Importance of Service Quality across Different Services Types: An Exploratory Study of Australian and Chinese Consumers

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Abstract

Service quality has attracted major attention from practitioners and academic researchers over recent decades, due to its significant role in business performance and the maintenance of customer loyalty. Nevertheless, very few studies have linked consumers’ cultural orientations to service quality dimensions, especially in a non-Western context. This paper attempts to fill this gap in the literature by conducting an exploratory study to examine whether Australian and Chinese consumers have different perceptions about service quality dimensions. Our five propositions argue that cultural orientations may lead consumers to place different levels of importance on different service quality dimensions, across different service types. This study advances theoretical development in international services marketing, enriching cross-cultural research, and providing important implications for business practitioners.

Keywords: Culture, international, SERVQUAL, service quality, Australia, China
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Introduction

In recent years, the global service sector has experienced significant growth. Global exports of services grew by 18.1% to 3.3 trillion USD in 2007 (United Nations Conference on Trade and Development, 2008). Service exports also account for more than 70% of GDP in developed economies, and between 45% and 55% of GDP in lower income countries (de Prabit, 2006; World Trade Organization, 2008). Given the significance of this sector, it is increasingly crucial for service marketers to understand the optimal ways to effectively market their services to international consumers (Bang et al., 2005).

Research in services has proliferated since the 1970s (Espinoza, 1999; Shostack, 1977; Thomas, 1978). However, several authors, such as Donthu and Yoo (1998) and Winstead, (1997), suggest that cross cultural differences of consumer expectations on service quality have been somewhat neglected in international services research, especially in non-Western contexts (Patterson and Smith, 2001a, 2001b). This is a significant gap, as it has been widely acknowledged that consumers in different cultures may have different expectations of service quality, due to the differences in their attitudes and behaviours (Donthu and Yoo, 1998; Furrer et al., 2000; Mattila, 1999; Raymond and Rylance, 1995). Few studies have examined the differences in consumer perceptions about different dimensions of service quality. Fewer have examined this relationship across different service categories. In this study, we attempt to investigate the research question of “Do differences in cultural orientation change the level of importance placed on specific dimensions of service quality for different service types?”

Literature Review

Service quality

Services scholars have thus far developed various definitions of services. In the 1990s, it was proposed that services differ to goods as they are more often performances or experiences provided via equipment or personnel (Furrer et al., 2000; Gronroos, 1990; Patterson, 1995). More recently, Vargo and Lusch (2004) argue there is a nested relationship between goods and services that makes it unreasonable to specifically define either. As a result, Vargo and Lusch (2004, p.2) define services as “the application of specialized competences (knowledge and skills) though deeds, processes, and performances for the benefit of another entity or the entity itself”. Such definition is compatible with the previous works by Gronroos (2000), Lovelock (1991), and Solomon, (1985).

Research into service quality commenced in the 1980s (Parasuraman et al., 1985), emphasising its strong impact on business performance, lower costs, customer satisfaction, and customer loyalty (Gurau, 2003; Newman, 2001; Silvestro and Cross, 2000; Sureshchander et al., 2002). Lewis and Booms (1983) pioneered service quality research by defining service quality as a “measure of how well the service level delivered matches the customer’s expectations”. This was further advanced by Parasuraman et al. (1985), who conceptualised service quality as the gap between consumers’ expectations and perceptions of the actual service performance. To date substantial research attention has been devoted to defining, modelling, and measuring service quality. Notably, Seth et al. (2005) identify 19
different service quality models developed since the 1980s. In addition, services scholars have suggested that service quality is a multi-dimensional construct, ranging from two (Lehtinen and Lehtinen, 1982; Mels et al., 1997), three (Rust and Oliver, 1994), to five (Parasuraman et al., 1988) and even ten dimensions (Parasuraman et al., 1985).

Review of service quality research across cultures

Few studies have investigated the role of culture on service quality, including Donthu and Yoo (1998), Furrer et al. (2000), Kilbourne et al. (2004), Mattila (1999), and Winstead (1997). These studies used samples from the U.S.A. as a “Western” culture and the “Eastern/Asian” samples included consumers from countries such as India (Donthu and Yoo, 1998), Japan (Winstead, 1997) and Singapore (Mattila, 1999). Hofstede’s (1980) cultural framework was successfully employed as a means of specifically measuring culture at an individual level (Donthu and Yoo 1998; Furrer et al. 2000; Mattila 1999) while other studies measured culture at a national level (Kilbourne et al., 2004; Winstead, 1997). In addition, the SERVQUAL scale developed by Parasuraman et al. (1988) was utilised in several studies (Donthu and Yoo, 1998; Furrer et al., 2000; Kilbourne et al., 2004), suggesting its continuous applicability in international service research. Furthermore, these studies were undertaken in industries characterised as high interaction/ involvement/ risk, such as medical services (Winstead, 1997), luxury hotels (Mattila, 1999) and retail banking services (Donthu and Yoo, 1998; Furrer et al., 2000). In terms of methodology, the most common research method in these studies was self-administered survey, with the exception of Mattila (1999) and Winstead (1997), who adopted mixed methods in their research.

Contradictory findings were observed in studies by Donthu and Yoo (1998) and Furrer et al. (2000). Additionally, Winstead (1997) found Western and Asian consumers exhibited similar behavioural patterns in hospitality (restaurant) services. In contrast, Mattila (1999, p.258) found Westerners would “evaluate a complex service based on the tangible cues” and Asians consumers would “expect a more personalised service”. As such, several services marketing scholars have called for future studies to explore the links between specific cultural values and service dimensions important to consumers (Winstead, 1997), across a variety of industries and cultures (Donthu and Yoo, 1998; Furrer et al., 2000). Our study responds to these calls by examining Australian and Chinese consumers and the level of importance they place on various dimensions of service quality, across two categories of services.

Research Methodology

In this exploratory study, we utilised focus groups as our principal research method. As noted by Malhotra et al. (1996), qualitative research is particularly useful in a cross-cultural context. Additionally, focus groups enable researchers to gain preliminary insights into the research phenomenon (Hair et al., 2000). For example, Parasuraman et al. (1985) used focus groups to discuss consumer experiences and perceptions of quality of services. In the current study, we examined two groups of young consumers from Australia and China. The sample consisted of university students aged between 18 and 24. The Australian group comprised five students undertaking second and third year marketing and finance degrees. The Chinese students, who had been living in Australia less than six months, were students of a first year accounting course. The mixture of students enabled us to observe how these young consumers respond to different ideas and concepts. Furthermore, the semi-structured nature of the focus groups also allowed us to cover the topics at a greater depth (Kinnear, 1993).
In the focus groups, we initially discussed what services were considered high and low risk, in terms of potential financial loss. We then obtained the consumers’ perceptions about the importance of various dimensions of service quality. The five dimensions of service quality were adapted from the SERVQUAL construct in Parasuraman et al.’s (1988) landmark study, including tangibility, reliability, responsiveness, assurance and empathy. The recorded data was transcribed and analysed. All three researchers were involved in identifying the identification of common themes emerging from the data.

Research Findings

High risk versus low risk services

The initial phase of the focus groups involved a discussion about the perceived risks associated with the purchase of services. For example, one said “I avoid going to new mechanics because I like to limit risking potential damage to my car” and, another stated that “it’s quite risky when you go to the restaurants because you never know what the service will be like”. Financial risk was considered of significant importance to consumers. A general consensus was that money is one of the most important risk factors, besides health-related risks. “Assuming I can’t die from the situation, losing money would probably be a very bad outcome”, a member exclaimed. This opinion is consistent with Cox and Rich (1964), who identified financial risk as the “most important element of risk”. The most common high risk services identified by the two groups were dental, banking and education services. The low risk services agreed upon were library, phone, and repair services.

Service quality dimensions

First, the intangible nature of service results in a higher level of perceived risk (Zeithaml and Bitner, 2000), thus tangible factors will help negate perceived risk. Australian and Chinese consumers are high in masculinity, which Furrer et al. (2000) found a positive relationship with tangibility. Therefore, it is assumed both groups will perceive tangibility of a service as important. In addition, literature has also shown Western cultures rely on concrete evidence and tangible cues in their evaluation of services and service quality (de Mooij, 1998; Mattila, 1999). This was evident in the focus groups. For example Australians exclaimed, “if they (the service provider) have nice equipment, it makes the service more enjoyable, like nice seats in the movies” and “if they don’t dress well I think ‘how can you take care of my car when you can’t take care of yourself’”. The Chinese consumers noted, “In China it is very important that the atmosphere is very nice and the shop looks very formal” and “I always hope the store looks very clean and presentable”. Hence, we propose that:

P1: Australian and Chinese consumers place similar importance on tangibility, for both service categories.

Second, reliability was also important for high and low risk services for both consumer groups. For example, an Australian stated, “I want the service provided properly and accurately every time, no matter what I pay”. This finding is consistent with Donthu and Yoo (1998), who suggest a strong, negative relationship between power distance (Australia scores low) and reliability. On the other hand a Chinese consumer agreed that “I always want them to perform services well and on time, it is their job” and “this feeling is the same for high and low risk services, I think we all agree”. These statements were consistent with Furrer et al.
(2000), who found a positive relationship between long-term orientation of the Chinese culture and reliability. Hence, we propose that:

**P2: Australian and Chinese consumers place similar importance on reliability, for both service categories.**

Third, Furrer et al. (2000) found a negative relationship between assurance and long term orientation, for which Australia (low) and China (high) differ significantly (Hofstede, 2001). Australian consumers place great importance on assurance for both high and low risk services, for example “until they do the service, you make judgements on those aspects so of course it’s going to be hugely important”. Several participants agreed to a statement about repair services, such as “I want someone who can answer all my questions”. In contrast, there was mood of discomfort when discussing service providers’ confidence amongst the Chinese consumers. They claimed the service provider’s confidence might be “fake” and “unbelievable” and “their confidence is not the truth, it is just like advertising to us”. Hence:

**P3: Australian consumers place high importance on assurance, whereas Chinese consumers place low importance on assurance for both service categories.**

Fourth, the importance of responsiveness differs between Australian and Chinese consumers for high and low risk services. For high risk services, Australian consumers were adamant about its importance, with opinions included “for example health care, I’m sick and I want to be seen quickly so I can get better”. These opinions were in contrast with the general consensus about low risk services, where responsiveness was unimportant. One claimed “lower risk services like the movies, you’re going to get the movie ticket either way, so I don’t need that urgency to help and look after me from them”. The level of importance placed on high risk services is consistent with literature, but the importance placed on low risk services is not (see Donthu and Yoo (1998)). Chinese consumers, however, placed a high level of importance on responsiveness, for both types of services. An example is “I always like it when they take time for me and help me”. Similarly, when discussing dentist services, a participant stated “when they are doing such important jobs to you, knowing they want to help you is important I should think” This is consistent with Furrer et al. (2000) who stated a negative relationship between masculinity (China is high) and responsiveness. Hence:

**P4: Australian consumers place different levels of importance on responsiveness, whereas Chinese consumers place high importance on responsiveness, for both services categories.**

Finally, empathy was important to Australian consumers when consuming high risk services, but not-so for low risk ones. Results for the high risk service are validated by the negative relationship between power distance and empathy, and a negative relationship between individualism and empathy (Furrer et al., 2000). An Australian stated that “if I were investing money, I would expect the whole experience and them to be very nice”. However, Australian consumers were not fazed by empathy in relation to low risk services, such as “when I go to the movies or restaurant, I don’t care really... I’m there to get my food or see the movie, not chat to the seller”. Chinese consumers, in contrast, considered empathy unimportant for high risk services, but important for low risk service. For example “expensive companies, like banks..., just want to do the service, not talk, and so do we. This is how business is done in China”. Discussions about low risk services showed an alternate view, for example “they are more likely to ask you how you are and how your day has been. It is nice when they do so, but it is not normal in China to ask”. Hence, we hypothesise that:
P5: Australian consumers place higher importance on empathy for high risk services than that for low risk services, whereas Chinese consumers place lower importance on empathy for high risk services than for low risk services.

Research Contributions, Limitations, and Directions for Future Research

The study contributes to advancing theoretical development in international services marketing, and enriching cross-cultural research as called for by Furrer et al. (2000). We examined consumers’ cultural orientations to service quality in a both Western and non-Western context via the investigation of Australian and Chinese consumers. We extended Donthu and Yoo’s (1998) study, which was limited by testing the dimensions of SERVQUAL in only one service category. We further contribute to the literature as our exploratory findings challenge Mattila’s (1999) suggestions that Western and Eastern cultures are almost entirely different.

In addition, our research outcomes provide service marketers with an understanding of consumer perceptions of service quality across different cultures. The current study has shown that Australian and Chinese consumers are not completely different in relation to their perceived importance of service quality dimensions. Our research showed major differences exist for assurance for both high and low risk services and, to a lesser degree, that differences exist for responsiveness and empathy in specific relation to high or low risk services. Meanwhile, high level of similarities exists for both tangibility and reliability for high and low risk services. Such understanding facilitates the ability of service providers in their segmentation of the markets, adaptation of service offerings, and modification and/or execution of service marketing communication strategy. By doing so, international service providers are able to accomplish a high level of customer satisfaction and subsequently a higher customer retention rate.

The findings in this exploratory should be validated, for a variety of reasons. First, we utilised a student samples comprising small groups of young Australian and Chinese consumers in two focus groups. Second, this study only focused on two generic groups of service industries, namely high risk services and low risk ones. Third, in this research, similar to Donthu and Yoo (1998), we assumed that all SERVQUAL dimensions exist in different cultures. Future research should, therefore, employ a large scale quantitative study that empirically tests our research propositions with a focus on one specific high risk service industry and one low risk service industry.
References


