# SERVICE QUALITY GAP ANALYSIS OF PREMIUM BRAND COMMERCIAL VEHICLE COMPANY

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*Abstract:*

*The commercial vehicle industry in India has witnessed tremendous growth in the past few years. Global truck makers are targeting India's commercial vehicle segment to tap the potential of the world's third largest truck market. Service quality is becoming more and more important to commercial industries as customer satisfaction and loyalty lead to repeated purchases and higher market share, increased profitability and word of mouth publicity and also work as a tool for providing competitive advantages. The premium brand heavy commercial (company X) are having presence in India and engaged in manufacturing, sales and service of heavy commercial vehicle product in domestics market. There is a need for the comprehensive study at Company X which would cover all aspects of service quality and customer satisfaction. Service quality is an assessment of how well you delivered service conformed to customer expectation. Industry assess the service quality in order to improve their services, to easily identify problems and to provide better customer satisfaction. The study aims to find the gap between expected and perceived service quality factors in company x of premium brand commercial vehicle company. This study is measuring service quality by using SERVQUAL- a perceived service quality questionnaire methodology. SERVQUAL examines five dimensions of service quality, responsiveness, assurance, empathy, tangible and Reliability.Heavy commercial vehicle customers are holding different types of expectations about service quality. There is considerable gap exist between expected and perceived service quality of company X premium brand heavy commercial vehicle. The results of the research showed that customer of company X heavy commercial vehicle are not satisfied with after services rendered by the company.*

**Introduction:**

The commercial vehicle industry in India has witnessed tremendous growth in the past few years. Global truck makers are targeting India's commercial vehicle segment to tap the potential of the world's third largest truck market. The Indian trucking industry is currently valued at $130 Bn and there are approximately 5.6 Mn on road vehicles transporting 80% of the country's freight. The Indian market has witnessed entry of a number of multinational companies. The commercial vehicle manufacturers are now keen on enhancing their market share by investing in heavy duty products,

design & development, manufacturing systems, distribution and services[1]. They are gearing up with proactive solutions for meeting the changing customer needs. As a result of increased competition and decrease in product profit margins, the after service sales business has gained strategic importance for commercial vehicle industries. In today's competitive environment, rendering quality service is a key for the success of any commercial vehicle company. Service quality is becoming more and more important to commercial industries as customer satisfaction and loyalty lead to repeated purchases and higher market share, increased profitability and word of mouth publicity and also work as a tool for providing competitive advantages.

The premium brand heavy commercial (company X) are having presence in India and engaged in manufacturing, sales and service of heavy commercial vehicle product in domestics market. There is a need for the comprehensive study at Company X which would cover all aspects of service quality and customer satisfaction. The need was recognized by the marketing and sales department and the board of directors due to the fact that so far the knowledge about Company X clients was limited to their demographic and social profile and customer's evaluation of after-sales service quality. The present research paper attempts to address the issue of service quality in a company X of heavy commercial vehicle industry context with a specific focus on the commercial vehicle service industry from customers' viewpoint.

**Service Quality in Heavy Commercial Vehicle:**

The fact that the perceived quality of the product is becoming the most important competition factor in business world has been the reason of naming the present business era as Quality era[2]. Customers are now become more quality conscious; therefore customers' requirements for higher quality service have been increased. Service providers are obliged to provide excellent services to their customers in order to have sustainable competitive advantage. Considering the competitive environment, there is a need for Industry to plan their strategies that will differentiate them from another. This can be achieved through the delivery of high service quality. Service quality is an assessment of how well you delivered service conformed to customer expectation. Industry assess the service quality in order to improve their services, to easily identify problems and to provide better customer satisfaction. The after sales services are approved to be an accordant source of revenue, profit and competitive advantage in most of commercial vehicle industries. The profit generated by after-sales services is often higher than the one generated by sales. An author defines service as "any intangible act or performance that one party offers to another that does not result in the ownership of anything[3]. The quality of services is correlated with customer satisfaction, especially in after sales service businesses, where many corporations are concentrating on improvement of service quality resulting to the high level of customer satisfaction and more revenue.

**Literature Review:**

Customers all over the world have become more quality conscious; therefore customers' requirements for higher quality service have been increased. Service providers are obliged to provide excellent services to their customers in order to have sustainable competitive advantage. Considering the competitive environment, there is a need for Industry to plan their strategies that will differentiate them from another. This can be achieved through the delivery of high service quality. The practice of excellent service quality has been proven that customer satisfaction will significantly lead to customer loyalty. Measuring service quality is difficult due to its unique characteristics: Intangibility, heterogeneity, inseparability and perishability[3]. Service quality is linked to the concepts of perceptions and expectations[5,6]. Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience. Based on this perspective, Parasuraman et al. developed a scale for measuring service quality, which is mostly popular known as SERVQUAL. This scale operationalizes service quality by calculating the difference between expectations and perceptions, evaluating both in relation to the 22 items that represent five service quality dimensions known as tangible, reliability, responsiveness, assurance and empathy.

| Dimension | Definition |
|---|---|
| Tangibles | Appearance of physical facilities, equipment, personnel and written materials |
| Reliability | Ability to perform the promised service dependably and accurately |
| Responsiveness | Willingness to help customers and provide prompt service |
| Assurance | Employees' knowledge and courtesy and their ability to inspire trust and confidence |
| Empathy | Caring, easy access, good /communication, customer understanding and individualized attention given to customers |

**Table 1:** Five Broad Dimensions of Service Quality[6]

**Objectives:**

The study aims to find the gap between expected and perceived service quality factors in company x of premium brand commercial vehicle company. This major objective is supported by the analysis of service quality factors for heavy commercial vehicle users.

**Research Conceptual Model and  Hypothesis**

Heavy commercial vehicle customers are holding different types of expectations about service quality. The level of expectation can vary depending on the reference point the customer holds. Service marketers need thorough and clear definition of expectations in order to comprehend, measure and manage them[8]. The service quality gap (i.e. gap between what customers expect to receive and their perceptions of the service that actually is delivered) is the most critical gap. Hence

the ultimate goal in improving service quality is to narrow this gap[9]. The objective is to compare expected and perceived service quality factors among company X premium brand heavy commercial vehicle users about their experience with the service.

**The hypotheses of the study:**

There is significant difference of mean ratings between expected and perceived service quality parameters for company X of premium brand heavy commercial vehicle users.



Figure no. 1 – Research model for service quality gap

**Research Methodology:**
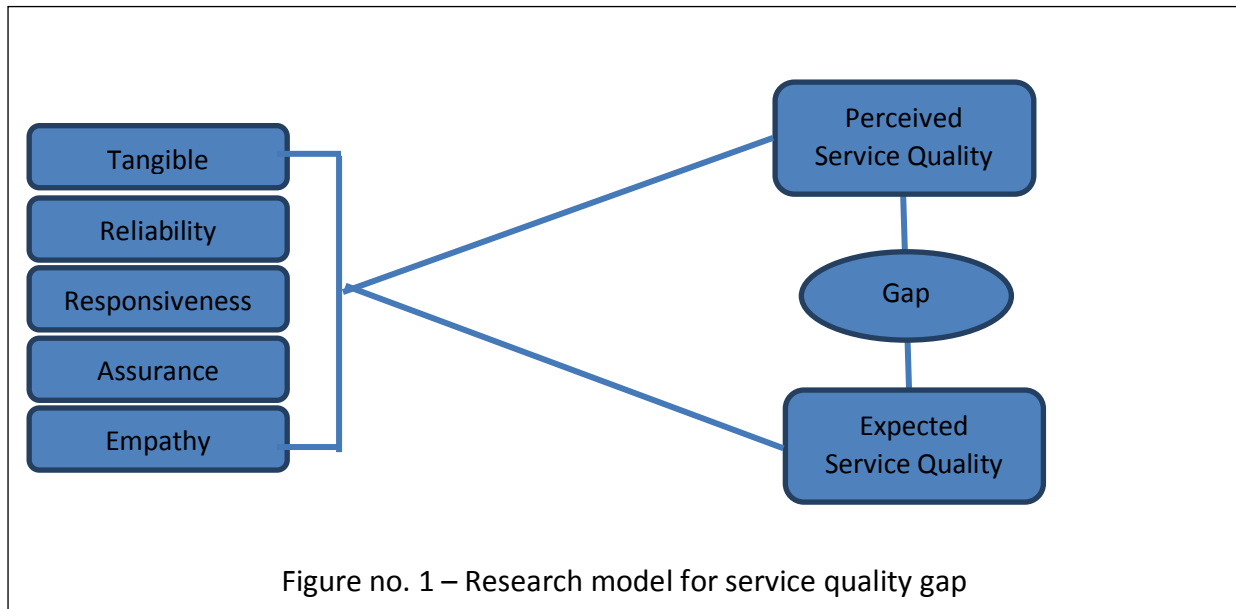
The study used both secondary and primary data. Secondary data was collected from different, books, journal and websites and Primary data was collected through a research questionnaire, items of the questionnaire relating SERVQUAL dimension. The data is collected by heavy commercial vehicle owner of company X through questionnaire. The study was conducted in major city of Maharashtra.

Sampling plan:

1. Population: Users of heavy commercial of premium brand company X.

2. Sampling segment: Pune City

3. Sampling unit: Respondents owners of heavy commercial vehicle of premium brand Company X.

4. Sampling size: 20 Respondents owners of the heavy commercial of premium brand company X

5. Sampling method: Convenience sampling method

**Testing of Hypothesis:**

The difference of mean rating for **expected** and **perceived** values of service quality in **company X heavy commercial vehicle** users is significant. In the above test, samples used are dependent and the effect of actual working conditions (perceived quality) on service quality is tested. So the above hypothesis is tested by using **paired t-test.** The mean ratings for five service quality dimensions are shown in table no. 2

| Pair Difference | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Dimensions | Mean | Std Dev | 95% Confidence Interval of the Difference | | t | df | P Value | Test Result |
| | | | Lower Limit | Upper Limit | | | | |
| Tangible (Perception – Expectation) | -0.470 | 0.053 | -0.494 | -0.445 | -39.426 | 19 | 0.000 | Significant |
| Reliability (Perception – Expectation) | -0.372 | 0.072 | -0.439 | -0.304 | -11.577 | 19 | 0.000 | Significant |
| Responsiveness (Perception – Expectation) | -0.290 | 0.058 | -0.317 | -0.262 | -22.004 | 19 | 0.000 | Significant |
| Assurance (Perception – Expectation) | -0.360 | 0.088 | -0.480 | -0.318 | -18.095 | 19 | 0.000 | Significant |
| Empathy (Perception- Expectation) | -0.310 | 0.085 | -0.349 | -0.270 | -16.267 | 19 | 0.000 | Significant |

**Table No. 2**

**Conclusion:**

There is considerable gap exist between expected and perceived service quality of company X premium brand heavy commercial vehicle. The results of the research showed that customer of company X heavy commercial vehicle are not satisfied with after services rendered by the company. Improvements are expected in meeting delivery target as per promise time by improving the technology used to provide services. Convenience of heavy commercial vehicle users need a consideration and efforts should be made to make service available at convenient time. Their expectations were higher than the perception of service quality from the company X in the all aspect of SERVQUAL. The task of company X under such circumstances is to develop and implement new strategy that would minimize the gap between the expectation and perception of service quality. It is important for the company X to define the service quality standards that are measurable and transparent.

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