

## Consumer Perceptions on Service Quality of Telemarketing in Malaysia

A. Ali Khatibi, V. Thyagarajan and Mohd Ismail Ahmad

*Faculty of Management, Multimedia University, Cyberjaya, Malaysia*

*Tel: 603-8312-5577/5586/5825, Fax: 603-83125587, E-mail: ali.khatibi@mmu.edu.my*

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**ABSTRACT** According to a recent study undertaken by the WEFA Group of Direct Marketing Association Inc. of US, it was found that the US Consumers spent an estimated amount of 5.41 billion US \$ in telemarketing purchases during the year 1999-2000. With the introduction of Wide Area Telephone Service (WATS) the consumers can make the hassle free buying by using toll free 800 number to place the telemarketing orders in response to television and radio advertisements, and direct mail or catalogues. The other type is Outbound telemarketing which involves making calls to the prospective customers, either "cold" or as "follow-up call" by direct mail package or by written communication, they also use the telephone lines to sell directly to consumers and business people. In Malaysia the telemarketing is still in its infancy stage. The inbound telemarketing was aimed at the TV viewers through advertising and aims to get some orders. Some good examples in this category are the SMARTSHOP and MAIL ORDER GALLERY. The outbound marketing is mainly focused on the financial markets particularly by "Investment advisors". The importance to service quality in telemarketing services is also justified due to the changes that are taking place in the industry and also the existence of competition in the telemarketing. The current study has been undertaken with the objective of evaluating the service quality existing in the Malaysian Telemarketing Industry. The SERVQUAL instrument developed by Parasuraman and others was used in the current study to a sample of 120 telemarketing consumers throughout Malaysia. The mean difference between the consumers' perception of service quality and achievement of performance of service quality was obtained on all the aspects of the service quality such as reliability responsiveness, assurance and empathy. It was found that for some of the quality aspects the difference exists between the two, at 5% level of significance.

### INTRODUCTION

Basically, the service quality is consistently viewed in the literature as a unique construct from customer satisfaction. In the original Marketing Science Institute (MSI) related article (1992) Parasuraman et al. (1985) hypothesized that there are five dimensions of service quality they are tangibles, reliability, responsiveness, assurance and empathy. The consumer

considers that the service quality stems from a comparison of what he feels about the service and what is the performance of that service offering. In short, in order to evaluate the service quality the discrepancy between consumer's expectations and perception should be calculated. All the five service quality offering variables will influence the overall service quality. Earlier to this Gronroos (1984) also proposed a conceptual model for service quality and also identified the possible determinants of perceived quality.

### Human Element in the Service Offerings

Till now, Parasuraman et al. (1988) conceptual model of service quality was considered as the best evaluative tool for the comparison of excellence service encounter by the customer (Rust and Oliver, 1994; Cronin and Taylor, 1994). However, Bitner et al. (1990) proposed in another way and they define the service quality as the consumers' overall impression of the relative inferiority / superiority of the organization and its service offerings. In most of the services, quality occurs during the interaction between the customer and the contact personnel of the service firm. For this reason, the service quality is highly dependent on the performance of employees during the service transactions. According to Bitner et al. (1990) the empirical results both from service quality and service satisfaction affirms that the importance of customer, employee interactions are inter-dependent and the importance of human element in the service transaction is also important. This has been further, supported by close examination of the scale items for each service quality dimensions which reveals that a majority of the service quality items relate directly to the human interaction element of service delivery. Thus, while providing the service the firms should give priority to the human values in developing a

better service strategy. The following human values can be taken as a guidelines namely, doing something extra and doing it imaginatively are the key elements in the service transaction. Managing the first and the last four minutes of transaction in an impressive manner is another area of concern. In addition, the studies also proved that the customers are ready to pay something more for the excellent services and hence, the price is not the important factor in the service offerings, when we offer imaginatively.

The service quality has become a principal competitive weapon in the service industry. Services by definition are intangible and are also not easily duplicated. Quality on the other hand, is differentiable and stems from the expectations of the customers. Hence, it is necessary to identify and prioritize the customers' expectations for service quality and incorporate these expectations into a service process for improving quality. (Goodman et al., 1986) Thus, understanding customers' expectations will enable the service provider and employees to make a concentrated effort to provide them. Further, what the customer expects from one type of service may not hold good for another service category and hence one should understand the right of expectation in order to provide a right strategy. (Cronin and Taylor, 1992) In other words, what a customer desires from a bank does not necessarily hold good for the tele-marketing company. Hence, each service provider should identify their uniqueness in their service offerings.

The key variables in meeting customer expectations begins with identifying the specific characteristics of service quality as perceived by the customer which defines the nature and importance of service quality. In other words, there is a need to identify customer expectations by assessing the importance of each element of service quality and its offerings. As far as the telemarketing is concerned there are two aspects which are considered as important when evaluating its quality they are content and delivery. It is argued that the users of telemarketing services are in a best position to evaluate the service quality because in this transaction both product and also the quality of service (delivery) involved.

### THE SERVQUAL MODEL

The SERVQUAL model developed by Parasu-

raman et al. (1985) has become almost the standard way of measuring service quality. This model, which employs 22 Likert-scale items, focuses on the differences between the consumer's performance perceptions of the service and his or her expectations for that service (Parasuraman et al., 1988). The perceived quality of the service is therefore assessed by means of an analysis of the "gaps" between the perceptions of actual service provided and the service expectations of the consumer. The main weakness of SERVQUAL is that its general quality factors are not relevant to all types of service (Cronin and Taylor, 1992; Carman, 1990; Brown and Swartz, 1989). However, the authors believe that it is still appropriate for this type of analysis, particularly in the light of the most recent modifications made by the developers (Parasuraman et al., 1991). Therefore, for the current study utilises the same items to evaluate the service quality which exists in telemarketing industry, which will be accomplished through assessing and comparing the perceptions of consumers of telemarketing services in Malaysia.

### OBJECTIVES

The current paper aims to achieve the following objectives.

1. to investigate the relationship between the perceived and expected service quality among Malaysian consumers,
2. to determine the relationship between the consumer socio-demographic factors and their perceived service quality,
3. to determine which service quality dimensions are the best predictors

### TELE MARKETING IN MALAYSIA

#### *An Overview*

In Malaysia, telemarketing is still very much in its infancy. With the formation of Multimedia Super Corridor (MSC), the Malaysian government hopes that more companies will be involved in telemarketing. As what Malaysian government promised, telemarketing companies will find within the MSC an opportunity to centralize their call center operations. These centers are equipped with facilities and skills to do telemarketing and are in touch with the business target market.

Further, participating companies at MSC will be able to take full advantage of the vast opportunities to build new businesses and shape new industries in telemarketing.

## RESEARCH METHODS

### *Sample and Data Collection*

The sample respondents for the current study was drawn from the population of users of telemarketing services. A well-structured, self-administered questionnaire was executed and information collected from 100 respondents. The questionnaire consists of five parts. The first part aims at collection of information about respondent's usage on telemarketing services. The second, third, and fourth parts were based on the respondents' expectations and perceptions of buying product or services through telemarketing. These parts are considered as an important one because they measure the respondents' attitudes and opinions toward perception and knowledge about telemarketing. Finally, the fifth part focussed on respondent's socio-demographic information.

### *Operationalization of Variables*

For this study, expectations and perceptions of the five dimensions of service quality were measured by 22 statements taken from SERVQUAL (Parasuraman et al., 1988) and then modified to capture more precisely expectations and perceptions associated with telemarketing service. Likert seven point scale was adopted for all the 22 statements and from that mean scores were calculated.

## RESULTS

### *Expectation and Perception of the Service Quality*

Investigations on the expectation and perception of quality of service (Table 1), customers gave the highest priority for prompt delivery with a score of 6.75. In addition, there are three lowest scores of 5.92 from three separate dimensions they are; employee with a neat, professional appearance from tangibles, maintaining error free records from the reliability

dimensions and lastly the lowest score is employees who are consistently courteous from the statement of assurance. Compared to perception of quality of service, the customers collectively gave the highest score of 6.08 for the telemarketing companies having up-to-date equipment. The lowest score of 5.02 refers to maintaining error-free records. Therefore, comparing the result between customer's expectation and perception on quality service provide many new insights to focus on proper marketing strategy, especially the differences among the 22 statements. In general, there are highly significant differences among aspects of quality of service, which can be seen from Table 1.

Based on the findings from Table 1, it was concluded that the consumers expectation on telemarketing services focus mainly on type of services provided with the highest expectation score. But the total expectation score is slightly higher than the consumers achievement score. There is sufficient evidence to state that customer's expectation level of telemarketing on quality of service differs considerably from their perception level. Responses to the expectation and perception statements are compared. A score is computed by subtracting the expectation response from the achievement response.

If the expectation score is higher than the achievement score, the score will be negative. The negative score indicates the existence of a service quality gap: Customers are not having their expectations met by the service provider. On the other hand, a positive score is the result of performance exceeds customer expectations. A positive score indicates an area of strength and can represent a competitive advantage for the service provider. The significance differences among the 22 statements of quality service were also tested at the level of 0.01. SERVQUAL method was used to calculate the difference in the score between the 22 statements. The results of the comparison of two scores are given in table 2 the findings from Table 2 shows that there are some differences in magnitude of gap score for all the 22 attributes of service quality. In other words, all the 22 attributes of quality of service have not met or exceeded the customer's expectation. As a result, customers are having some unmet need from the service

**Table 1: Comparison of mean responses of expectation and achievement scores among the users of telemarketing services**

| <i>Aspect of quality services</i>                                | <i>Expectation scores</i> | <i>Achievement Scores</i> |
|------------------------------------------------------------------|---------------------------|---------------------------|
| <i>Tangibles</i>                                                 |                           |                           |
| Up-to-date equipment                                             | 6.27                      | 6.08                      |
| Visually appealing facilities                                    | 6.09                      | 5.39                      |
| Employee who has a neat and professional appearance              | 5.92                      | 5.55                      |
| Materials visually appealing                                     | 6.32                      | 6.03                      |
| <i>Reliability</i>                                               |                           |                           |
| Providing service as promised                                    | 6.72                      | 6.02                      |
| Sincere in solving the problem                                   | 6.25                      | 5.32                      |
| Performing service right the first time                          | 6.67                      | 5.92                      |
| Providing service at the promised time                           | 6.75                      | 5.94                      |
| Maintaining error-free records                                   | 5.92                      | 5.02                      |
| <i>Responsiveness</i>                                            |                           |                           |
| Keeping customers informed about when services will be performed | 6.08                      | 5.22                      |
| Providing prompt service to customers                            | 6.47                      | 5.84                      |
| Willing to help customers                                        | 6.07                      | 5.39                      |
| Always ready to respond to customers' requests                   | 6.05                      | 5.29                      |
| <i>Assurance</i>                                                 |                           |                           |
| Employees who instill confidence in customers                    | 6.07                      | 5.28                      |
| Customers feel comfortable interacting with employees            | 5.97                      | 5.15                      |
| Employees who are consistently courteous                         | 5.92                      | 5.27                      |
| Employees who have the knowledge to answer customers' questions  | 6.07                      | 5.47                      |
| <i>Empathy</i>                                                   |                           |                           |
| Employees who give customers individual attention                | 6.04                      | 5.17                      |
| Employees who deal with customer in caring fashion               | 6.05                      | 5.13                      |
| Having the customer's best interest at heart                     | 6.09                      | 5.30                      |
| Employees who understand the needs of their customers            | 6.29                      | 5.91                      |
| Having business hours convenient to customer                     | 6.07                      | 5.15                      |
| Total                                                            | 123.61                    | 120.84                    |

SIGNIFICANCE INTERVAL AT  $P < 0.01$   
 GAP SCORE AMONG 22 STATEMENT OF QUALITY SERVICES

**Table 2: Comparison of mean responses for gap scores across the SERVQUAL 22 statements**

| <i>Aspect of Quality Services</i>                               | <i>Gap scores</i> | <i>Priority</i> |
|-----------------------------------------------------------------|-------------------|-----------------|
| <i>Tangibles</i>                                                |                   |                 |
| Up-to-date equipment                                            | -0.19             | 19              |
| Visually appealing facilities                                   | -0.70             | 11              |
| Employee who has a neat and professional appearance             | -0.37             | 17              |
| Materials visually appealing                                    | -0.29             | 18              |
| <i>Reliability</i>                                              |                   |                 |
| Providing service as promised                                   | -0.70             | 11              |
| Sincere in solving the problem                                  | -0.93             | 1               |
| Performing service right the first time                         | -0.75             | 10              |
| Providing service at the promised time                          | -0.81             | 7               |
| Maintaining error-free records                                  | -0.90             | 3               |
| <i>Responsiveness</i>                                           |                   |                 |
| Keeping customers informed when services will be performed      | -0.86             | 5               |
| Providing prompt service to customers                           | -0.63             | 14              |
| Willing to help customers                                       | -0.68             | 12              |
| Always ready to respond to customers' requests                  | -0.76             | 9               |
| <i>Assurance</i>                                                |                   |                 |
| Employees who instill confidence in customers                   | -0.76             | 8               |
| Customers feel comfortable interacting with the employees       | -0.82             | 6               |
| Employees who are consistently courteous                        | -0.65             | 13              |
| Employees who have the knowledge to answer customers' questions | -0.60             | 15              |
| <i>Empathy</i>                                                  |                   |                 |
| Employees who give customers individual attention               | -0.87             | 4               |
| Employees who deal with customer in caring fashion              | -0.92             | 2               |
| Having the customer's best interest at heart                    | -0.79             | 8               |
| Employees who understand the needs of their customers           | -0.38             | 16              |
| Having business hours convenient to consumer                    | -0.92             | 2               |

providers. This can be termed as disconfirmation. Nevertheless, each aspect of quality of service has difference in the size of gap score. The list of aspect of quality service can be ranked from the biggest score to the smallest score. The priority of quality services that has been given ranking through SERVQUAL gap scores also given in Table 2.

**Table 3: Unweighted mean responses of gap scores between the 5 SERVQUAL dimensions**

| <i>Service Quality Dimension</i>                                                                            | <i>Perception</i> | <i>Expectation</i> | <i>Gap scores</i> | <i>Priority</i> |
|-------------------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|-----------------|
| 1. <i>Tangibles</i><br>Appearance of physical facilities, equipment personnel and communi-cation material   | 5.76              | 6.15               | -0.39             | 5               |
| 2. <i>Reliability</i><br>Ability to perform the promised service dependably and accurately                  | 5.64              | 6.46               | -0.82             | 1               |
| 3. <i>Responsiveness</i><br>Willingness to help customer and provide prompt service                         | 5.43              | 6.16               | -0.73             | 3               |
| 4. <i>Assurance</i><br>Knowledge and courtesy of employees and their ability to convey trust and confidence | 5.29              | 6.01               | -0.72             | 4               |
| 5. <i>Empathy</i><br>Caring individual attention the firm provides to its customers                         | 5.33              | 6.10               | -0.77             | 2               |

#### ***Unweighted and Weighted Gap Score Within the SERVQUAL Dimensions***

The unweighted gap score among the five service quality dimensions indicates that the telemarketing services do not meet or exceed the customers' expectation on each dimension. Considering the unweighted gap score in Table 2, the dimensions can be ranked according to the size of the gap. The bigger the gap is, the more important the dimensions from customers' view which can be ranked as follows: Reliability, Empathy, Responsiveness, Assurance, and Tangibles.

Table 3 shows that the mean gap scores on various dimensions of service quality for the selected consumer sample. From the table, it was noted that bigger the gap score, the more serious service quality shortfall from the consumer viewpoint. The most important dimension with a wider gap was "reliability" with a gap score of -0.82. The second dimension was "empathy" with the gap score of -0.77. Finally, the least gap score exists for "tangible" which has the smallest gap score of -0.39.

In SERVQUAL instrument, respondents were asked to rank the service quality dimensions in terms of their importance, by allocating 100 points. The result reveals that the percentage allocated by consumers of telemarketing services was more or less the same (Table 2). To compute the weighted mean score, the percentage for each service quality dimension is divided by 100 and the result can be shown as

in Table 3. As a result, the consumers of telemarketing services find it is hard to identify the relative importance of the service quality dimensions because the weighted figure appears to be almost the same. By using this weighted figures compute the weighted gap score for each

**Table 4: Most important and least important of SERVQUAL dimensions**

| <i>Service Quality Dimension</i>                                                                            | <i>Percentage</i> | <i>Weight</i> | <i>Priority</i> |
|-------------------------------------------------------------------------------------------------------------|-------------------|---------------|-----------------|
| 1. <i>Tangibles</i><br>Appearance of physical facilities, equipment personnel and communication material    | 16.37             | 0.1637        | 4               |
| 2. <i>Reliability</i><br>Ability to perform the promised service dependably and accurately                  | 23.71             | 0.2371        | 2               |
| 3. <i>Responsiveness</i><br>Willingness to help customer and provide prompt service                         | 26.26             | 0.2626        | 1               |
| 4. <i>Assurance</i><br>Knowledge and courtesy of employees and their ability to convey trust and confidence | 19.93             | 0.1993        | 3               |
| 5. <i>Empathy</i><br>Caring individual attention the firm provides to its customers                         | 13.73             | 0.1373        | 5               |

**Table 5: Comparison of weighted and unweighted gap score among the 5 SERVQUAL dimensions**

| Service Quality Dimension                                                                                   | Weighted gap Scores | Unweighted tap Scores |
|-------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| 1. <i>Tangibles</i><br>Appearance of physical facilities, equipment personnel and communication material    | -0.064              | -0.390                |
| 2. <i>Reliability</i><br>Ability to perform the promised service dependably and accurately                  | -0.194              | -0.820                |
| 3. <i>Responsiveness</i><br>Willingness to help customer and provide prompt service                         | -0.192              | -0.730                |
| 4. <i>Assurance</i><br>Knowledge and courtesy of employees and their ability to convey trust and confidence | -0.143              | -0.720                |
| 5. <i>Empathy</i><br>Caring individual attention the firm provides to its customers                         | -0.106              | -0.770                |
| Total                                                                                                       | -0.699              | -3.430                |

**Table 6: Summary of priority or ranking of the SERVQUAL dimensions**

| Priority | Dimension      |                                                                                      |
|----------|----------------|--------------------------------------------------------------------------------------|
| 1        | Reliability    | Ability to perform the promised service dependably and accurately                    |
| 2        | Responsiveness | Willingness to help customer and provide prompt service                              |
| 3        | Assurance      | Knowledge and courtesy of employees and their ability to convey trust and confidence |
| 4        | Empathy        | Caring individual attention the firm provides to its customer                        |
| 5        | Tangibles      | Appearance of physical facilities, equipment, personnel, and communication material  |

dimension of service quality. The weighted and unweighted gap scores are given in table 5.

The result from Table 5 shows that "reliability" dimension has the biggest weighted gap score of -0.194, followed by "responsiveness" dimension of -0.192, "assurance" dimension of -

0.143, "empathy" dimension of -0.106, and "tangible" dimension of -0.064. In addition, the result also shows that the overall service quality gap is greater than it originally appeared to be. The unweighted gap score is -0.686 (-3.43/5) yet the weighted gap score is only -0.140 (-0.699/5). As a result, there was a difference in priority or ranking between unweighted and weighted scores. The summary of the final priority or ranking of the five service quality dimensions from consumer's perspective can be seen in Table 6.

## CONCLUSIONS

Findings from this study provide an initial understanding on the direction of the consumers perception about the service providers in telemarketing. This provides proper guidelines to the service providers to improve their service offerings. It is clear from the analysis that the gap scores and the rank orderings of dimensions provide a perceptual mapping in designing the service strategy for the telemarketing in Malaysia. No positive scores between the expectation and achievement were found. The largest discrepancies were found for the Reliability dimension. But overall difference between the two for all the 22 items were not significantly different at 1% level of significance, it shows there is no alarming backlog in the service offerings.

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