SERVICE QUALITY ASSURANCE: AN EFFECTIVE WAY TO STRENGTHEN B2C RELATIONSHIPS

Dr. Tareq Rasul
Australian Institute of Business
Email: tareq.rasul@aib.edu.au

Abstract

The concept of "Customer Service" has generally been seen by providers as service recovery when failures occur. Research in the telecommunications market in Bangladesh found that customers in business-to-customer relationships (B2C) expect more than this narrow technical definition of "Service Recovery."

They key word in this new concept is "quality". Customers expect ("dream") that the services they pay for will be world-class and error-free. They want value for the money they spend. This is the expectation of any customer in a B2C relationship. A research study of customers in Bangladesh confirmed these expectations. It was found that customers will be very happy and satisfied if their service provider can assure high service quality and they (both existing and potential customers) would consider this as adding value for money.

Keywords: Customer Service, Business to Customer (B2C), Quality.

1. Introduction

The World Wide Web has changed the way business is conducted, and forced companies to find new marketing strategies. The Web has become a new marketing medium for reaching customers (Sinha, 2001. It has given companies the power to meet customers' needs by customizing products and services; in addition, it facilitates the delivery of products and services more efficiently and effectively (Thorbjornsen et al., 2002). On the other hand, the Web has provided customers with interactivity, a variety of products and services, more information, flexibility and simpler transactions. Thus, the success of many companies has been heavily dependent on how well they can utilize the web as a marketing medium (Rust & Kannan, 2002). Due to its potential for interactive communication, the Web has been considered a powerful tool in relationship marketing (Nath et al., 1998; Aladwani, 2001; Thorbjornsen et al., 2002).

Web 2.0 technologies are an expanding part of the World Wide Web, and provide a framework which describes, not differences in Internet infrastructure, but rather the changing ways in which people are using the Internet (Madden & Fox, 2006). In other words, Web 2.0 is the term that describes new ways of using existing technologies (Lawton, 2007). With Web 2.0, individuals not only surf information but also add to it via blogs, social networks, and wikis, actively creating what some theorists think of as "a more diverse online world" (Fu, Liu & Wang, 2007, p. 676). Web 2.0 technologies are a social space where people can "congregate online and share their thoughts" (Lankes, 2007, p. 50).

A case study was recently completed in Bangladesh on the influences of Web 2.0 Technologies on customer attraction and retention. The purpose of the study was to explore how Web 2.0 technologies influence customer attraction and retention for a strong business-to-customer relationship. It also focused on the use of social networking sites and blogs to attract and retain customers.

An interesting issue was identified during the research phase of that study, concerning the concept of "Service Recovery". It was one theme that emerged from the qualitative analysis of in-depth interviews with the target company's employees and customers. Service Recovery involves: Quick Response to Solve Errors, Cooperative Suggestions, Minimum Risk and Individual Attention to the customer's problems.

The interviews generated a new concept that was labelled "Service Quality Assurance". A large number (around 65 per cent) of customers mentioned that they expected "Service Recovery" should also cover the following functional issues:

- Appearance of flawless physical facilities (mobile network and equipment);
- Ability to perform the promised service dependably and accurately;
- Willingness to help customers and provide prompt service;
- Knowledge and courtesy of employees and their ability to meet the customer's expectations; and,
- Caring and individualized attention provided to customers.

This extended concept of Service Recovery has a direct bearing on how providers should view their customer service efforts.

Location of research: One reason for the choice of Bangladesh for this study was the rapid growth of its Telecommunications Market. The mobile phone industry of Bangladesh has experienced rapid growth in recent years. Mobile penetration was 0.2 per cent in 1995, but this rose to around 40 per cent in the middle of 2010 for a population of roughly 147 million. Bangladesh hosts Asia's fastest growing mobile network. The impact of mobile services on the economy of Bangladesh is potentially far reaching. The benefits of mobile telecommunications in enhancing the welfare of families and society are well recognized.

Bangladesh is currently upgrading its mobile telecommunication infrastructure to the third generation. Compared to the second generation technology, the new technology allows mobile subscribers to browse the internet, send or receive emails, or use many other data applications. This allows for the use of Web 2.0 Technologies as part of both marketing and customer service.

Competition: In many countries, the telecommunications sector has become a dynamic key area of the economy. The mobile phone service sub-sector, as a rapidly developing and rapidly changing service industry in many countries, is especially important in terms of both economic and technological development. Intense competition, moreover, has arisen in this sector as a result of the removal of monopoly rights for the state-owned mobile phone services.

The telecommunications market in Bangladesh is not yet mature. The intense competition that has developed in this sector is a result of the removal of monopoly rights from the state-owned telecommunication companies. This heavy competition is particularly prevalent in the case of mobile telecommunication services in Bangladesh. Because of this, Gerpott et al. (2001) point out that in the mobile telecommunication sector, once customers have been acquired, their long-term links with the service provider are very important for business success. Reducing the churn rate, or customer turnover, is always one of the mobile operator's main challenges.

This same challenge is also faced by service providers in many other industries, such as internet service providers, cable TV providers, fitness clubs, utilities, and credit card companies. The service industry as a whole is currently facing tough challenges. There are changes in both the

market place and the customers (Bateson, 1995; Bennet & Barkensjo, 2005). Many markets are reaching market saturation, with ever-increasing competition. This leads to the situation where attracting additional customers is increasingly expensive, so retaining existing customers has become an important concern for many organizations. Customers are now better supplied with information regarding the service firm's capability to deliver the service (Chattopadhyay, 2001), and can demand more information prior to making a purchase decision. Increased competition also makes it easy for existing customers to jump from one service provider to another and allows potential customers to choose any service provider. A service firm therefore must have competitive advantage in order to survive in the current market situation, and service marketers must find effective and efficient solutions to creating advantages (Cousens et al., 2001; Berry, 1995).

The Bangladesh marketing environment has similar characteristics to the environment in most other developing countries. Bangladesh's economy is now expected to grow at a similar rate to that of other developing countries. Customers, as in most other developing countries, are expected to become more brand and status conscious as they move towards a wealthier society. The Bangladesh marketing environment also possesses characteristics similar to other Asian countries. For example, although competition is encouraged, deregulation in Bangladesh, like in other Asian countries, is not intended to abolish the corporate state. The main goal of deregulation is to increase the level of customer satisfaction. Thus, generalization of the findings of this research beyond the above locations could be made, but with caution. Some specific issues such as culture may limit the generalization, while being valid and applicable in developed countries.

Bangladesh's government is now making the mobile telephone number portable. As a result, one major switching cost will disappear. Therefore, existing and potential customers may look for a mobile service provider that ensures either service quality or best value for money. Offering a service quality assurance using Web 2.0 technologies may be seen as one possible solution for companies to persuade existing and potential customers that companies are making an extra effort to maintain and improve their business relationships in the B2C context.

Company studied: The organization selected for the case study of this research is a mobile telecommunications company in Bangladesh. In order to comply with confidentiality concerns, the company will be called Company X. The following criteria were considered before choosing Company X for the purpose of data collection:

Web 2.0 Technologies: Company X's effort to use Web 2.0 technologies as a part of their day-to-day business convinced the researcher to choose them for this study.

Market share: Company X represents a significant portion of the market share of the telecommunications industry in Bangladesh. As one of the major telecommunication companies of Bangladesh, it is believed that data collected from this company would represent realistic information and observations.

Reputation in the market: Company X's reputation as a high-quality service provider also led the researcher to choose this company.

Network coverage: The researcher found that Company X provides superior-quality network coverage to keep customers satisfied; a factor that also convinced the researcher to choose them for this study.

Data collection: Another reason behind choosing Company X was that the researcher has a personal connection with some of its' top executives, and this undoubtedly facilitated gaining access to this company and helped secure cooperation when participating in the research.

Company X's operational activities in Bangladesh aim to achieve a new and modern corporate identity that is congruent with the dynamic changes taking place in the telecom industry of Bangladesh today. Company X's proclaimed superior products, high quality of services, network, affordability, and customer support have enabled it to capture market share from existing market players. Reflecting this new strategy, their aim is to be perceived not only as a telecommunication operator of voice services, but also as a universal provider of comprehensive communications services for both residential and business customers. Therefore, all the above criteria for choosing Company X as a case company for this research indicates the company's suitability and relevance in the context of Bangladesh.

2. Methodology

This research undertook a qualitative investigation in order to explore the research questions because this would include the detailed perception of a company's employees and customers regarding Web 2.0 technologies and their effect on customer attraction and retention.

This research was case-study based, and the data was collected through semi-structured, in-depth interviews. That method allowed the researcher to explore the range of views that respondents hold in regard to the topics of the study. Management level employees and customers of Company X were selected for the semi-structured in-depth interviews as research participants.

The population for this study comprised 14 managerial level employees who had been with Company X for at least five years, and 22 customers who had been with Company X for at least two years. According to Galpin & Herndon (2007), managerial level employees are the best source for understanding a company's strategy. Hence, managerial level employees of Company X represented a suitable population for the study because they had a clear understanding of the business strategy in relation to the Web 2.0 technologies used to attract and retain customers. From the customers' side, 22 general customers also represented a suitable population in generating their detailed perceptions about the Web 2.0 technologies provided by Company X because all the customer participants had a clear idea about Web 2.0 technology and its influence on them. After 36 interviews, no new information was given by the participants, and stability was reached.

To fully understand how Web 2.0 technologies, influence the customer attraction and retention processes of a company, the researcher subsequently interpreted and made sense of participants' words and perceptions. Although this interpretation may not provide definitive answers, it does raise awareness and increase insight into the context of the research setting. Thus, the theory that guided this study is phenomenology. Bodgan and Biklen (1982) believed that all qualitative researchers reflect a phenomenological perspective. Further, "Phenomenological analysis is principally concerned with understanding how the everyday, inter-subjective world is constituted" (Schwandt, 2007, p.192).

2.1 Service Quality Assurance

Qualitative interview data analysis revealed that the functional issues are much broader than the narrow technical definition of "Service Recovery". Having considered these additional functional issues of the antecedent "Service Recovery", the researcher has restructured the term as "Service Quality Assurance" in the context of Bangladesh. The new restructured antecedent will cover more service-related functions to meet customers' expectations, omitting almost no service-related issues (or grievances). More simplistically it can be said "Service Recovery" is only one part of the "Service Quality Assurance" process designed to satisfy the majority of customers' needs.

A number (around 65 per cent) of customers' comments with regard to the new "Service Quality Assurance" definition affirmed the *necessity* of using it to replace the antecedent "Service Recovery". The qualitative interview data analysis reveals that although the "Service Recovery" antecedent is still feasible and helps Company X to attract and retain customers, the new restructured relationship antecedent "Service Quality Assurance", will cover more service-related functions for meeting customers' expectations, while leaving almost no other outstanding service-related issues. Hence, it is clear from the interview data analysis that due to the use of Web 2.0 technologies, the new restructured antecedent "Service Quality Assurance" will help Company X more significantly than its "Service Recovery" antecedent to attract and retain customers, and will therefore help Company X to create stronger business-to-customer relationships. Some relevant comments are as follows:

"Ability to provide efficient physical facilities [e.g. network coverage] and dependable service by Company X can reduce risk [in other words, development of trust] in my relationship with them, because they would always have to focus on meeting customers' expectations in order to do so. [The role of] blogs and social networking sites...are very significant here to ensure that."

"Willingness to provide excellent customer service and promised service efficiently will improve my [existing customer] relationship with Company X, because it would give me some consolation to...my disappointment if service failure occurs and obviously it would improve my satisfaction level. Using social networking sites can make the whole process efficient and quicker."

"Ability to provide the promised service [service quality assurance] accurately would especially retain existing customers who are already in [a] business relationship with Company X. It would make them think (they receive) more value for the money. Surely using social networking sites is one of the best ways to ensure promised service."

In the context of relationship marketing and, according to many interviewees, a "Service Quality Assurance" will have impact on the other four relationship strength antecedents, that is, (i) trust, (ii) satisfaction, (iii) referrals and (iv) loyalty.

Service Quality Assurance can increase trust: Qualitative interview data analysis has revealed that Company X's offering of a "Service Quality Assurance" can be seen as a means of reducing risk. As trust grows, customers' confidence in Company X will also improve. This is particularly important for attracting potential customers. As stated by one of the interviewees:

"Potential customers will be attracted to become a customer if they find Company X is trustworthy."

In addition, offering a "Service Quality Assurance" would show the seriousness of Company X in providing the best quality of service. It signals the high commitment of Company X to deliver high-service quality. Nearly half of all (around 45 per cent) interviewees believed if Company X strives to assure high-service quality, there will be a better chance of a stronger business relationship between the company and its customers. The interviewees also said that Web 2.0 technologies' flexible and efficient use could aid Company X in assuring service quality.

Service Quality Assurance can improve satisfaction: Qualitative interview data analysis has also suggested that "Service Quality Assurance" when delivered as promised would increase existing customers' satisfaction level. As highlighted by one of the interviewees:

"If Company X can provide [its] promised service efficiently with honest willingness, existing customers will be more satisfied and they will think Company X is very serious in their business and they will remain with Company X".

Many (around 30 per cent) of customers have a dream that a big and established company such as Company X should be error-free. All the service provided, therefore, should be of world-class standard. People in Bangladesh expect no less than international standards for the service delivered. They will be very happy and satisfied if Company X can assure high service quality and they (both existing and potential customers) would consider this as adding value for money.

Around 50 per cent of interviewees said they think Web 2.0 technologies would play a significant role in assuring service quality, helping Company X to retain existing customers, and also to attract potential ones; hence creating strong B2C relationships.

Service Quality Assurance can increase referrals: The qualitative data analysis shows that Company X's existing customers would actively refer Company X products and services to potential customers through Web 2.0 technologies if they were satisfied with the company's service quality. As stated by one of the interviewees:

"Yeah…. I will tell other people [give referrals] about my satisfaction if Company X can provide what they promised…."

Another interviewee mentioned that if Company X fails to provide what it promised, this will certainly lead to negative referrals. That can be costly, as in this case Company X might lose a number of their existing customers, and lose potential ones at the same time. In this regard, Company X must implement "Service Quality Assurance" carefully.

Data analysis also revealed that implementing an effective "Service Quality Assurance" requires that Company X uses the facilities of Web 2.0 technologies effectively. Based on the data analysis, it is evident that the implementation of "Service Quality Assurance" by Company X, having already used Web 2.0 technologies, will help the company to retain existing customers as well as attract new ones, thereby strengthening the company's business relationships with its customers.

Service Quality Assurance can improve loyalty level: Finally, interview data analysis suggested that customers' level of loyalty will increase if Company X assures high service quality. For most, improved loyalty will influence their decision to continue an ongoing relationship with

Company X. The following comment made by one interviewee highlights the impact of Service Quality Assurance on loyalty:

"Definitely flawless physical facilities will make me and other customers more loyal to Company X…and if that is the case loyal customers won't look for another mobile service provider."

Some (around 25 per cent) of the interviewees stated that they had noticed the existing customers' high level of loyalty, due to Web 2.0 technologies, and judged that potential customers would also be attracted. They added that Web 2.0 technologies are essential to the success of "Service Quality Assurance", both in retaining existing customers and in attracting potential ones.

Therefore, based on the qualitative interview data analysis, it is apparent that the effective implementation of "Service Quality Assurance" by Company X can improve its existing customers' loyalty level, and at the same it will help Company X to attract potential customers. Finally, data analysis identified that, in order to assure high service quality, it is important for Company X to regulate the whole process very carefully, and Web 2.0 technologies can be used to regulate the process.

Conclusion

Many (around 34 per cent) of Company X employees stated they are fully aware that post-sale support to customers through blogs and social networking sites is a great way to make them satisfied, and the employees try their best to do so. Further, the employees added that they believe how satisfied existing customers will probably renew their contracts, which is a sign of strong relationships. At the same time, having noticed satisfied existing customers through blogs and social networking sites, the employees believe that potential customers will also be attracted to Company X as their new service provider. From a management point of view, therefore, efforts must be made in order to develop trust (a relationship strength antecedent).

A failure to provide quality is, on the other hand, a guarantee of Company X's failure. Existing customers will only remain with trustworthy suppliers, and many potential customers will only consider trustworthy suppliers when they engage in a relationship. Despite efforts by the service provider to deliver error-free service to customers, however, occasional service failures are inevitable. Service failures can occur at any time during the customer's relationship with the service provider (Landry, 1998). In the context of relationship marketing, a service failure breaks the central promise concept of prospective relationships (Grönroos, 1995).

In the early stage of a relationship, however, customers may be prepared to put a failure down to misfortune. They can give the benefit of doubt to a supplier, and exhibit less dissatisfaction with any given level of service failure (Harker, 1999; Tadajewski, 2009). However, there is a limit to the number of times customers can give the benefit of the doubt to a provider.

When service failure occurs, the negative effects on profitability and B2C relationships create drastic challenges for the service provider to overcome. Although at first, a service failure can be a devastating embarrassment for the service provider; if handled properly a service provider can counteract those negative effects and challenges by responding to a customer's complaint in an effective manner. A service provider can create the ideal strategic plan for handling customer complaints. Thus, one of the most important keys to providing excellent service recovery is convincing the customer to bring the failure to the provider's attention and allow the

organization to implement the service recovery process. Web 2.0 technologies can significantly aid a service provider in accomplishing this task through a quality service recovery process.

References

i.   Aladwani, A. M., 2001. Change Management Strategies for Successful ERP Implementation. *Business Process Management Journal*, 7(3), pp. 266–275.

ii.   Bateson, J. E. G., 1995. *Managing Services Marketing*, 3rd edn, Orlando, FL: The Dryden Press.

iii.   Bennett, R. & Barkensjo, A., 2005. Relationship Quality, Relationship Marketing, and Client Perceptions of the Levels of Service Quality of Charitable Organizations. *International Journal of Service Industry Management*, 16(1), pp. 81–106.

iv.   Berry, L. L., 1995. Relationship Marketing of Services – Growing Interest, Emerging Perspectives. *Journal of the Academy of Marketing Science*, 23(4), pp. 236–245.

v.   Bodgan, R. C. & Biklen, S. K., 1982. *Qualitative Research for Education: An Introduction to Theory and Methods*. Boston: Allyn & Bacon.

vi.   Chattopadhyay, S., 2001. Relationship Marketing in An Enterprise Resource Planning Environment. *Marketing Intelligence & Planning*, 19(2), pp. 136–139.

vii.   Cousens, L., Babiak, K. & Slack, T., 2001. Adopting A Relationship Marketing Paradigm: The Case of the National Basketball Association. *International Journal of Sports Marketing & Sponsorship*, pp. 331–355.

viii.   Fu, F., Liu, L. & Wang, L., 2007. Empirical Analysis of Online Social Networks in the Age of the Web 2.0. *Journal of Management Science*, 378(2), pp. 209–230.

ix.   Galpin, T. J. & Herndon, M., 2007. *The Complete Guide to Mergers and Acquisitions: Process Tools to Support M&A Integration at Every Level*, 2nd edn, San Francisco: Josey-Bass.

x.   Gerpott, T. J., Rams, W. & Schindler, A., 2001. Customer Retention, Loyalty and Satisfaction in the German Mobile Cellular Telecommunication Market. *Telecommunication Policy*, 25, pp. 249–269.

xi.   Grönroos, C., 1995. Relationship Marketing: The Strategy Continuum. *Journal of the Academy of Marketing Science*, 23(4), pp. 252–254.

xii.   Harker, M., 1999. Relationship Marketing Defined? An Examination of Current Relationship Marketing Definitions. *Marketing Intelligence & Planning*, 17(1), pp. 13–20.

xiii.   Landry, L., 1998. Relationship Marketing: Hype or Here to Stay? *Marketing News*, 32(14), p. 4.

xiv.   Lawton, G., 2007. Web 2.0 Creates Security Challenges. *Computer World*, pp.13–16.

xv.   Madden, M. & Fox, S., 2006. *Riding the Waves of "Web 2.0": More than a Buzzword, But Still Not Easily Defined*. Available at: http://www.pewinternet.org/pdfs/PIP_Web_2.0.pdf (Accessed June 6, 2010)

xvi.   Nath, R., Akmanligil, M., Hjelm, K., Sakaguchi, T. & Schultz, M., 1998. Electronic Commerce and the Internet: Issues, Problems, and Perspectives. *International Journal of Information Management,* 18(2), pp. 91–101.

xvii.   Rust, R. T. & Kannan, P. K., 2002. *E-Service: New Directions in Theory and Practice*. New York: M. E. Sharpe, Inc.

xviii. Schwandt, T. A., 2007. *The SAGE Dictionary of Qualitative Inquiry*, 3rd edn, Thousand Oaks, CA: Sage Publications.

xix.   Sinha, A., 2001. E-Commerce a Driving Force for Ultimate Business Profit. *Marketing Intelligence & Planning*, 18(1), pp. 27–49.

xx.   Tadajewski, M., 2009. The Foundations of Relationship Marketing: Reciprocity and Trade Relations. *Marketing Theory*, 9(1), pp. 172–185.

xxi.   Thorbjornsen, H., Supphellen, M., Nysveen, H. & Pedersen, P. E., 2002. Building Brand Relationships Online: A comparison of Two Interactive Applications. *Journal of Interactive Marketing,* 16**,** pp. 17–34.