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Digital Service Quality

Digital channels are an established means of accessing information and goods. The online marketplace has considerable economic significance. In response to the pervasive use of technology the idea of the *market-space* is used instead of traditional *marketplace* term (Rayport and Sviolka, 1994). A market-space is where “products and services exist as digital information and can be delivered through information based channels” (Rayport and Sviokla, 1995:14). It is estimated that the market-space was worth €430bn to the EU economy in 2012, and in the UK, the use of Google Search and AdWords generated at least £11 billion in economic activity in 2014 (House of Lords Select Committee, 2014). However market-space competition is getting stiffer (WSI, 2013), and ensuring that customers are satisfied with the online experience is critical in order to avoid loss of customers to competitors.

One strategy open to digital marketers is to ensure repeat custom through offering a quality e-service that delivers customer satisfaction. In offline service research the argument is that a satisfied customer is more inclined to return to a service outlet, to repurchase, to spread favourable word of mouth, and to be less sensitive to price competition (Berry and Parasuraman, 2004). These outcomes are also present within empirical research into the use of digital technology, which shows that overall satisfaction with digital technology performance has a positive effect on the intention to continue use (Rowley, 2001).

Customer satisfaction and service quality

The concepts of customer satisfaction and service quality are both defined as being customer judgments. Customer satisfaction is a “judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment” (Oliver 1996:13). Service quality is a “judgement about an entity’s overall excellence or superiority” (Parasuraman et al., 1988: 5). The concept of electronic service quality (e-SQ) has been developed for digital channels, and is the “extent to which a website [or other digital channel] facilitates efficient and effective shopping, purchasing and delivery” (Parasuraman et al., 2005:5). However, as the Internet has developed, e-SQ has been redefined as a judgement of the service experience provided in the online marketplace (Sousa and Voss, 2006).

The exact relationship between service quality and satisfaction is uncertain (Sureshchandar et al., 2002). Some researchers argue that service quality leads to a judgement of satisfaction (Parasuraman et al., 1985) whilst others state that in fact customer satisfaction comes before a judgement of service quality (Cronin and Taylor, 1992). However, a key difference is that customer satisfaction is transaction- and time-specific, whilst service quality is a long-term attitude; this means service quality is considered to be source of differentiation and competitive advantage for services (Giese and Cote, 2000).

E-service

Digital channels provide remote rather than direct delivery; any interaction with the product or service is technology-mediated and is similar to a service experience (Shostack, 1977). E-service encompasses the “deeds, efforts or performances whose delivery is mediated by information technology” (Rowley, 2006:341) and is delivered through self-service technology (SST). SSTs include both on-site options, such as supermarket self-service check-outs and ATMs, and online channels accessed in the home (Dabholkar and Bagozzi, 2002). When using SSTs customers are uncertain about the consequences of making mistake which can reduce both trust and loyalty (Meuter et al., 2000).

In addition, online purchase increases the intangibility of goods as there is limited customer capacity to make a direct assessment through feel, touch and detailed visual inspection (Jiang and Benbasat, 2004). According to

Signaling Theory (Spence 1973), in such situations individuals will make use of extrinsic cues or signals to make a quality assessment. This means that digital marketing mix elements (i.e. product brand, place, pricing and communications) act as signals of quality to reduce uncertainty and risk and to increase transactional trust (Wells et al., 2011).

Exercise 4.1

Select two websites, one where you have transactional trust and one where you do not. Identify how the different elements of the digital marketing mix are acting as signals that increase or reduce your feelings of uncertainty.

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Expectancy-Disconfirmation Theory

Service quality and satisfaction measures are based on Expectancy-Disconfirmation theory which proposes that customers make assessments of product performance based on a comparison of expectations with perceptions (Oliver, 1996). Customer expectations are beliefs formed before service delivery that serve as standards or reference points against which perceptions of actual service are judged (Zeithaml et al., 1993). This means that online customers are making constant comparisons between the e-service they expect and the e-service they are receiving. Each comparison results in either (1) a positive disconfirmation where the service experience exceeds expectation; (2) a negative disconfirmation where service is below standard that expected; or (3) a zero disconfirmation where expectation standards are met (Oliver, 1996). Upon completion of the transaction the customer would be either satisfied or dissatisfied and would make a service quality judgement (Parasuraman et al., 1985).

The service quality literature identifies four reasons for mismatching expectations and perceptions (Wilson et al., 2008) (Table 4.1). A mismatch between performance and promises is the most complex gap to close. Expectations can be raised as a result of not only promotional materials but also through brand positioning and previous experience that the customer has gained offline.