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The Development of Service Quality Specification for Home Delivery Service

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Abstract: Home delivery service has increasingly viewed as one of the important supply chain components within food and beverage industry. Hence, this study aims to establish a practical guideline on the development of service quality specification for new home delivery service or HDS. In conjunction with this, the study develops a home delivery service quality conceptual framework that outlines 5 important stages on the development of service quality specification for a new HDS. Firstly, the framework adapts SERVQUAL dimensions model and align the dimensions with HDS setting with the ultimate aim to form a set of service quality dimensions for the new HDS or namely HDS dimensions. At the second stage, the HDS dimensions are subsequently transformed into a questionnaire to assess the customers' expectation level on each of the HDS dimension prior to the commencement of HDS. The assessment result of customer expectation is next used in the third stage as the main input to outline the preliminary set of HDS service quality specification. Subsequently, at post implementation stage of HDS or stage four, the service quality conceptual framework suggests an assessment of perceived customer satisfaction level based on the same set of HDS dimensions used in stage 2. At the final stage, comparison of customer expectation level and customer satisfaction level on each HDS dimension is made with the objective to identify HDS service quality improvement opportunities. The HDS service quality conceptual framework proposed in this study carries a value for further validation. Hence, the continuation for this paper is to validate the framework via field work.

Key words: Service quality, home delivery, SERQUAL, customer, supply chain

INTRODUCTION

Consumers packaged food and beverage industrials are increasingly facing stiff competition despite of rising in consumers demand. To sustain and maintain competitive advantage within food and beverage sector, stakeholders of food and beverage manufacturers, retailers and food service providers are continuously looking for improvement opportunity on service quality (Palmer, 2001) such as exploring new innovation in term of brand building, ingredient reformulation, new product development, manufacturing and packaging enhancement as well as supply chain innovation.

Within the context of supply chain innovation, due to the change of consumers' lifestyles, home delivery service has increasingly viewed as one of the important component for supply chain within food and beverage sector (Johns and Howard, 1998). Indeed, home delivery service has become the basic service that shall be provided by food and beverage service providers in order for the service providers to stay competitive (Lovelock and Wright, 2002; Zeithaml *et al.*, 1993; Fecikova, 2004).

Based on the survey conducted by Euromonitor International (2012), the growing of workforce and the rising of living standard in Malaysia had led to the increase of demand on food and beverage home delivery services. Consumers in Malaysia are now looking for the most convenient way to dine where food and beverage home delivery service is gradually adapted by Malaysian as one of the preferred choice. As such, service quality of home delivery service provided by food and beverage industries has increasingly regarded by food and beverage service providers as one of the important elements in order to maintain competitive advantage.

Research background: This study, is part of collaboration research with one of the fastest growing food and beverage service provider that operating bases on franchising concept in Malaysia. The company under study is founded in 1997. The company has evolved as one of the fastest growing lifestyle cakes and café chain and it is well-known with its extensive range of fine quality food and beverage. At this moment, there are >200 outlets operating in Malaysia bases on franchising concept. Home delivery service is part of supply chain

strategy for the company under study, however the service is yet to implement across all outlets within Malaysia.

In line with the company's operational concept of personalized full-service dining experience for customers, the company plans to expand the home delivery services across all outlets located in Johor state by end of year 2015. In conjunction with this, a collaboration project with the company is formed with the main objective to develop a service quality specification for the new Home Delivery Service (HDS). As such 3 Research Objectives (RO) have been developed for the collaboration research:

- RO 1: to identify customers' expectation on the new home delivery service at pre-implementation stage
- RO 2: to assess the customers' perception on service quality of the new home delivery service at post implementation stage
- RO 3: to propose improvement opportunities on service quality for the new home delivery service

Literature review

Service quality: Study on the principles of service marketing by Palmer (2001) reveals that in order to sustain competitive advantage within service industries, one of the important sources of distinctive competence is customer service quality. Service is defined as an intangible nature take place during the interactions between customers and service providers (Shahin, 2006). While service quality is the extent which how a service meets the customers' needs and expectations (Lewis and Booms, 1983). The basic definition of service quality could be defined as comparison made by customers between the qualities of service that customer desire to receive versus quality of service that the customer received (Kumar, 2011).

Service quality dimension for hds: Delivering high quality service to maintain customer satisfaction is key element toward organizational success. Study done by prior researchers revealed that there are different approaches or methods used for measuring service quality and there is little consensus of opinion and much disagreement about how to measure service quality.

Numerous models had been developed by prior researchers to measure service quality, such as SERVQUAL service quality model developed by Parasuram *et al.* (1988), Bankserv developed by Akiran 1994; Systra-SQ developed by Aldlaigan and Buttle (2002), Sstqual developed by Lin and Hsieh (2011) and the simplified Servqual Model, namely RATER suggested by Parasuraman *et al.* (1990).

Servqual service quality model developed by Gronroos (1984), Lewis and Booms (1983) and Parasuraman *et al.* (1985) is the most common model used by prior researchers to compare customer expectations before a service is encountered and the perceptions toward the actual service that delivered. To measure a consumer perception of service quality, Servqual Model can be used as a predominant method (Van Iwaarden *et al.*, 2003).

Amass study conducted by Gronroos (1984), Lewis and Booms (1983), Parasuraman *et al.* (1985); Van Iwaarden *et al.* (2003) and Shahin and Janatyan (2011), there are ten important service quality dimensions outlined by SERVQUAL service quality models which are service reliability; service responsiveness; empathy (or knowing customer); tangibility, competence of service; courtesy; communication; service Security; credibility and service accessibility.

However, by taking into consideration the company under study is a well-known food and beverage service provider with high reputation, "credibility" which implies the reputation of service provider is excluded from this study. In addition, "service accessibility" which refers to the approachability of service is also omitted from this study due to the nature of home delivery services. Furthermore, competence of service, courtesy and communication are grouped as service assurance. As the result, the study focuses on 6 important service quality dimension s for home delivery service which are service reliability, service responsiveness, service empathy, service tangibility, service assurance and service security.

Service reliability: Service reliability is one of an important construct for service quality outline by SERVQUAL service quality model. According to Roslan *et al.* (2015), service reliability is an element on how the service is performed dependably and consistently. Moreover, service reliability shows how a promised service is being performed in a way of responsible manner instead of being careless (An and Noh, 2009). Within the context of food and beverage sector, Giritlioglu *et al.* (2014) propose that service reliability refers to the capability of service provider to serve the customer's order within promised time, expected cost and on the desired expectation of food quality.

Service responsiveness: Service responsiveness denotes to the readiness and willingness or to what extent the service staff are prepared to deliver the service. Abdullah *et al.* (2011) suggest that service workers need to show the behavior which is politeness, cheerfulness and friendliness in delivering the service as to build

confidence among customers to prove that they are ready to help the customers. Purcarea *et al.* (2013) suggests that managers should emphasize on the recruitment of the staff based on the ability and provide continuous training for the staff to raise the responsiveness for better service quality.

Service empathy: According to Kueh and Voon (2007), service providers have to show the empathy which caring and personalized attention understanding the customers' needs when delivering a service. Suki (2014) reveals that empathy shown by a company will make customers feel valued and special. This will subsequently give a positive impact on how the customers evaluate the quality of service. Cheng et al. (2012) suggest that in order to have a high quality of service, an empathic service provider should sensitive to the needs and wants of customers instead of just relying on the procedures. Employee empathy as a critical aspect in food and beverage service, employees must give priority on customers' needs and make sure that they use their personal initiative in fulfilling specific requirements by the customers (Giritlioglu et al., 2014).

Service tangibility: Service tangibility refers to the physical aspects of the service such as the physical facilities, appearance of personnel, tools and equipment that is used to provide the service. Sureshchandar *et al.* (2002) reveal that service is an intangibility nature as a result, customers will use the tangible physical evidence to form their expectations. Furthermore, it is suggested that service tangibility is related to the external physical attributes which include the facilities of a service company, namely machinery, signage as well as the communication materials (Bahia and Nantel, 2000; Bitner, 1992; Suki, 2014; Parasuraman *et al.*, 1988).

Service assurance: Service assurance consists of service competency, courtesy and communication. Service assurance reflects the service providers' knowledge and courtesy. An excellent service assurance means the service provider is delivering trust and confidence to the customer in parallel with the delivery of service (Roslan et al., 2015). In addition, study conducted by Akan (1995) suggested that service assurance which combining the communication, competence of service and courtesy are the most important attributes influencing the service quality perception. As service assurance is vital in the service industries, Curry and Sinclair (2002) suggested service providers need to emphasize on employee training in related to communication skill and courtesy.

Service security: Security is the manner of physical safety and financial security that service provider needs to ensure throughout the service process. It enables customers to feel secured, free of danger and risk and doubtless to enjoy the services confidently and without worries. Szymanski and Hise (2000) found that customers' perceptions of online security played an important role in their satisfaction and purchasing intentions. Throughout the online booking process, the security is involved on the transactions safety and customer personal privacy. The security issue may take places during the home delivery online ordering system requires the personal and confidential information of customers such as the email address, home address, contact number, full name and even credit card info for payments. Hence, it is a responsibility from service providers to ensure the customers' details free from being exposed and protect customers' safety during the online ordering process.

Gaps in service quality: From holistic point of view, service quality is a comparison of expectations and perceptions of service quality dimensions (Gefen, 2000). The existence of negative gap between expectation and perceptions (example, the perceived quality is less than expectations) reflects an indication of customer dissatisfaction. While a positive gap represents customer expectation is fulfilled. Hence, on top of assessing customer's expectation and perception level on HDS service quality dimension, the process of identifying potential gaps between expectation and perceptions is crucial for the purpose of identifying potential service quality improvement.

There are 7 potential discrepancies or gaps of service quality identified by prior researchers (Parasuraman *et al.*, 1985; Curry, 1999; Luk and Layton, 2002; Shahin and Samea, 2010), namely the model of seven major gaps in service quality (Fig. 1).

Gap 1 (gap between customers' expectations versus management perceptions): Gap 1 refers to the difference between customers' expectation and management perception in regard with customers' expectation (Ivana Blesic *et al.*, 2011). The presence of gap 1 reflects that there is lack of understanding on customer expectation by the management of service providers, or misinterpretation of customers' demands. Study done by Arash (2010) suggested that ineffective upward communication and insufficient marketing research are the main reasons toward the existence of gap 1.

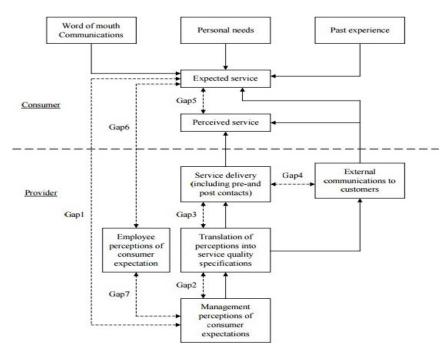


Fig. 1: Model of service quality gaps (Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002)

Gap 2 (gap between management perceptions versus service specifications): According to Arash (2010), the differences between the management' perceptions on customers' expectation versus the service quality specification could be caused by inadequate service quality specification or mis-interpretation of customer expectation by the management. The finding is also supported by Rosene (2003) who suggested that that the presence of gap 2 reflects there is incorrect translation of customers' expectation into service requirements, rules and guidelines. As the result, it could end up with mis-perception of customer expectation (Kasper *et al.*, 1999).

Gap 3 (gap between service specifications versus service delivery): Ivana define gap 3 as the difference of service quality standard that has been defined and how the service has actually been delivered. According to Rosene (2003), the existence of gap 3 could be due to the poor attitude and performance of service front-line staffs, i.e., the staffs did not perform the duty according to the rules and guideline. In addition, a mis interpretation of service specification by front line service staffs could also lead to variation of gap 3 (Rosene, 2003).

Gap 4 (gap between service deliveries versus external communication): Rosene (2003) suggests that if the service delivered by service provider to customer does not meet the promises made by service provider to

customers (which are defined as the external communication), it will end up with phenomena of gap 4. According to Urban (2009), to prevent the occurrence of gap 4, service providers should ensure information channels through marketing and advertising activities within service scope and capability as well as it is realistic and accurate in order to avoid overpromised to customers.

Gap 5 (gap between customer expectations and their perceptions of the service delivered): Gap 5 refers to a mismatch between customer expectation and customer perception which as a result of the influences exerted from the customer and the shortfalls on the part of service provider. The influences exerted from customers can be personal needs, words of mouth recommendation and past service experience (Arash, 2010). Arash (2010) define gap 5 as "expected service-perceived service gap: which reflects the discrepancy between the expectations of customers and their perceptions of the service delivered.

Gap 6 (gap between customer expectations and employees perception): Gap 6 represents the variation of customers' expectation and the employees' perception of the customers' expectation (Arash, 2010). Arash (2010) also suggest that customers' expectations embrace throughout the service chain, hence front line staffs of service provider should pay attention throughout the entire service process in order to secure high customers' satisfaction.

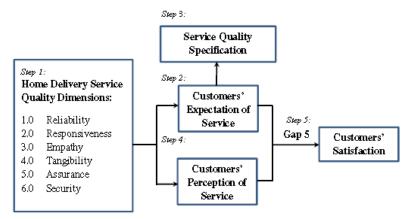


Fig. 2: Home delivery service quality conceptual framework

Gap 7 (gap between employee's perceptions and management perceptions): Gap 7 reflects the discrepancy of understanding in term of customer expectation between front line staffs of service provider and the management team of service provider (Arash, 2010). The discrepancy could be driven by unclear service specification or mis communication between front line staffs and management team.

This research focuses on addressing gap 5 which involve studying of the inter-gap among customers' expectation and customers' perception in regard with the new home delivery service. The aim of service quality improvement is to reduce the negative gap between customers' expectation and perceptions (i.e., the perceived quality is less than expectations) with the ultimate objective to create a surplus scenario where service quality perceived by customer is higher than expectations.

On top of the study of customers' expectation and customers' perception, the study also aims to explore the process of developing service quality specification. Hence, the study will also partially address gap 1, 2, 3, 6 and 7 from the context of customer expectation, customer perception and service quality specifications.

Conceptual framework: The conceptual framework for this proposed collaboration research is developed based on SERVQUAL Model with focus on addressing gap 5 of model of service quality gaps, i.e., the discrepancy or gap between customers' expectations on quality of service that offering versus customers' perceptions of the service delivered (Fig. 2).

As refer to Fig. 2 the HDS service quality conceptual framework adapts SERVQUAL models as the dimensions to measure both customers' expectation and perception of new service. The framework is developed bases on the concept that improvement opportunity on service quality could be assess via comparison and identification of discrepancy or gap between customers' expectations on

quality of the service that service provider shall offering, versus the perceptions of service quality that the customers received. As such, under the circumstance of new services, it is important for the service provider to identify customers' expectation prior to the launching of new services. The expectations of customers should be translated into service quality specification with clear and specific objective. In addition, the framework suggests that customer perception on services quality should be measured post commencement of service with the objective to identify improvement opportunity.

The proposed HDS service quality conceptual framework identifies customer expectation on the new home delivery service prior to the commencement of the service. The set of identified customer expectation will ultimately use by the company to outline a preliminary set of home delivery service specification. Subsequently, at post implementation stage, the collaboration research aims to assess the perceived customer satisfaction level, follows by suggestion for service quality improvement. In summary, the proposed HDS service quality conceptual framework reflects 5 main processes which are:

- Process 1 to identify of HDS service quality dimension (step 1 in Fig. 2)
- Process 2 to assess of customers' expectation base on HDS dimension prior to the commencement of HDS (step 2)
- Process 3 to development a preliminary HDS service quality specification base on customers' expectation (step 3)
- Process 4 to assess the perceived customer satisfaction level post launching of the HDS (step 4)
- Process 5 to identify service quality improvement opportunity (step 5)

Process 1-3 address research objective 1 while research objectives 2 and 3 are addressed by process 4 and 5, respectively.

MATERIALS AND METHODS

The research design for this study is based on SERVQUAL Model with the focus on the new home delivery service. The research design starts with the formulation of research questions, followed by the definition of research objectives. Subsequently, theoretical and conceptual framework are derived from SERVQUAL dimension. The following sections discuss the research instrument and sampling plan for process 2 and 4 as well as analytical tools for process 2-5.

RESULTS AND DISCUSSION

Research instrument: The main research tool used in the study is quantitative tool through quantitative survey questionnaires. A questionnaire will be formulated based on the SERVQUAL 6 dimensions 3 which are service reliability, service responsiveness, service empathy, service tangibility, service assurance and service security. To save time for the respondent, the questionnaire will be design in a table format and the selection of answers involves circling the rating provided. Respondents are asked to rate SERVQUAL dimension based on 5 point scale of 1 'strongly disagree' or 5 'strongly agree'.

Population and sampling plan: The population of this study will be the customers who visit the five outlets located within Skudai area, Johor, Malayisa. Whereas the sample will be focused on the customers who visit two of the Secret Recipe outlets that located at Taman Setia Tropika and Plaza Angsana, Johor Bahru. Based on the table of Sample Size developed by Krejcie and Morgan's (1970), the minimum targeted respondents is number of 260 in order to appropriately represent the number of population quoted by the company under study.

Analysis tool: Statistical Process for Social Science (SPSS) will be used as the main tool for the quantitative data analysis. The raw data will first be keyed to SPSS data editor and subsequently coded and "cleaned" for further analysis. Analysis tools such as reliability test, descriptive analysis in term of means and standard deviation will be used to assess customers' expectation and perception level as well as to identify potential service improvement opportunity.

CONCLUSION

Operational activities should focuses on important aspect with clear target and specification. The study presents a practical guideline for service providers on the development process of service quality specification for home delivery service. Furthermore, the study also

outlines a step by step process on identification of service quality improvement opportunity post commencement of new home delivery service. The HDS service quality conceptual framework proposed in this paper carries a value for further validation. Hence, the continuation for this paper is to validate the framework via field work.

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