

Chapter 42

Promoting Service Quality and Customer Satisfaction in Global Business

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ABSTRACT

This chapter explains the overviews of customer service, service quality, and customer satisfaction; the significance of service quality in global business; and the significance of customer satisfaction in global business. Customer service is the significant element required for a successful business. Knowing customer expectations and delivering excellent service quality can considerably promote the entrepreneurial success and business growth. Gaining high levels of customer satisfaction is very important to business because satisfied customers are most likely to be loyal and to make repeat orders and to utilize a wide range of services offered by business. High service quality effectively promotes customer satisfaction and customer satisfaction has a positive relationship with business revenue. The chapter argues that promoting service quality and customer satisfaction has the potential to enhance organizational performance and reach strategic goals in global business.

INTRODUCTION

Services industry plays an essential role in the economic globalization and a determining factor in strengthening the industry's competitiveness (Cheng, Hsu, & Huang, 2012). Regarding service quality perspective, service has to meet customer needs and customer expectations (Liu & Xie, 2013) and is considered as the difference of terms of service provision and the customer expectations of perceived service (Breja, Banwet, & Iyer, 2011). The active prediction of service quality certainly helps decision makers effectively manage their service operations to sustain the quality service to meet customer needs (Qiu, Wu, & Yu, 2011). Service quality can be evaluated by considering customer perceptions and customer expectations (Celik, Aydin, & Gumus, 2014). Categorizing service quality elements regarding their effects on customer satisfaction is required in modern business (Basfirinci & Mitra, 2015).

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As competition in the services sector is increasing, the ability of companies to understand their customers and ensure their satisfaction with the services is becoming significant (Meidutė-Kavaliauskiene, Aranskis, & Litvinenko, 2014). In the highly competitive marketplace, customer satisfaction is one of the most critical success factors to many leading companies (Nahm, 2013). Customer satisfaction is viewed as a fundamental determinant of customer value (Eisenbeiss, Cornelißen, Backhaus, & Hoyer, 2014). Customer satisfaction is recognized as an attractive theme for the long-term business success, positive word of mouth (WOM), improved customer retention, profitability, and dynamic competitiveness (Ihtiyar, Ahmad, & Osman, 2014). Customer satisfaction concerning perceived quality is critical for customer retention (Steiner, Siems, Weber, & Guhl, 2014). Customer loyalty becomes a major concern for retail stores across the globe (Thomas, 2013).

This chapter aims to bridge the gap in the literature on the thorough literature consolidation of service quality and customer satisfaction. The extant literatures of service quality and customer satisfaction provide a contribution to practitioners and researchers by describing the theory and applications of service quality and customer satisfaction in order to maximize the business impact of service quality and customer satisfaction in global business.

BACKGROUND

In a service-dominant paradigm, service is the essence of society and industry (Chen, Huang, Shu, & Wang, 2013). Customer is the most important part of any business of the services sector (Huang & Huang, 2012; Lu & Yang, 2010). Customer value leads to the effective workgroup performance in the digital age (Kasemsap, 2013a). Getting information from three types of customers (i.e., online customers, offline customers, and multichannel customers) helps executives and marketing managers get a better understanding of the implications of the reduction of the personal interaction and the extent to which the consequences of failure of a single channel to deliver the specific service output vary across different types of customers (Fernandez-Sabiote & Roman, 2012).

Service quality has gained the significant attention in the last two decades (Ramanathan & Karpuzcu, 2011). Service quality is the antecedent of customer satisfaction (Caceres & Paparoidamis, 2007; Gorla, Somers, & Wong, 2010). Service quality and customer switching behavior are the important factors that affect the service companies' market share and profitability (Liang, Ma, & Qi, 2013). The relationship between the dimensions of service quality and customer satisfaction may exhibit a nonlinear pattern which means that paying more attention to a particular dimension of service quality may not always lead to the higher customer satisfaction (Kano, Seraku, Takahaski, & Tsuji, 1984).

In the context of global competition, there has been an increasing awareness in improving the processes which are directly correlated with customer satisfaction (Chougule, Khare, & Pattada, 2013). Customer satisfaction is central to the marketing concept (Szymanski & Hise, 2000). Customer satisfaction involves an attitude toward a product or service that successfully provides a pleasurable level of the consumption-related fulfillment (Oliver, 2010). Customer satisfaction is considered as one of the most critical outcomes of marketing activities by the market-oriented firms (Kandampully & Suhartanto, 2000). Customer satisfaction contributes to the firm's profitability and customer retention (Fornell, 1992).

Customer satisfaction leads to the positive outcomes, especially in predicting the future intention to use the products and services (Zhao, Lu, Zhang, & Chau, 2012). Customer satisfaction is a fundamental dimension to drive the business outcomes and the performance of processes in modern organizations

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