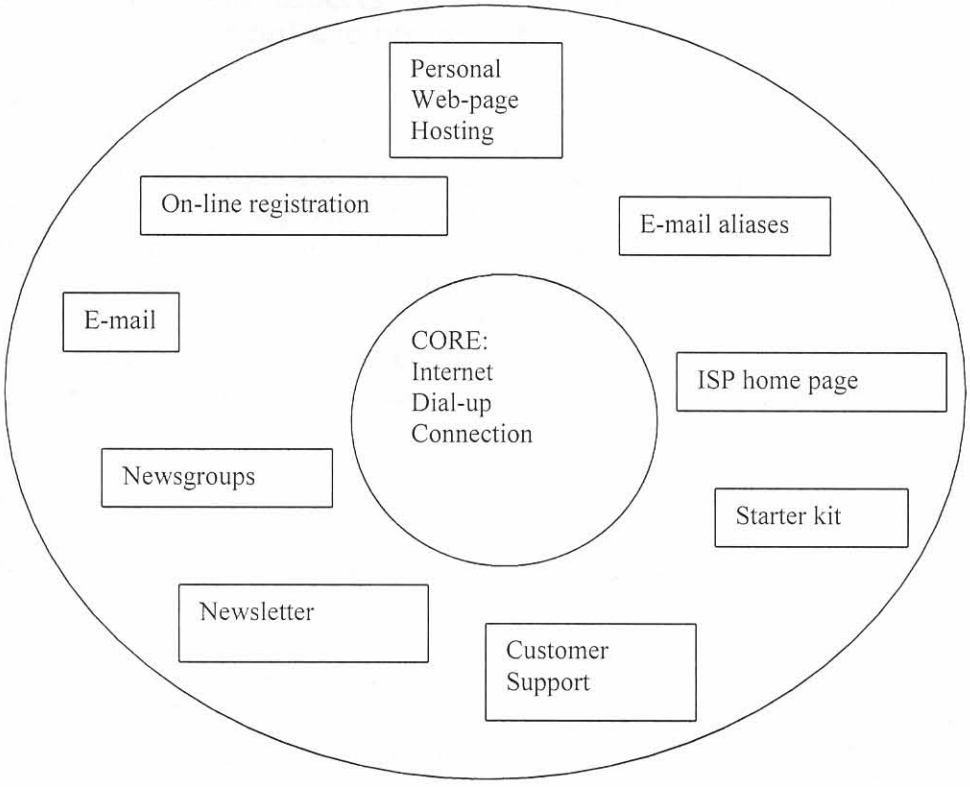
The service literature distinguishes between the quality produced as the customer interacts with the contact resources of the organisation, what the customer actually gets as the result of the interaction (core elements), and the image of the company. The three satisfaction levels are believed to have a higher order relationship with the SERVQUAL dimensions.

Both models contain the same interaction/communications variables as predictors of satisfaction. These variables are conceived as representing the major 'information flows' providing clients with evidence of service quality. As customers expect requests to be handled efficiently and effectively, failures can be very damaging to a relationship.

The authors also discusses the rational evaluation model and finds that personal contact adds value to the service by providing additional 'performances' that increase the utility of the service. Examples include needs assessment, buyer education, problem-solving assistance, and help on administrative matters. If effective, these interactions should enhance satisfaction with the contact person (directly) and overall satisfaction (indirectly).

To remain competitive, organisations must continually amplify or enhance their value-added package (Figure 2.3). This is the key to relationship marketing, organisations do not sell products alone. The bundle of benefits that the firm puts together is what keeps the customers for life (Kotler, 1992:50-52; Caruso, 1992:21-22).

Figure 2.3. The Suggested Whole Product Design for Consumer Internet Services.



The core service definition of an ISP is to generate revenue from Internet connectivity subscribers, thus retailing bandwidth to consumers. ISP's achieve this by selling an Internet experience to consumers.

Value added services are focussed on luring clients as well as retaining clients through making their Internet experience more valuable. Providing additional enablers in aid of communication, surfing or transacting raises the value of the Internet experience.

2.4.1. Internet connectivity as core product

Internet connectivity translates in essence to network connectivity, utilising the IP protocol within a PPP connection as described in Chapter one. An investigation of literature around network service quality highlighted three core dimensions:

(1) The speed of an Internet connection.
(2) The reliability of a connection.

(3) The availability of a connection.

These dimensions were constructed from the following network quality parameters:

Availability:
There are two different aspects of network availability: network uptime (availability of a connection) and response time (speed).

Reliability:
A reliable network is one in which errors are absent and failures are a rare occurrence. Error-free operation is attained by designing transmission links with low noise levels and by using protocols with effective error detection and correction schemes. Response time can increase (speed decrease) if extensive error checking and correction are performed at each node in the network. High-speed protocols such as frame relay rely exclusively on end-to-end error detection and correction because it is assumed that the underlying transmission lines are reliable and have relatively low noise levels.

Security:
The essence of telecommunication security operations is managing and controlling access to equipment and facilities and to the network and its information databases. The crux of the security problem is providing simple and inexpensive access on a wide-reach basis (ideally from anywhere) while protecting the physical facilities from harm and sensitive information from unauthorised users. The PPP protocol does not have security functionality on the network level. The PPTP tunnel protocol does have security embedded but it is not part of the consumer services relevant to the scope of this study.

Accessibility:
Network design should incorporate the key aspects of accessibility appropriate to a consumers need: simple and convenient access procedures, flexibility in the times and locations of permissible access, and no need for special equipment to access the network (Keen and Cummins, 1994:585 – 590).

2.5. Service Blueprinting as Foundation for Qualitative Service Quality Analysis

Service blueprinting is a mapping technique designed to fully and accurately portray any service system in its entirety so that the system can be understood objectively and dealt with on the same basis by different people, irrespective of their individual points of view. Service blueprinting has its origins in a wide variety of disparate fields and techniques, all of which have to do with the explanation and definition of processes because processes are the fundamental building blocks of all services. Blueprinting draws

importantly from three fields; logistics, decision theory and computer system analysis.

Booms and Bitner (1981) mentioned that the service marketing mix must be expanded to encompass amongst other elements the process of service delivery. They define this component as "the actual procedures, mechanisms, and flow of activities by which the service is delivered". This new element is essential to the definition and promotion of the service in the customer's eyes, both prior to and during the service experience. It can be used by the firm to influence buyer's responses and rightfully belong to the marketing mix.

There are four risks associated with using words to describe a service that led to the endorsement of service blueprinting as service delivery and design communication tool:

(1) The first risk is oversimplification. Words are not precise enough to accurately and completely describe an entire service system. And a description that is abstract is useless for management purposes.
(2) The second risk is that of incompleteness. A spoken or even written description of any service is likely to ignore or gloss over those parts of the service with which the author or speaker is least familiar.
(3) The third problem is subjectivity. An individual's understanding and knowledge of any service is always conditioned and biased by his/her own personal experiences and exposure to that service. Often these are projected onto the service.
(4) Finally, words are subject to interpretation. No two poets define 'love' in the same way. Even the most artful writer or speaker is hampered by the impressionistic nature of words and the unknowable effect the may have on the reader or listener. For all these reasons, a more scientific, more objective method of explicating services should be part of every marketer and manager's arsenal.

2.5.1. The Value of Service Blueprinting

When people attempt to blueprint a service system, they are forced to learn more about that system and forced to confront how little they actually know about the functioning of the entire system. Blueprinting also draws people into learning and thinking about appropriate techniques for visualising, mapping and diagramming processes of all kinds. The effort to visualise the entire system makes one consider the system in a new and more comprehensive way (Pendery, 1998:56-58).

A well-constructed flowchart or blueprint enables the user to visualise the process of service delivery by depicting the sequence of front stage interactions that customer's experience as they encounter service providers, facilities and equipment. These interactions are supported by backstage

activities, which are hidden from the customers and not part of the actual service experience. Each of these front stage activities can be categorised as part of a core or supplementary service element. But it's important to recognise that backstage problems may well have undesirable front stage outcomes. Time lines can be attached to each activity to help set the standards for speed of service (Lovelock, 1991:370; Shostack, 1992:75-90).

Shostack (1984) mentions that blueprinting can be utilised to achieve the following objectives:

(1) Identify problems before they happen
(2) See the potential for other market opportunities
(3) Developing new services
(4) Test the quality of services for which is contracted

"In survey after survey, services top the list in terms of consumer dissatisfaction" (Shostack, 1984:133).

The lack of systematic design and control seams to be the core problem with service delivery. There is no way to ensure quality or uniformity in the absence of detailed design.

A blueprint gives management a context within which to deal with the management and control of the process:

Step 1: Identify processes.
By identifying the components of a step or action, inputs that are needed is revealed and analysis, control and improvement accommodated. It is important to watch out for parts of the service that the consumer does not see, like purchasing of supplies.

Step 2: Isolating fail-points.
Identify points where the system can go awry. The designer must build in sub processes to correct possible errors. The consequences of service failures can be greatly reduced by analysing fail points at the design stage. When designers and managers think through potential problems together in advance, the quality of service execution is invariably higher.

Step 3: Establishing time frames.
The design should establish a standard execution time. The design should also allow for deviation from standard execution time under working conditions. The amount of latitude necessary in the time frame will depend on the complexity of the delivery system.

Step 4: Analysing profitability.
A service designer must establish a time-of-service-execution that precludes unprofitable business and maintains productivity.

The design of a service should incorporate the orchestration of tangible evidence–everything the consumer uses to verify the service's effectiveness. The design should not be carelessly delegated to outsiders or left to chance, the presence of people brings a higher risk that service quality will vary.

Market research throughout the design cycle is the control mechanism to ensure that the service meets the goal as well as measuring quality and identifying needs for redesign. Fail points indicate where the service may experience quality or consistency problems.

Telephone communication, for example, is a component that is not only critical and difficult to control but also one of the most powerful influence of customer perception, since it provides personal contact. To deal with this potential fail point, management can decide to script dialogues for various situations, to train staff thoroughly in communication and response techniques, to establish procedures making certain that calls never went unanswered, and ensure accuracy by logging, recording, and confirming all customers instructions. While the blueprint does not show these processes, the system designer has diagrammed and controlled each one.

A blueprint is more precise than verbal communication and less subject to misinterpretation. Process design is management's responsibility. Leaving services to individual talent and managing the pieces rather than the whole, makes a company more vulnerable and creates a service that react slowly to market needs and opportunities (Shostack, 1984:133-139).

Product positioning translates back to process engineering in aid of reaching a pre determined market segment. The implications of service intangibility, service perishability, production/consumption simultaneity, and consumer participation in service processes as stated in Chapter 1 must be noted (Lovelock, 1991: 148).

The impact of blueprinting can easily influence the way a company does business in regards to management style and customer understanding:

> "Extended service blueprinting looks at companies resources and the way they can improve the capacity to serve. The process involves defining the information required to understand the needs and capabilities of each individual entity, defining the range of activities that customers can expect from customer service reps, and developing ways to monitor diversity" (Logic web-site, 1997).

Service management, is a process of developing tools that enable customer service reps to better diagnose and respond to diverse customer needs. With these tools and an effective monitoring system, the reps "can be truly empowered without management paranoia about losing control". With the extended service blueprint, management becomes "a creative process of creating enabling tools and mentoring employees instead of prescribing, inspecting and disciplining.

Service standards should be preset, where management applies quantifiable means to assess performance statistically and use a detailed blueprint to make sure employees meet those requirements. An employee should wish to deliver the best possible service without the repeated prompting of superiors or the feeling that they must live up to a code of standards (Logic web-site, 1997).

2.5.2. Building a Blueprint

Creating a blueprint begins with developing a 'picture' of the entire service system at an overview level. From this base, each part of the system can then be broken down and blueprinted in greater detail. Services are integrated systems. These systems can be broken down into three basic areas.

(1) Finding the steps, tasks and activities necessary to the rendering of the service, in other words, the service processes.
(2) Identifying he means by which the tasks are executed, typically some combination of people and goods.
(3) The evidence is presented to the consumer, which is everything he/she experiences sensorial that relates to the service.

All service systems can be understood in their entirety by understanding these three elements.

The processes:
Fail points represent tasks that are statistically known to have a high potential error rate. Problem points represent situations, which require diagnoses, judgement and selection among several courses of action in order to achieve resolution. These have been called out at the overview stage because they are areas management wishes to address in particular detail. Many other process issues can be highlighted in a summary blueprint. As is true throughout blueprinting, the symbols one uses to describe the process are less important than ensuring that all parts of the system have been captured.

The means:
A service like counselling may be rendered entirely by a human being. A service like video game entertainment may be rendered strictly by a machine. But most services are rendered by a mix of goods and people. They in turn are supported by various facilitating goods and services. Understanding and identifying all the means by which a service is rendered is critical for two reasons.

(1) A manager faces constant tradeoffs and choices among means. These decisions affect service quality, differentiation and profits, so they

must be made on an informed basis. Substituting computers for people, for instance, is not always the right approach. It depends on the service strategy and what impact a change of means may have on the entire service system.

(2) Different means require different management approaches. As a summary blueprint is developed, it is useful to keep a list of all the means by which each task or step is executed. As the summary blueprint is expanded to greater levels of detail, descriptions and understanding of means will become critical to understanding and analysing quality and productivity.

Evidence:
The inability to physically examine a service creates anxiety. Uncertainty about the results one may get from a service also creates anxiety. Services are non-corporeal and frustratingly elusive. Therefore customers focus on that which is real as a surrogate for that which is not. Like detectives, they deduce the quality, the value and the nature of the service by judging the tangible cues. Evidence is everything the customer can see, hear, touch, taste or smell that helps him/her confirm the existence, execution or nature of the service. Examples of evidence includes the catalogue given to customers, the statements they receive, the box in which goods are shipped, the telephone conversation a customer has when he/she calls are all evidence. Every word and each exchange tells the customer something about the service. People can also be evidence. In the summary blueprint all these forms of evidence appear above a 'line of visibility' that shows which parts of the service system will be encountered by the consumer. These must be managed as a whole in order for the service to have integrity and consistency in the consumer's mind. They must not be allowed to be presented as disconnected or inconsistent pieces.
The summary blueprint is the starting point for understanding the entire service system (Shostack, 1984:133-139).

2.5.3. Personalization versus Standardisation at the Blueprint Level

Blueprinting is a holistic method of seeing in snapshot form what is essentially a dynamic, living phenomenon. For process design purposes, a blueprint should document all process steps and points of divergence in a specific service.

Complexity and divergence are not fixed and immutable. They are factors that can be changed.

In exploring alternative directions for structural change it is important to note the following paradox in Internet service provision:

Reduced divergence leads to uniformity, which tends to reduce costs, improve productivity and make distribution easier. Positively this move can

be perceived as an increase in reliability–more uniform service quality and greater service availability. Negatively such a move can be viewed as lower customisation and limited customer options. Increased divergence leads to greater customisation/personalization and flexibility.
Reduced complexity eases distribution and control while increased complexity can maximise the revenue generated from each customer (Lovelock, 1991: 153).

The more standardised the process is, the more dominating are the core service and the technical quality of the outcome of the production and delivery process and the less difficult it is to manage the personnel from a marketing point of view. Firms can position their strategic approach along the strategy continuum, and the more relationship type strategy is called for, the more that has to be invested in interactive marketing. In such a situation it is at the same time more important to create information systems where the firm is managing its customer base directly and not relying on market share statistics and ad hoc customer surveys (Gronroos, 1995:252-254).

Sometimes, facilitating goods are used as a replacement for human performance to reduce divergence. Computers are the prime example of goods that have been used in this way to standardise service systems. However simplification is not the only use for technology. Technology can also can be used to increase complexity and divergence. Ultimately, technology may even make possible a degree of customisation that only human providers can now deliver.

Coleman (1989) points out that it is important to determine what behaviour constitutes responsiveness and reliability at each level where service is encountered. She goes on to assert that the same behaviour is not always desirable at every level, or between different workgroups. Service quality should be regarded as an interpersonal issue and it must be noted that the cheerful incompetent can be more annoying to a customer than the gruff competent.

2.5.4. Blueprinting within the Context of Continuous Service Delivery

The customer has the opportunity to acquire new information regarding a continuously provided service during service encounters that take place throughout the relationship, when a facilitating transaction takes place or when there is a failure in the organisation's continuous delivery of service.
Facilitating transactions occur when the customer seeks out an encounter with the organisation, typically to obtain information about existing service, purchase additional products, ask about his/her bill, and so forth. Service failures include disruptions in the core service, such as a 'blackout' of electrical service or unscheduled 'downtime' in computing services) and failures in service processes, such as static on a telephone line or a burnt out street lamp.

Service encounters, whether customer initiated or failure initiated, provide the customer with opportunities to acquire new information about the service, compare current service with his/her prior cumulative assessment, and to form a new assessment of the value of future service (Bolton, 1998:45-65).

2.6. Summary of Chapter 2

In this chapter the marketing of services were discussed. The service quality and customer satisfaction constructs were investigated and service blueprinting suggested as a visual technique of service management understanding. Value added services were mentioned as a means of service differentiation.

In the following chapter attention turns to the relationship management/marketing realm in pursuing to strengthen the continues relationship between the customer and the service provider as mentioned in Chapter 1.