THE IMPORTANCE OF SERVICE QUALITY AND SATISFACTION IN VALUE CREATION AND DELIVERY

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Abstrak: Tulisan ini membahas tentang value yang tercipta oleh kualitas jasa dan kepuasan pelanggan, dimana value itu sendiri bersifat dinamis dan terus berevolusi. Berdasarkan penelitian-penelitian terdahulu, tulisan ini menjelaskan bahwa ada hubungan antara kualitas jasa, kepuasan pelanggan dan penyampaian jasa serta ketiga konsep itu mempunyai asosiasi yang erat. Maka dari itu, kualitas jasa dan persepsi terhadap kualitas jasa memainkan peran penting dalam menentukan service value dan kepuasan pelanggan. Sebab itu memadukan kualitas jasa dan persepsi pelanggan tentang kualitas dan memuaskan apa yang menjadi kebutuhan pelanggan adalah sesuatu yang esensial.

Kata kunci: value, penyampaian kualitas jasa dan kepuasan pelanggan

The present study examines the relationships among customer satisfaction, perceived service quality and perceived value. There are many marketing researches found out that there is strong relationship between perceived service quality and customer satisfaction (Cronin & Taylor, 1992; Parasuraman, Berry & Zeithaml, 1993). Meanwhile the perception of value plays a very significant role in determining customer satisfaction especially in marketing of a service. Providing a service that result in satisfied customers will generally improve profitability for any organisation that operates in a consumer market (Parasuraman, et. al, 1988).

In order to design effective strategies to enhance customer satisfaction and loyalty, it is imperative to understand the role of quality and costs in customer value assessment and their relationships with satisfaction (Tam, 2004). Bolton and Drew (1991) conferred that service quality is the most important determinant of value, followed by satisfaction/dissatisfaction experienced. LeBlanc and Nguyen (1999) found that customer satisfaction and service quality were positively related to service value. Their result showed that service quality exerts stronger influence on service value than does customer satisfaction. Therefore it is very important to understand the relation perceived service quality and satisfaction in value delivery.

DEFINITIONS

Perceived Service Quality

Parasuraman et al. (1988) conceptualized perceived service quality as a judgment or attitude relating to the superiority of the service. It has become an important topic due to its relationship to costs, profitability, customer satisfaction, customer retention and positive word of mouth which are elements of positive customer value (Buttle, 1996). Parasuraman et al. (1985) measured service quality based on Oliver's (1980) disconfirmation model, which is that satisfaction if a function of the disconfirmation of performance from expectation, Parasuraman et al (1985) proposed that service quality is a function of the differences between expectation and performance along quality dimensions and created

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their SERVQUAL. Even there are some critics about SERVQUAL (Jevon, 2005), it become the most frequently used tool in measuring perceived service quality.

**Customer Satisfaction**

Satisfaction is the outcome and cause of one's experiences and the ability of the supplier to meet the norms and expectations. (Dwyer, et.al, 1987; Fornell, 1992; Oliva, et. al, 1992). An often cited definition is provided by Hunt (1977) "consumer satisfaction with a product refers to the favorableness of the individual's subjective evaluation of the various outcomes and experiences associated with buying it or using it." Alternatively, "satisfaction may best be understood as an evaluation of the surprise inherent in a product acquisition and/or consumption experience" (Oliver, 1981, p. 27). Customer satisfaction, together with the related concepts of service quality and service value, could related to behavioural intentions such as re-purchasing (Cronin, Brady and Hult, 2000).

In this paper, it is using the definition put forward by Fornell (1992) which argue that customer satisfaction is "An overall post-purchase evaluation." This definition focuses on post-purchase perceived product performance compared with pre-purchase expectations.

**Customer Value**

Since the early 1980's, most definitions of value have referred to the trade-off between what is sacrificed and what is gained in an exchange, and studies at this time centred on value delivery being composed of only monetary and utilitarian components (Lindgreen & Wynstra, 2005). Lanning and Phillips (in Lindgreen & Wynstra, 2005) defined value as being a quantification of what customers will get minus what they have to pay.

Value was linked to the consumer as the evaluation of the utility of a product based on what was received and what was given in exchange (Woodruff, 1997), while Gale (1994) suggests the concept that value is an evaluation of perceived quality and benefits relative to the price.

Woodruff's (1997) definition describes value in the context of buyer behaviour, encompassing the relationship of the buyer to satisfaction, quality, purchase intentions and brand loyalty, and all these factors impact on value assessment. The reason of examining the drivers of customer value is that an understanding of the concept will assist in generation of purchase, repeat purchase and positive word of mouth communication for organisations, and ultimately create life time customer value (Wahyuningsih and Dubelaar, C. 2005).

**RELATIONSHIPS**

**Perceived service quality and customer value**

The concept of creating and delivering customer value comprises various terms, which emphasizes developing trusting relationship between parties and satisfying customers' expectations during the exchange process and interaction (Ravald and Gronroos, 1996; Ballantyne, 2004; Gronroos, 2004 cited in Mele, 2007). According to Webster, quality of products and services is a pathway to value creation and delivery as he suggests that "quality, like marketing, means putting the customer first, always" (Webster, 1994 P. 66 cited in Mele, 2007). Therefore, it is said that quality is a component and antecedent of value for customer (Fornell et al., 1996, Bolton and Drew, 1991).

As value assessment is a subjective judgment made by customers, personal perception and experience are involved in the judgment process. Therefore, customers' perception towards service quality is essential in this value assessment, it is the most
important determinator of perceived customer value (Bolton and Drew, 1991). That is, consumers integrate their perception of a service to generate the overall evaluation of that service, and make a value assessment (Bolton and Drew, 1991). During this evaluation process, there is could be a gap between prior expectation and actual performance, which is defined as disconfirmation, and it could largely impact on service value perception and customer satisfaction (Bolton and Drew, 1991).

Bolton and Drew (1991) have also suggested that there is positive relationship between service value assessment and service quality evaluation. Hence it addresses the importance of quality improvement. TQM (total quality management) has been adapted by large number of service business as a business strategy to ensure service quality and performance level in order to maintain management efficiency and satisfy explicit or implicit customer expectations of customers, and hence create and deliver value to customers (Cronin et al., 2000).

**Customer satisfaction and customer value**

One of the major objectives and marketing functions is to create and deliver them value and satisfy their needs in order to generate customer satisfaction, and this value becomes the key driver of customer satisfaction and loyalty (Woodall, 2003). Businesses are focusing on the needs of customers by providing products and services that meet customers’ requirements for quality, and by controlling their cost so that they offer customers maximum value (Vantrappen, 1992). Since customer satisfaction is largely depending on their perceived service quality and perceived value (Fornell et al., 1996 cited in Cronin et al., 2000), considering value from customers’ perspective becomes essential to value creation and delivery as what service provider values might not always match what customers’ value.

Due to the heterogeneity of consumers and market, value is being perceived differently by different customers, who could be classified into four different groups (Wahyuningsih et al, 2005). These different groups of consumers are having different perception towards value, and they tend to have different level of purchase involvement and confidence, therefore they behave differently and hold different needs (Wahyuningsih et al, 2005). In order to satisfy these consumers with different perception and needs, market segmentation becomes an essential part. That is, consumer value creation and delivery should take consumer behavior types into account, and target them differently with different offer to satisfy their needs (Wahyuningsih et al. 2005).

As satisfaction is highly related to personal experience, perceived performance and disconfirmation etc, the indicator and measurement of satisfaction is not guarantee of veracity or unidimensionality (Babin and Griffin, 1998). Satisfaction is also greatly context dependend, and it is heavily influenced by emotions under different circumstances (Babin and Griffin, 1998). That is, customers’ satisfaction is not a stable term, and it could change and evolve over time depending on experience, circumstances and external conditions (Arnould and Price, 1993). Therefore, the value created and delivered to customer could change and evolve during and after service encounter depending on customers’ experience and circumstance, and value becomes an ongoing outcome of service encounter. For example, the river rafting itself is a recreation activity with risks, adventure and integration, participants may not perceive high level of value from it, and hence have relatively low level expectation. However, after experiencing this activity participants have manifested themselves in the themes of harmony with nature and personal growth and renewal (Arnould and Price, 1993).
Service quality and customer satisfaction

As it has been mentioned previously, improving service quality to meet and satisfy customers' needs is one of the pathways to customer value creation and delivery. Athanassopoulos (2000, p. 192) states that "customer satisfaction is based on the amalgamation of service quality attribute with such attributes as price". That is, customer satisfaction is seemed to be positively related to service quality, and therefore those businesses with low customer satisfaction take service quality improvement as the first priority (Shun-Hsing et al., 2007).

However, the quality improvement program might not necessarily improve service quality (Kordupleski et al., 1993) and customer satisfaction. That is, by only considering the offer and value from service provider's perspective might not achieve what the provider wants to achieve since there might be a gap between provider's offer and customers' expectation. This failure of quality improvement is caused by the narrowly define customer expectation as the process of service quality improvement program, such as improvement teams, quality councils and TQM are all designed to improve internal business process (Kordupleski et al., 1993). While the internal business process has been improved, customer benefits and values that arise from these activities are hardly been taken into account (Kordupleski et al., 1993). Due to this reason, customer voice and expectation is often been ignored or underestimated in service quality management by the business, which leads to the disconnection of the link between customer perceived quality and business process quality (Kordupleski et al., 1993).

Since customer satisfaction could be generated by meeting their perceived expectation and fill the gap between expectation and perception of actual performance level, this requires service providers to be customer driven and oriented, and to build the link with customers in order to hear their voice and understand their actual satisfaction levels, hence to determine quality improvement priority and make right quality improvement to the right customers (Shun-Hsing et al., 2007).

Link among service quality, customer satisfaction and value delivery

There is a link among service quality, customer satisfaction and value delivery, and they are closely related. Based on the study, there is an indication that both service quality and service value lead to satisfaction (Cronin et al., 2000). Cronin and Brady (2000) have also addressed the importance of service quality perceptions as the determinant of customer satisfaction, and the value of a service product is also largely defined by perception of quality. Therefore, researchers have concluded that "service customers seem to place great importance on the quality of a service than they do on the costs associated with its acquisition (Cronin, Brady et al. 2000, p.209). Therefore, matching service quality and customers' perceived quality, and satisfying what customers need becomes essential.

Nevertheless, as customer satisfaction is an evolving term, in order to create and deliver value to them, businesses should continuously monitor customers' pre-purchase, purchase, and post-purchase experience, and provide desired service quality.

CONCLUSION

The concept of value is a key factor in every stage of the consumer purchase process, from the initial motivation to the post-purchase evaluation. Customer value perception is very important since it is linked to the customer loyalty, relationship marketing concept, and future repurchase intention (Fornell, 1992). There is positive
relationship between service value assessment and service quality evaluation. Based on many research findings, customer satisfaction is seemed to be positively related to service quality.

Therefore, it could be concluded that there is a link among service quality, customer satisfaction and value delivery, and they are closely related. That is, both service quality and its perception play a critical role in determining service value and customer satisfaction. Therefore, continuously matching service quality and customers' perceived quality, and satisfying what customers need becomes essential. Meanwhile, considering the heterogeneity of consumers and market, service and product customization should be applied in order to target different types of customers precisely.

REFERENCES


