

PERCEIVED QUALITY OF SMALL TO MEDIUM PROFESSIONAL MARKETING CONSULTANCY SERVICES IN AUSTRALIA AND SINGAPORE

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ABSTRACT

Small to medium service businesses, specifically professional services, have unique characteristics that make them operationally distinct from manufacturing businesses. As the focus on the service sector is becoming increasingly evident in Australia and Singapore, research into the perceived quality of services will provide a useful indication regarding how the level of service quality compares in the two countries. Using marketing consultancy services as the primary study setting, the authors explore the concept of professional services quality and its evaluation from the client perspective in Australia and Singapore. The findings provide special empirical insights on the gap between client expectations and perceptions of marketing consultancy services. Implications and suggestions for future research are provided.

INTRODUCTION

Service industries have become major economic contributors to most Western economies and, as competition intensifies, many service providers are seeking to differentiate themselves by providing superior service quality. Overall, the demand for professional consulting services throughout the Western world has witnessed a dramatic increase (Fisher, 1989:56). The focus of the 1990s will be on service differentiation in the form of added value. Service quality is essential to success in today's business environment. A growing body of evidence suggests an important linkage between superior service quality and positive business performance for companies operating in the service sector. The mediating factor in this linkage is customer loyalty which increases as quality improves and can lead to dramatic increases in profits, productivity, market share, and return on investment (File and Prince, 1994; Armstrong and Symonds, 1991; Reichheld and Sasser, 1990; Thompson, DeSouza and Gale, 1985; Rudie and Wansley, 1985; Phillips, Chang, and Buzzell, 1983; Deming, 1982).

It is essential, therefore, for professional service providers to seek out and understand those factors that contribute to client satisfaction and the intention to repurchase the service.

Notably, quality is becoming a strategic issue as managers become more aware of the less apparent, less tangible costs of lack of quality, such as dissatisfied customers, who quickly become ex-customers and/or generate negative word-of-mouth communication about the organization (Sherden, 1988; Keiser, 1988; Haywood-Farmer, 1985; Goodman, Malech, and Bargatze, 1988). A lower staff turnover is also an indirect consequence of improved service quality (Sherden, 1988; Schneider and Bowen, 1984).

This paper will offer professional marketing consultants a framework to manage their business relationships better and thus, preserve their existing clients and attract new ones.

SERVICE QUALITY MEASUREMENT

Until the mid 1980's, measures of service quality were qualitative in nature. The overall problem in measuring service quality was the lack of conceptual specifications of the constructs to investigate service quality (Gronroos, 1983; Parasuraman, Zeithaml and Berry, 1985), leading to a variety of definitions as to the meaning of service quality. Apart from a problem with the lack of a conceptual base, the lack of specification of the task goals and objectives has also been found to cause problems with measuring service quality (Fitz-Enz, 1986).

In the absence of objective measures of service quality, Parasuraman, Zeithaml and Berry (1988) developed a quantitative yardstick (SERVQUAL) to assess the quality of a firm's service by measuring customers' perceptions of quality. This instrument uses twenty-two matched pairs of items to measure the *gaps* between client expectations and client perceptions on five dimensions of a service experience - tangibles, reliability, responsiveness, assurance, and empathy. The sum of the gaps represents the deviation from the ideal and is used in this study to assess service quality of professional marketing consultants. In its present form, SERVQUAL contains 22 pairs of Likert-type items. One set of measures, containing one item from each pair, is utilized to measure clients' expected levels of services for professional marketing consultants as a way of calibrating expectations. The second remaining set of measures, containing the other item from each pair, is intended to measure clients' perceived level of perceptions. An aggregate measure of a service quality is then formulated by summing the difference scores between the corresponding set of items (i.e. expectations minus perceptions). When perceived performance ratings are lower than expectations, this is a sign of poor quality; the reverse suggests good quality.

Parasuraman, Zeithaml, and Berry (1988:16) defined perceived quality as *"a global judgment, or attitude, relating to the superiority of the service."* Furthermore, the authors link the concepts of perceptions and expectations as follows: *"Perceived quality is viewed as the degree of discrepancy between consumers' perceptions and expectations"*. In the services marketing literature, perceptions are defined as consumers' beliefs concerning the service received (Parasuraman, Zeithaml, and Berry, 1985) or experienced service (Brown and Swartz, 1989). Parasuraman, Zeithaml, and Berry (1988:17) define expectations as *"desires or wants of consumers, i.e., what they feel a service provider should offer rather than would offer."*

This study will specifically examine perceived service quality that was identified as *gap 5*. This gap represents the difference between consumer expectation and perceptions.

Addressing the gap can be the basis for formulating strategies and tactics to ensure consistent expectations and experience. As a result, increasing the likelihood of satisfaction and a positive quality evaluation. Key determinants of service quality from

the clients' perspective in Australia and Singapore will be identified in this paper.

METHODOLOGY

The questionnaire was an adaptation of the basic format of Parasuraman, Zeithaml, and Berry (1988) SERVQUAL instrument (expectations/perceptions statements for five service quality dimensions) to fit the characteristics of the service provider (professional marketing consultants). This questionnaire addressed the research question in regard to overall service quality. Additional modifications to the SERVQUAL instrument were made to make the items applicable to the professional marketing consultancy industry. This procedure is consistent with the recommendations of Parasuraman, Zeithaml, and Berry who indicate that items can be added and reworded as required when investigating a single service.

The questionnaire consisted of four sections. "Likert-type" interval scales were used in the first two sections measuring expectations and perceptions, each included 22 statements. The SERVQUAL statements (in both expectations and perceptions) were grouped into the five dimensions, tangibles, reliability, responsiveness, assurance, and empathy. Section three was the point-allocation section, whereby the respondent had to allocate a total of 100 points, according to importance, among five features pertaining to marketing consultancy companies. The final section was designed to elicit classification data from the respondents.

The research design incorporated non-probability sampling based on convenience, and this type of sampling can be applied when the emphasis is on exploratory research, selection error must be appreciated when generalizing to the population (Churchill, 1979:301). The small sample size, a function of time, budget, and distance constraints, has also affect the extent of precision in the analysis.

One thousand postal questionnaires were sent to the marketing directors of the top companies listed on the Australian Stock Exchange, ranked by their market capitalization in early December 1994. This information was obtained from the "*Shareholder: The Handbook of Australian Public Companies, 1995*". Similarly, a further 440 questionnaires were sent to the top companies on the Singaporean Stock Exchange. By the cut off date, the total number of useable questionnaires was 210 and 104 representing a response rate of 21.0% and 23.6%, respectively. Independent *t*-tests were undertaken to determine whether significant differences between the sum of the expectations items differed between the two sub-samples consisting respondents in the first and last quartile. No significant differences were found between the two sub samples for this variable. The results suggest that there appears to be no difference between respondents and non-respondents for the variables under study and the sample can be considered sufficient to draw conclusions about the two populations.

ANALYSIS

The profiles of the respondents from Australia and Singapore indicated that the majority of the companies have been operating for over twenty-one years. The main business

activities differed in the two countries, with manufacturing being the most widespread activity in both Australia and Singapore.

Service Quality Dimensions

The mean and standard deviations for the five service quality dimensions were computed. The statements pertaining to the dimensions were added and then averaged, for expectations and perceptions. Expectations were highest, in Australia, for the reliability dimension, followed by responsiveness, empathy, assurance, and tangibles. Clients' expectations in Singapore were highest for the reliability dimension, followed by assurance, responsiveness, empathy, and tangibles. Refer to Table 1.

Table 1
Expectations Dimensions - Means and Standard Deviations

Dimension	AUSTRALIA		SINGAPORE	
	Expectations (Ideal)		Expectations (Ideal)	
	Mean	Std. Dev.	Mean	Std. Dev.
Tangibles	5.18	0.84	5.44	0.86
Reliability	6.37	0.80	6.25	0.72
Responsiveness	6.09	0.93	6.04	0.89
Assurance	5.98	0.83	6.11	0.71
Empathy	6.08	0.77	6.03	0.77

For perceptions in the Australia data set, assurance had the highest mean, followed by empathy, responsiveness, tangibles and reliability. For Singapore, the 'actual' services provided by professional marketing consultants (i.e., perceptions), assurance had the highest mean, followed by responsiveness, reliability, empathy, and tangibles. A summary of the results is provided in Table 2.

Table 2
Perceptions Dimensions - Means and Standard Deviations

Dimension	AUSTRALIA		SINGAPORE	
	Perceptions		Perceptions	
	Mean	Std. Dev.	Mean	Std. Dev.
Tangibles	5.06	0.96	5.08	0.72
Reliability	5.00	1.24	5.25	0.94
Responsiveness	5.24	1.12	5.33	0.90
Assurance	5.29	1.11	5.37	0.96
Empathy	5.26	1.25	5.21	1.02

Overall Evaluation of Service Quality Dimensions

This section is concerned with examining the gap between expected and perceived quality of professional marketing consultants. The overall dimension statistics were obtained by subtracting expectations from perceptions.

Table 3
Overall Evaluation Scores for Dimensions - (Expectations - Perceptions)

Dimension	AUSTRALIA		SINGAPORE	
	Mean	Std. Dev.	Mean	Std. Dev.
Tangibles	0.12	0.95	0.36	0.95
Reliability	0.98	1.12	1.00	1.01
Responsiveness	0.84	1.16	0.71	1.12
Assurance	0.80	1.23	0.74	0.94
Empathy	1.11	1.22	0.82	0.89

For the Australia data set, the calculated means for the five dimensions were positive, revealing that perceptions of the five service quality dimensions scored lower than expectations (refer to Table 3). Thus, the actual performance of professional marketing consultants in Australia was lower than ideal service quality sought by clients. This is markedly apparent in the empathy dimension. Moderate clients' dissatisfaction was evident with the reliability, responsiveness, and assurance dimensions, respectively. Clients had a neutral attitude toward the tangibles dimension. The professional marketing consultants in Australia are not living up to their clients' expectations, especially with the empathy of the services delivered. Means for the five dimensions from the Singapore data set were positive, revealing that perceptions of the five service quality dimensions scored lower than expectations (refer to Table 3). Thus, the actual performance of professional marketing consultants in Singapore was lower than ideal service quality sought by clients. This is markedly apparent in the reliability dimension, where the mean was 1.00. Moderate clients' dissatisfaction was evident with the empathy, assurance, and responsiveness dimensions, respectively. Clients had a neutral attitude toward the tangibles dimension. The services delivered by professional marketing consultants in Singapore are not meeting their clients' expectations, specifically, the reliability of the services delivered.

Discriminant Analysis of Expected Service Quality

Discriminant analysis was undertaken to establish whether clients of professional marketing consultants held different expectations regarding the quality of such services if they came from two different countries. Specifically, the model tested whether the clients in Australia and Singapore held different expectation about service quality

Table 4
Discriminant Function Model for Expected Quality

VARIABLE	COEFFICIENT	SIGNIFICANT
EASSRNCE	2.0190859	.3448
EEMPTHY	- 1.1355146	.7048
ERLBLTY	- .7990186	.3689
ERSPNSVE	- .5016643	.7568
ETNGBLES	.6363365	.0786
CONSTANT	- .5239488	

The derived model from the discriminant analysis is presented in Table 4. The model indicates that none of the five independent variables reached the conventional level of significance. Thus, the clients of marketing consultants in the two countries had the same expectations with regard to the level of service quality. This confirms the previous findings discussed earlier, where it was found that clients had high ratings for the

service quality dimensions pertaining to expectations. The classification accuracy of the model is 71.7% of cases correctly classified.

Discriminant Analysis of Overall Perceived Service Quality

The second discriminant analysis was conducted to establish whether there was a difference between the two groups in terms of their overall satisfaction with the quality of marketing consultancy as delivered to them.

Table 5
Discriminant Function Model for Overall Perceived Quality

VARIABLE	COEFFICIENT	SIGNIFICANT
QASSRNC	.5589881	.0579
QEMPTHY	-.2081993	.6163
QRLBLTY	-.9039632	.0000
QRSPNSVE	.0442895	.5220
QTNGBLES	.7001377	.0000
CONSTANT	.4164206	

When the variables were used as inputs in a stepwise procedure, a model of three variables was selected, this is presented in Table 5. The two significant variables are: Reliability and tangibles, with = 0.000. Clearly, clients in the two groups (Australia and Singapore) perceived delivered service quality differently based on these two dimensions, but not the other three dimensions. As 83.3% of the two groups were correctly classified into their appropriate groups on the basis of their discriminant function scores, the functions can be considered reliable group predictors.

CONCLUSIONS

The results indicate that there is a difference in expectations between Singaporean and Australian managers about the service they expect from management consultants. Further, since service quality is often conceptualized as the difference between the expectations scores and performance, it is likely the difference scores for service quality in the two countries will also be difference. Cultural, economic, and social concerns may be the reasons for this dissimilarity in perceptions between clients in Australia and Singapore. Generally, cultural differences in attitudes and behavior may affect measurement of expectations and perceptions (Lewis, 1991:47). Additionally, the cultural context of a rating-scale assessment may affect respondents' willingness to respond and to criticize service offerings and providers (Lewis, 1993:10).

Managerial Implications and Recommendations

Gap analysis provided an objective glimpse at the direction and size of gaps in clients' expectations and perceptions of service quality provided by professional marketing consultants in Australia and Singapore. The findings of this study provide excellent information for building a true client-centered attitude to service delivery by professional marketing consultants.

Professional marketing consultants can survey their clients' expectations and then develop plans and objectives to meet these expectations. Remedial actions can be taken

to correct areas where expectations are not being met (i.e., perceived quality gap). Furthermore, service quality programs that may take months to implement can be developed. Continual monitoring of client expectations, however, is essential to fine tune operational implementation of these programs. Professional marketing consultants must take a pro-active approach in monitoring service quality.

One major means of altering client expectations is through educational and/or promotional communications (Brown and Swartz, 1989:97). Today's competitive environment is encouraging professionals to take subtle steps to promote their services. Another strategy for altering clients' perceptions is to involve the client more in the decision-making process relevant to his or her case. According to Crosby and Stephens (1987) this participative or relationship marketing approach to client relations encourages a more positive client experience.

Limitations of the Study

The research design incorporated non-probability sampling based on convenience, and though this type of sampling according to Churchill (1979:301) can be applied when the emphasis is on exploratory research, selection error must be appreciated when generalizing to the population. The small sample size, a function of time constraints, affected the extent of precision in the analysis.

Direction for Future Research

Further research is necessary on evaluating professional service quality. The dyadic data from one study of one profession should not be construed as representing the entire professional marketing consultancy services or all professional services. Nevertheless, this study does provide a test of the usefulness of gap analysis and its application to clients' evaluation of service quality provided by professional marketing consultancy firms. The SERVQUAL instrument provides an excellent illustration of how to begin measuring expectations (ideal) and perceptions (actual).

Examining perceived service quality and addressing the gap between consumer expectation and perceptions can be the basis for formulating strategies and tactics to ensure consistent expectations and experience. Hence, increasing the likelihood of satisfaction and a positive quality evaluation of professional marketing consultancy services. Questions particularly warranting investigation include does process quality have a greater role than outcome quality in the overall professional marketing consultancy service evaluation? How important is the image of the professional marketing consultancy firm in the client's overall quality evaluation?

A final issue pertains to the relationship between service quality/client satisfaction, and client loyalty/retention. Increasingly client retention is being linked with profitability and success, and researchers will need to incorporate this into investigations of service quality. Any quality analysis must be focused on and congruent with the professional marketing consultancys' objectives and strategy. Analysis of the quality of professional marketing consultancy services in Australia and Singapore is a new and exciting area of

study. Many directions exist for future research, both at macro and micro levels.

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