From B-To-B Service Quality
To Customer Experience
Heidi Rasila, M. Sc., Helsinki University of Technology, Finland

ABSTRACT

This article introduces a theoretical model for customer perceived service quality and satisfaction in long term business-to-business relationships. Seeing service quality and customer satisfaction just as a result of one individual service process offers too narrow understanding. Our model adds service outcome quality and relationship quality aspects to traditional quality models. This allows us to understand the total customer experience instead of just concentrating on individual aspects of the constructs.

Keywords: service quality, b-to-b services, relationship quality, customer satisfaction

INTRODUCTION

The importance of creating a positive customer experience is widely acknowledged in business-to-business services. One way to estimate the customer experience is to look at the customer perceived (service) quality. A traditional and widely accepted way to scientifically assess service quality is through the SERVQUAL assessment created by Parasuraman, Zeithaml and Berry (later PZB) (1985) in the 1980's and by the many variations of this initial model (see for example Cronin & Taylor 1991; Saleh & Ryan 1992; Buttle 1996).

But looking at only service (process) quality does no not tell much about the total customer experience, as service is only one aspect of the customer experience. This is the case also in so called pure services that deliver no visible or concrete outcomes. Still, companies always buy some outcome when buying services, and the outcome must be taken into consideration also when customer experience is evaluated. This was noted already in the 1980's when Grönroos (1982) stated that service quality consists of (service) process quality and outcome quality (see also Philip & Hazlett 2001).

Furthermore, we claim that there is one more aspect of quality that typically affects the customer experience in business-to-business services. Many businesses seek for business service providers that may provide them with long-term customer relationships. There are many advantages of doing business with well-known partners instead of always seeking new service providers (see for example Grönroos 2000; Heide & John 1992). Thus, the customer relationship is valuable and customer relationship quality is one aspect that affects the total customer experience in business-to-business affairs.

This paper introduces a theoretical quality model that combines these three aspects of quality – service quality, outcome (“product”) quality and relationship quality – in a coherent manner to describe the customer experience in business-to-business services. Customer satisfaction is also integrated into the model as it, of course, also affects the customer experience a lot. The relationship between service quality and satisfaction has been problematic in theoretical literature (Gross 1997; Iacobucci 1994; Caruana 2002; Grönroos 2003; Eggert & Ulaga 2002; Cronin & Taylor 1992; Parasuraman & al. 1994; Rust & Oliver 1994) and this paper provides a novel way of combining satisfaction and customer perceived quality in a coherent manner.
THE MODEL

The quality model utilised in this paper is based on the model of customer perceived quality and customer satisfaction by Rasila & Nenonen (2007). The model is based on the vast literature on service quality and the work of the so-called Nordic school of services marketing (see for example Gummesson & al. 1997). The model is presented in figure 1 and then it is explained in more detail.

First, it is assumed that service quality perception in long term business-to-business affairs builds up in many phases. Using the terminology of Holmlund (2004), the business relationship builds up from actions, episodes, sequences and relationships. Actions are the individual initiatives of a firm such as a phone call or a plant visit. Episodes are series of actions that form specific business processes. Further, several episodes form sequences and from sequences a customer relationship is built.

Our model starts from the episode level, as do most existing quality models (for example Parasuraman & al. 1985; George & Hazelett 2001). Our model then goes on from this level to relationship level quality assessment. Further, as our interest is the total customer experience, customer satisfaction is also incorporated into this model. It is a factor affecting how service quality is assessed at the relationship level.

![Figure 1: Model of customer perceived service quality, relationship quality and satisfaction.](image)

ASSESSING THE QUALITY OF ONE SERVICE EPISODE

The early days of service quality research date back to the writings of Parasuraman, Zeithaml and Perry (1985; 1988). They created a service quality model and test methodology called SERVQUAL. In their model, good service quality appears when experiences meet or exceed customer expectations and bad quality when expectations...
are not met. This is called the confirmation paradigm and it has been the basis of many studies since its publication (see for example Saleh & Ryan 1992).

SERVQUAL applies five (or later seven) quality dimensions according to which the quality perception is formed. (Parasuraman, Zeitham & Berry 1985; 1988) The dimensions are: tangibles, reliability, responsiveness, competence, courtesy, credibility, feel secure, access and communication. (for a deeper understanding of these dimensions, see for example Parasuraman, Zeithaml & Berry 1985; 1988).

Their model was widely accepted but also criticised severely. Critics claim that customer perceived quality is a performance only construct, meaning that expectations do not play an important role in the formation of customer perceived quality. (See for example Cronin & Taylor 1992; Teas 1994). It has been empirically verified that a performance based measurement of service quality is better in quality assessments than a disconfirmation based measurement. (see for example: Carman 1990; Bolton & Drew 1991a,b; Churchill & Suprenant 1982; Woodruff et al. 1983; Babakus & Boller 1992; Zhou 2004; Boulding et al. 1993; Brown et al 1993; Lee et al 2000; Teas 1993; 1994)

Expectation as a term is problematic also in another way. PZB (1988) defined expectations as “desires or wants of consumers, i.e. what they feel a service provider should offer rather than would offer”. The vague meaning of the term should has later been criticised (see for example Teas 1993) and PZB (1990) have clarified that the service expectation concept is intended to measure customers' normative expectations (see also Carman 1990). On the basis of his criticism Teas (1993; 1994) developed alternative models of perceived service quality based on evaluated performance (EP) and normative quality (NQ). According to him, this alteration to the PZB model would overcome some of its conceptual difficulties.

There are two different solutions to this problem in the SERVQUAL model. First, as many have done, it is possible to see that there is no comparison in service quality assessment (for example Cronin & Taylor 1992). Instead, some authors replace, as we do here, the term expectation with the term comparison standard or standard (Iacobucci et al. 1994; Järvelin 2001; Liljander & Strandvik 1995; Boulding et al. 1993; Woodruff et al. 1983).

Comparison standards are those standards by which the customers form their expectations. In different situations these comparison standards may differ. For example, in business-to-business settings the contract might be the standard by which a customer evaluates the performance of a service. This means that the expectations are set by the contract, and the customer then compares this with the actual service performance. (Järvelin 2001; Liljander & Strandvik 1995)

Another common comparison standard is “normal service quality level”. When a customer uses the same service (provider) more than once, he will have experience of the service. This experience then forms the basis of expectations. Other comparison standards mentioned in the literature include: goals, promises, cultural norms, values, wishes, best possible offering, ideal offering and competing offerings (Järvelin 2001; Liljander & Strandvik 1995). We accept this view of service quality – namely that there happens a comparison. But the comparison is not between expectations and experience but between experience and the comparison standard (which may in some occasions be also expectations as initially suggested by Parasuraman, Zeithaml and Berry 1985).

Traditional service quality literature concentrates just on service process quality. But it is important to note that it is not just the service process that is evaluated in isolation, but also the outcome of the process (see Grönroos 1982). If the service is, for example, a weekend of recreational activities for the employees, the customer evaluates if its ends were met by the service process. If the employees are back at the office on Monday morning in a bad mood and the team spirit has fallen considerably during the weekend, the total service experience will be low even if the service process itself was perhaps perfect.

In a weekend of recreation there are no concrete outcomes of the service process. Still, there is always some outcome that the customer is waiting for. In the case of the weekend it could be, for example, increased team spirit. In some occasions the focus may even be on the service process and the customer is not even sure what kind of outcome is wanted. In some services there are more tangible outcomes. If a company buys research and
development services the outcome might be a prototype. Or if the company pays a construction company to build them a new office building, the outcome is tangible to a great degree.

The problem of these outcomes is that they are so different that it is hard to find a generic dimension along which to measure customer experience. Thus the quality dimensions must be generated individually for different services – and in many cases even for different customers and different service episodes, as the outcome wanted for a certain service may vary a lot depending on who is the customer and what he needs. In some instances the customer may even not be totally aware of his expectations himself.

For those services that have tangible elements we suggest that usability attributes could be used as generic quality dimensions as they tell a lot about the customer experience. Usability may be assessed with several attributes or dimensions (see for example Nielsen 1993; Keinonen 1999; Schackel 1991; Lindwell & al. 2003; Heikkilä 2003; Palmer 2002) and the 11 most commonly used are: efficiency, flexibility, learnability, memorability, amount/tolerance/prevention of errors, accessibility, navigation, functionality, atmosphere, visual design, interaction and feedback and satisfaction (for a deeper understanding see for example Rasila & al. 2009; Kerosuo 2007).

FROM EPISODE QUALITY TO RELATIONSHIP QUALITY

What is evaluated so far - the service process and the outcome quality - is in fact the quality of the individual service encounter. Using the previous example, one service encounter could be one weekend of recreation. In many business-to-business services there tends to be more than just one service encounter. Lasting and long customer relationships are beneficial for both parties and thus many companies seek to build and maintain long term customer relationships (Grönroos 1993; 2000; Heide & John 1992).

The customer relationship, we claim, affects the total customer experience greatly in many business-to-business services. One way to see relationship quality is to see it as the “average of quality perceptions of previous encounters” (Järvelin 2002). Still, many authors see relationship quality as an individual aspect of quality (Kumar et al. 1995; Henning-Thurau & Klee 1997; Dorsch et al. 1997; Henning-Thurau 2000; Lang & Colgate 2003).


However, if the customer and service companies have already been doing business before, our model suggests, according to Järvelin (2002), that there will then be a “second comparison”. In this stage the customer compares his existing relationship quality perception to the service episode in question. If the episode level experience is in accordance with the existing relationship quality perception, then the relationship quality stays the same. If, on the other hand, the episode quality perception is positively or negatively not in accordance with the existing relationship quality perception, the customer has to alter his relationship level quality perception. (Järvelin 2002).

Before changing the relationship level quality perception after a deviating episode quality experience the customer goes through so called “adjusting processes”. This is a process during which the customer ponders upon the reasons for this deviation. During this process he by himself (as an organisation) or with the service provider tries to find explanations as to why the service encounter did not match the expectations (positively or negatively). (Järvelin 2002)

If there is an “acceptable” reason for the deviation, the relationship level quality does not necessarily change or changes only little. If the customer finds no acceptable reasons for the deviation or the same deviance
occurs on many occasions, then the relationship level quality perception may change more dramatically. In the worst case the customer may decide to end the relationship with the service provider in question. (Järvelin 2002)

SERVICE QUALITY AND CUSTOMER SATISFACTION

Previous discussions have dealt with quality, but as customer satisfaction is closely linked to customer perceived quality, it is incorporated into the model presented here. The concepts are important, both in theory and in practice (Harris & al. 2003; Bolton and Lemon 1999). They are closely linked and intertwined even to such a degree that the difference between these constructs has become unclear. Thus it is necessary to clarify this relationship for the purposes of our model.

Some authors have suggested that the two terms are identical and thus interchangeable (Dabholkar 1993). Nevertheless, there seems to be quite wide agreement that this is not the case – satisfaction and quality are seen as individual, but still related, constructs. (Gross 1997; Iaccobucci 1994; Caruana 2002; Grönroos 2003; Eggert & Ulaga 2002; Cronin & Taylor 1992; Parasuraman & al. 1994; Rust & Oliver 1994; Pattersson and Johnson 1993).

Another confusing factor is that there has not been shared understanding of whether satisfaction causes quality or vice versa. The traditional thinking was that satisfaction is one element affecting quality (PZB 1988; Bitner 1990; Bolton & Drew 1994). At the moment there seems to be quite wide agreement on that it is quality that causes satisfaction. This seems to be the case as also empirical research validates this assumption. (Gross 1997; Iaccobucci 1994; Caruana 2002; Grönroos 2003; Eggert & Ulaga 2002; Cronin & Taylor 1992; Parasuraman & al. 1994; Rust & Oliver 1994; Fullerton & Taylor 2002).

The notion that quality perception affects customer satisfaction does not mean that quality is the only factor affecting customer satisfaction. This is easy to see from a simple example: if a service is of high quality but the price is even higher, the customer will not be entirely satisfied. The research indicates that customer perceived sacrifices (Liljander & Strandvik 1995) or values (Grönroos 2004) act as mediating factor between quality and satisfaction. The customer compares the utilities and costs of the offering. If the costs are greater than the perceived utility, the customer is dissatisfied and if the utility is higher than the costs, the customer is satisfied. If the utility and the costs are equal the satisfaction level is “neutral”. (See for example Caruana & al. 2000; McDougall & Leveque 2000; Eggert & Ulaga 2002)

![Figure 2: The relationship between customer perceived value, quality and satisfaction. Modified from Grönroos 2002.](image)

This has also been noted by Grönroos (2000). According to him, the customer compares quality perceptions and costs (including other costs than monetary costs). The result of this comparison is customer perceived value. If
the customer perceived value is positive, the customer is satisfied. If the value is perceived to be negative, the customer is dissatisfied and if the perceived value is neutral, the customer is neither satisfied nor dissatisfied. This is presented in figure 2.

In our model this is the “third comparison”. After first assessing the service episode quality and second the relationship quality, the customer then compares his total quality assessment with the price (monetary and non-monetary) he is paying for the relationship.

CONCLUSIONS

This article has built a theoretical model of business-to-business service quality from four parts. First, a service episode quality assessment is made of an individual encounter with the service provider from process and outcome points of view. This is made by comparing the service experience with so called comparison standards. This understanding of episode level quality is compared with the existing relationship level quality assessment. This way a relationship level quality perception is formed.

In this phase the customer goes through adjusting processes during which he tries to figure out why the service episode deviated from his previous experiences and decides how much the individual episode level experience affects his overall impression of relationship level quality. The customer also compares his relationship level quality assessment with the (monetary and non-monetary) price he pays for the service. If he gets value for his money, he is satisfied. If not, he is dissatisfied. This again affects his total service experience and relationship level quality perception.

This model is a novel combination of existing theories about service quality, relationship quality and customer satisfaction. There exists a lot of research about all of these, but they are mainly studied separately. This study combines the constructs and through that allows us to understand the customer experience in a wider and more extensive way.

These individual theories have been empirically tested and the validity of our model stems from this empirical evidence. The model itself has not been empirically tested and that is an important task for further research.

AUTHOR INFORMATION

Heidi Marja Rasila, M.Sc. (Social & Econ.), Researcher, Helsinki University of Technology, Finland.

Heidi Rasila has been a researcher in Helsinki University of Technology, Facility Services Research group since 2005. Before that she was a research scientist in Technical Research Centre of Finland for several years.

REFERENCES


