

IMPORTANCE OF MEASURING SERVICE QUALITY IN THE SERVICE INDUSTRY

Dushica Popova¹, Natasha Miteva²

¹ Assistant professor, Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia, R.North Macedonia, e-mail: dusica.saneva@ugd.edu.mk ;ORCID: 0009-0004-4750-8992

²Associate professor, Faculty of Tourism and Business Logistics, Goce Delcev University, Stip, North Macedonia, natasa.miteva@ugd.edu.mk ; ORCID: 0009-0004-8082-6458

*Corresponding author: dusica.saneva@ugd.edu.mk

Abstract

Measuring service quality is essential for ensuring greater customer satisfaction as well as sustainable competitiveness in service industries. This research examines methodologies for assessing service quality and their essential role in driving customer satisfaction and loyalty, with a focus on their practical application in service industries. Also, the application of various methods and tools for assessing service quality has highlighted the importance of measuring service quality, due to customer retention, operational efficiency and overall profitability. The research highlighted the impact of measuring service quality by building customer loyalty, improving employee performance, and achieving long-term business success.

Key words: models, service industry, customers, loyalty, quality

JEL Classification:

INTRODUCTION

Ensuring excellent service quality in service industries and ensuring positive customer satisfaction is an important issue for maintaining existing capabilities to satisfy existing customers and the opportunity for its further improvement. When defining quality in a service context, it is necessary to start from the user, that is, from their perceptions and understanding of quality. It follows that quality is everything that the user believes it to be, that is, that quality is the ability of a product or service to meet or exceed the user's expectations. Service quality generates an important amount of interest among researchers and practitioners (Marinković & Senic, 2012).

According to Parasuraman, et al. (1988) defined perceived quality as “a global judgment or attitude regarding the superiority of a service”, and Bitner & Hubbert (1994) defined service quality as “the customers’ overall impression regarding the inferiority/superiority of an organization and its services”. Providing quality service means meeting customer expectations on a consistent basis and receiving better service than they expect (Churchill & Lewis, 1983). Research by a number of researchers suggests that service quality is multidimensional, but there is no general agreement on the number of determinants and the number of attributes that determine service quality (Brady & Cronin, 2001).

Therefore, improving the quality of service needs to be viewed from the consumer's perspective, in order to avoid unnecessary costs for service elements that the consumer would consider, at the very least, unnecessary. Consequently, the selection of service elements is of great importance. Therefore, it is increasingly important for every service industry to build genuine relationships with the users of their services, in order to retain loyal customers who will bring long-term profits and create a competitive advantage over others.

THE NEED FOR MEASURING SERVICE QUALITY

Measuring service quality in the service industry is key for understanding the satisfaction of customers through consistent experience and building loyalty, identification of areas for improvement of processes, maintaining the advantage over competitors by meeting or exceeding expectations and using feedback to train and motivate staff.

In hotels and restaurants, measuring service quality is enabled through guest feedback, online reviews, and anonymous visitors that help identify determinants such as employee behavior, food quality, space availability, atmosphere, surroundings, etc.

Telecommunications companies measure service quality by tracking metrics such as call resolution time, network reliability, and customer support effectiveness, ensuring they offer seamless experiences to their customers. Retail stores evaluate service quality by tracking customer complaints, checkout speed, and staff assistance, and poor service can lead to losing customers to competitors. Likewise, airlines, taxi services, and public transport operators evaluate service quality through punctuality, comfort, and staff behavior, which is essential for customer retention. Healthcare facilities, such as hospitals and clinics, often assess patient satisfaction through surveys to ensure that medical care, wait times, and interactions with staff meet expectations, thereby ensuring patient trust and loyalty. Almost all industries that have service activities focus on how measuring service quality affects customer retention, process improvement, staff training improvement, and increase profitability.

MODELS, TOOLS AND TECHNIQUES FOR MEASURING SERVICE QUALITY

Service quality can be monitored, measured and improved by applying an appropriate model and measurement technique. Measuring service quality allows for comparison of changes before and after, identification of quality-related problems and setting clear standards for service delivery Shahin (2006). These models and techniques cover a wide range of activities in different service industries and each presents a different view of the issue of service quality. Conceptual models and techniques for service quality can be very useful, as they provide an overview of factors that have the potential to affect service quality and identify quality deficiencies. There is no generally accepted conceptual model, and there is no consensus regarding the measurement of service quality.

The most widely used model for measuring service quality is the SERVQUAL model, which is based on five determinants of service quality: reliability, responsiveness, security, understanding of the user (empathy), and touch elements. According to literature research, the SERVQUAL scale is used to assess service quality in various service industries. Some researchers use a modified SERVQUAL scale with attributes and determinants of quality to meet the research objectives and the specific industry in which the research is conducted. According to Grönroos (1984), the concept of service quality should be created based on the needs of service users. Accordingly, the first characteristic in his model of service quality is the perceptions of users about the quality of services and the second characteristic is the determinants that influence the quality of services. In this model, a distinction is made between technical quality (what is delivered) and functional quality (how it is delivered). Acceptable technical quality can be considered as a prerequisite for successful functional quality and as long as the value of technical quality is satisfactory, functional quality is more important for the overall perceived quality (Ghobadian et al. 1994). A quantitative model that measures customer satisfaction through surveys and feedback is the Customer Satisfaction Index (CSI), which reflects overall satisfaction and identifies key factors of satisfaction among service users. The RATER Model was created by modifying the SERVQUAL model as a simplified version and is used to identify gaps between customer expectations and perceptions. This model is applied to improve service user satisfaction by focusing on reliability and accountability.

Some of the tools and techniques for measuring service quality are Customer Feedback Surveys with direct feedback through structured surveys or questionnaires, effective for understanding specific aspects of service performance; Mystery Shopping, which provides insight into the real experience of consumers, and uses trained evaluators who pose as customers to assess service delivery; Mystery Shopping, which provides insight into the real-world customer experience, uses trained evaluators posing as customers to assess service delivery; Online Review Analysis, useful for identifying trends and areas for improvement by tracking user reviews and ratings on platforms such as TripAdvisor or Google Reviews; Focus Groups; Service Metrics Monitoring; Customer Satisfaction Metrics that provide a clear benchmark for success by assessing satisfaction; Voice of the Customer (VoC) Programs offer a comprehensive understanding of customer needs and expectations through systematic collection and analysis of feedback; and Behavioral Analytics for indirect satisfaction assessment useful for digital services and e-commerce platforms.

MEASURING SERVICE QUALITY THROUGH EXAMPLES

Measuring service quality and its importance in establishing a methodology for measuring it is present across many different sectors in the service industry.

In the hospitality industry, Marriott International uses guest satisfaction surveys to measure the quality of service across its properties around the world. These surveys collect feedback on cleanliness, staff behavior, amenities, and the overall guest experience. Based on this data, Marriott conducts employee training and adjusts operational strategies to meet customer expectations. As a result, Marriott International achieves high guest satisfaction, building loyalty, and establishing itself as a benchmark in the hospitality industry. Walmart tracks service quality using online reviews, in-store feedback, and mystery shopping to assess areas such as checkout speed, product availability, and staff assistance. These metrics help Walmart optimize store operations and improve the customer experience, ensuring positive customer satisfaction and increased sales. Online learning platforms like Coursera also measure the quality of their services through student feedback on course content, platform usability, and instructor engagement. They use this data to improve the learning experience, as well as refine course materials or improve technological accessibility. Netflix monitors service quality through viewer data analytics and satisfaction surveys, focusing on factors like streaming quality, content relevance, and customer support. This helps them tailor content recommendations and improve the viewer experience, retaining their users. Uber Eats evaluates service quality by analyzing delivery times, food condition upon arrival, and customer reviews. They also use this information to improve app performance, train delivery drivers, and ensure compliance by restaurant partners.

THE IMPACT OF MEASURING SERVICE QUALITY

Measuring service quality impacts the profitability and growth of service industries. Industries that deliver consistent, high-quality service attract and retain more customers, which leads to higher sales and profits, or increased revenue. Identifying inefficiencies through service quality metrics helps optimize processes, reducing unnecessary costs and achieving cost efficiency. With consistent quality, service industries will expand in the market, i.e., they will have a proven reputation for top-quality services. Measuring and improving service quality helps build a trusted and reliable brand image. Satisfied customers share positive experiences, organically strengthening a company's reputation. Tracking service quality allows businesses to respond quickly to negative feedback, reducing potential brand damage.

Service industries that measure and meet customer expectations foster long-term customer loyalty. Satisfied service customers are likely to return and spend more, contributing to stability. Identifying and addressing service deficiencies reduces the risk of losing customers

to competitors. Regular measurement reveals unmet customer needs, guiding the development of new products or services. Service industries that monitor service quality stay ahead of trends and adapt more quickly to customer demands. High service quality sets a business apart from the competition, making it the first choice of customers. Measuring service quality is not only a reactive process, but also a proactive approach to improving performance, satisfying customers, and maintaining a competitive advantage.

CONCLUSION

Measuring service quality in service industries is essential to ensure positive customer satisfaction, build loyalty, and maintain competitiveness in the market. By assessing service quality, service industries can identify areas for improvement, address customer concerns, and improve overall efficiency and effectiveness. It also allows service industries to align their offerings with customer expectations, foster trust, and strengthen their reputation. Regularly assessing service quality fosters a culture of accountability and excellence in industries, motivating employees to consistently provide superior service. Measuring service quality creates a solid framework for innovation by highlighting customer problems and desires in order to create new or improved service offerings. Investing in measuring service quality leads to sustainable growth and success of service industries.

REFERENCES

- Bitner, M.J. & Hubbert, A.R. (1994). *Encounter satisfaction versus overall satisfaction versus quality*. Sage Publications, Inc., London.
- Brady, M. K. & Cronin, J. (2001). Some thoughts on conceptualizing perceived service quality: A hierarchical approach. *Journal of Marketing*, 65(3), 34-49.
- Churchill, N.C. & Lewis, V.L. (1983). The five stages of small business growth. *Harvard Business Review*, 61(3), 30-50.
- Four effective ways to increase customer satisfaction. March 10, 2025.
<https://merchants.ubereats.com/ie/en/resources/articles/4-effective-ways-to-increase-customer-satisfaction/>
- Ghobadian, A., Speller, S. & Jones, M. (1994). Service Quality: Concepts and Models, *International Journal of Quality & Reliability Management*, 11(9), 43-66.
- Grönroos, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing*, 18(4), 36-44.
- How Netflix uses Data Analytics: A Case Study. March 10, 2025.
<https://plainenglish.io/blog/how-netflix-uses-data-analytics-data-science-general-research-case-study-4d525b881038>
- How Walmart's customer-first philosophy benefits Marketplace sellers. March 20, 2025.
<https://marketplace.walmart.com/walmarts-customer-first-philosophy/>
- Marinković, V. & Senic, V. (2012). Analiza elemenata kvaliteta usluga u korporativnom bankarstvu. *Ekonomski horizonti*, 4(1), 13-22.
- Marriott International Service Quality. March 20, 2025.
<https://sharpen.com/marriott-customer-experience-strategy/>
- Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1988). SERVQUAL: A multiple item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Quality Improvement and Management. March 10, 2025.
<https://www.coursera.org/learn/quality-improvement-and-management>
- Shahin, A. (2006). SERVQUAL and Model of Service Quality Gaps: A Framework for Determining and Prioritizing Critical Factors in Delivering Quality Services. Fourth International conference on Quality Management. Retrieved March 12, 2025.
<http://www.qmconf.com/Docs/oo77>