

ASSESSMENT OF PROVIDED SERVICE QUALITY IN B2B MARKET FROM THE MANUFACTURER'S PERSPECTIVE

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Abstract

The quality of provided services relating to the product is considered one of the most important elements of development and sustaining effective and successful relationships within supply systems and a key factor of corporate competitiveness in the B2B market. The paper deals with targeted literature review that is focused on current concept of customer services mainly in B2B market, as well as on the interpretation and definition of service quality and on the way of its assessment using INDSERV tool. On the basis of a comparison of the outcomes of a targeted literature review and an analysis of creation of supplier's assessment by a selected manufacturer of non-woven textiles for the automotive industry, the paper identifies the deciding criterions used for assessing service quality provided by suppliers from a manufacturer's perspective.

Keywords: B2B market, non-woven textiles, service quality, INDSERV, Q-LanYs

1. INTRODUCTION

Service quality enhancement is thus currently one of the most popular corporate strategies, as improvement of processes that do not directly result in an increased competitive advantage is predetermined to fail [1]. Service quality is therefore perceived as the key factor of corporate competitiveness in the B2B market, and it is considered as one of the most important elements of developing and maintaining fruitful and successful relationships in different areas of marketing [2]. Companies find servitization as a way to increase value and differentiate themselves from competitors [3]. In spite of the growing importance of services, it is difficult to measure and control its quality because the services are intangible in nature and because many factors affect an individual's perception of service quality. The SERVQUAL, SERVPERF and INDSERV methods have been developed to evaluate service quality. There are significant differences between B2B and B2C markets, e.g. different shopping behaviour, and so there are also different concepts of these services [4].

Services provided in the B2B market are much more complex and require administration of a larger number of parameters to ensure their flawless provision and achievement of the desired outcome [5]. They are provided by qualified staff, whose experience and skills are the key to the quality of a provided service. Therefore, assessment and making decisions about continuation of relationships with companies in the B2B market is not a matter of routine. A service these companies provide is mostly specifically tailored for each customer, and so it can be considered as a unique solution to a specific problem. This means that there are different approaches to assessment of services in B2C and B2B markets. Gounaris points out that application of the SERVQUAL method, which has been developed by Parasuraman, requires significant modifications for service quality assessment in the B2B market. Therefore, he suggests using the INDSERV (industry + service) method for service quality assessment in the B2B market [4].

Manufacturing companies operating in the B2B market in the Czech Republic also need to assess quality of provided services as a part of the process of evaluation and selection of their suppliers. Similarly, manufacturing companies are then evaluated by their customers in relation to the needs and requirements of all the supply system entities. However, scientific literature has not paid adequate attention to this topic to date,

which can be, besides other things, explained by the fact that this problem is perceived by companies as their know-how. For this reason, the paper does not specify the name of the given company.

This paper deals with the service quality assessment in the B2B market. The research included our own survey conducted at a selected company manufacturing non-woven textiles in the area of assessment of its satisfaction with raw material and semi-finished product suppliers. The company operates in the automotive industry, where the quality requirements are typically very high. The survey explored the service quality assessment system in a part of the supply chain on the basis of evaluation of satisfaction with suppliers. The paper particularly aims to identify the applied method and decisive parameters of assessment of the quality of services provided by suppliers from the point of view of a manufacturer operating in the B2B market. It first identifies, on the basis of a scientific literature review, the basic service quality assessment methods and service parameters. Our own research was performed in the form of an analysis of supplier assessments process of the given company from the point of view of its satisfaction, applying our own personal experience acquired within surveys focussed on customer services conducted at other companies.

The research was performed using the method of in-depth interviews on the basis of a questioning scenario and content analysis of the key suppliers' assessments by the manufacturing company. Directed interviews and analysis of the assessments were conducted in 2017-8, mainly with the purchasing director of the given company and other employees of this department.

The outcomes of the conducted survey thus cover the applied way of evaluation of the given company's raw material and semi-finished product suppliers, and the crucial parameters used for service quality assessment in the context of evaluation of satisfaction with suppliers in the B2B market. Knowledge of these quality parameters and of the method of the applied assessments makes it possible to seek ways to strengthening cooperation in the area of service quality enhancement, to maximization of the value created by the entire supply system and to an increase in corporate competitiveness in the B2B market.

2. CUSTOMER SERVICE QUALITY IN B2B MARKET

Svensson [2] has created an overview of the most significant authors, who have tried to define service quality, e.g. Parasuraman defines her as the difference between expectations and perception of a provided service by customers. This assumes that the customer's view of service quality is created on the basis of performance of the service they have encountered [6]. Service quality is also defined as the difference between the customer's expectations relating primarily to the level of service performance, rather than to the encounter and interaction connected with a service, and experience connected with purchase of a service or as the customer's overall impression relating to relative subordination or super ordination of the company and its services [7]. Nevertheless, the customer's perception of overall super ordination or quality can be affected by perception of the value or by experience of other customers, which might not necessarily be as good. Service quality can be perceived also as a tool for overall evaluation of a company in its approach to services from the point of view of the customer [8]. According to Svensson [2] service quality is closely related to provision of a service, which takes place on the basis of interaction between the service provider and the service recipient. Pérez et al. [9] point out that a significant aspect of service quality is based on the quality of the relationship between the service provider and the service recipient.

The authors also identify 1 to 5 service dimensions the customers use as service quality assessment criteria. Service quality itself also exists as a separate dimension, as customers often consider individual service quality components as their know-how, and so they include them in a separate dimension of service quality in their assessments. Parasuraman et al. [10] have created a widely used comprehensive set of 5 service quality dimensions called RATER: reliability, assurance, tangibles, empathy and responsiveness. Each attribute includes several other items. Kotler and Keller [11] call them a scale of 21 items determining service quality, which they also consider as the basis of method SERVQUAL. This method enables service and retailing

companies to evaluate consumer perceptions of service quality and helps to identify areas requiring managerial action. It is based on the gaps, i.e. GAP, model between expectation and the perception of the service delivered. Quality is measured for each factor. Using this model suggests that manipulation of individual customer expectation through marketing or brand management can alter perception and hence the quality of the service.

Respondents from different industries operating in the B2B market have confirmed effectiveness of two attributes. The first one is tangible elements, and the remaining four have been joined into the second attribute [12]. However, due to the effort to create a universal service quality assessment tool, SERVQUAL faces a lot of criticism. Companies mostly have to modify it in accordance with their needs and it is necessary dual filling out by the respondents, which decreases the quality of outcomes. That is why they find SERVQUAL more suitable for use in the B2C market, rather than in the B2B market. When assessing service quality, the customer is also affected by some standards SERVQUAL does not take into consideration. Customer expectations are generally very high. For these reasons, a tool based solely on performance, so-called SERVPERF was created and tested. It is based on the same concept as the SERVQUAL. However, to achieve more accurate outcomes, the customer only evaluates perception of the service, or performance of the service, they have encountered. Data collection is thus relatively less demanding, it requires 50 % less information, and so also less time to fill out questionnaires, and the responses can thus be more reliable [13]. However, it is based on the same attributes and items as SERVQUAL, and so its application in the B2B market again requires significant modifications. SERVPERF is again considered as a suitable tool for application in the B2C market [14].

The first person to deal with definition of service quality in the B2B market and its assessment was Grönroos [15]: service quality should be evaluated from the point of view of the customer as technical and functional quality. Technical service quality refers to relatively measurable service elements customers receive within the course of their interaction with the service provider. Functional service quality expresses how customers are provided with a service. It is subjective and can be affected e.g. by the environment where the service is provided, behaviour of the company's staff, the length of the waiting time, etc. Grönroos was followed by Morgan, who identifies the process (evaluation how the customer perceives service provision in interaction with the service provider) and output (what the customer has achieved by provision of a service) service quality dimensions [4]. Szmigin distinguishes hard and soft (they express the same thing as technical and functional quality), and output quality of the process of service provision (it differs from hard quality in the fact that although the company may achieve excellent results in the area of hard quality, it still does not necessarily achieve the desired target, i.e. output) [16]. Gounaris [4] has been inspired by findings of authors who have dealt with service quality in the B2B market, and he has created the INDSERV tool for service quality assessment in the B2B market. It is based on evaluation of four service quality dimensions [4, 17]:

1. Potential quality - PTQ is the primary input, which activates the process of services. It consists of elements the customer takes into consideration when choosing a supplier and without which the company would not be able to provide services, e.g. the number of employees, facilities, corporate philosophy.
2. Hard process quality - HPQ represents the process of service delivery. It refers to objective and task-oriented elements within a B2B delivery, e.g. sticking to the budget, meeting delivery time and deadlines.
3. Soft process quality - SPQ represents the customer rating, e.g. whether employees were neat, empathic, whether they listened to them with enthusiasm and pleasure, the course of communication with them.
4. Output quality - OQ refers to the relative impact of the supplier services on the customer's profitability, strategy, and ability to do business, and it is variously affected by the three previous service dimensions.

Individual INDSERV dimensions can appear in different places and at different times of the entire B2B service satisfaction process [17]. Each dimension includes some other items (total 22) for evaluation of the supplier's performance, for which the customer uses a seven-point assessment scale. An overview of such items has

been provided e.g. by Gounaris [4]. INDSERV is a relevant, valid, and reliable method, which makes it possible, on the basis of customer evaluation, for the company to measure quality of services provided in the B2B market [4, 17, 18]. The elements on the basis of which it was created depict unique aspects of services in the B2B market. Service providers can seek evaluation of each question by their customers, and thus determine areas that require correction/improvement. The effectiveness of INDSERV has been proven at a number of companies. For example, a chemical company has discovered, through its application, a shortcoming in the soft process quality, where they identified insufficient attention to customer interests. It was recommended that the company is consistent in developing customer relations [18].

3. SUPPLIER QUALITY ASSESSMENT - CASE STUDY

The analysis of the assessment of the given company by 22 suppliers obtained in 2015–2016 revealed that each customer determines the frequency, applied criteria and time period for which they send assessment by themselves [19]. On the basis of this experience and for its needs, the given company (hereinafter referred to as the manufacturer) has created its own supplier assessment system, which also includes quality assessment of provided services. The customers are obliged to draw up and send these assessments in compliance with the IATF 16949:2016 standard, an amendment to the ISO 9001:2015 standard for automotive industry. This assessment is required across the entire automotive industry supply chain. Such assessment aims to determine overall customer satisfaction with individual suppliers and to classify them into one of groups A, B or C. The given manufacturer has been making these assessments since 2009, when the company became certified to the ISO/TS 16949 standard. Observance of the standards is checked by a supervisory audit conducted every year; a recertification audit is performed once in four years.

Services represent one of the decisive parameters for selection of suppliers for the panel of verified suppliers to the given manufacturer. They are included in the manufacturer's code as a part of requirements the suppliers have to accept. The code refers to the rules and guideline on demanding and accepting advantages between the manufacturer and their suppliers, fulfilment of requirements concerning working and social environment, child labour, the environment, and communication. In the area of services, it refers e.g. to reporting bribery and corruption, provision of clear identification of hazardous waste. If any of the requirements has been breached, the manufacturer is entitled, without any compensation, to terminate all the existing contracts with the supplier with immediate effect, as well as to cancel all the existing orders.

The purchase department sends the assessment to suppliers with annual turnover exceeding CZK1 million at the beginning of each year. Such an assessment includes evaluated indicators, their weight, awarded overall assessment and the intervention limits. Creation of such an assessment is facilitated by the program Q-LanYs, which administers all the information about the suppliers, correspondence with them, and other important information about them, e.g. the number of deliveries in a selected period, the number of warranty claims, assessment of the suppliers according to user-defined criteria, and an overall satisfaction indicator (weighted mean of all the above mentioned indicators), including the possibility of graphic illustration.

The specific indicators used by the manufacturer for the above assessment are: quality per shipment/COA-certificate of authenticity, PPM (parts per million) quality, timeliness of deliveries, service, quality management system, price, delivery and payment terms and conditions, shortcomings in accompanying documentation, external visual defects and discrepancy in technological documentation. Each indicator consists of several criteria, which are crucial for the manufacturer in the given area. The manufacturer assigns weights to each indicator so that the resulting assessment corresponds to the actual satisfaction with individual suppliers. The manufacturer considers these criteria and their weights as their "know-how" and protects it. The criteria relating to service quality are divided by the manufacturer into objective ones (e.g. whether a supplier is certified to an ISO standard or not) and subjective ones (those relating to the quality of provided services). For an overview of the subjective criteria applied by the manufacturer within individual indicators and their evaluation, see **Table 1**.



Table 1 Subjective criteria for service quality assessment and method of their evaluation [own study]

Indicator	Service		Timeliness		Quality of Supplies
Criterion	Technical Support	Flexibility	Delivery Time	Delivery of COA	Approach to Handling Complaints
Evaluation					
Exemplary	they initiatively cooperate in solving technical assignments	quick response to requirements/required changes	material delivered at the required time \pm 1 day	1 day before arrival of goods	they quickly respond to and look into the causes of complaints, they cooperate in elimination of consequences
Acceptable	they readily cooperate, but they need a longer time for implementation	responsive approach to implementation of changes, but the manufacturer has to lead him	material delivered 2-3 days later	delivery on the day of receiving goods	they have a longer response time in replying and they look for documents, e.g. order, satisfactory agreement is made subsequently
Problematic	they have an evasive attitude to tailored solutions, there are organizational obstacles	they reluctantly accept required changes, but there is a final improvement within the monitored period	delivery delayed by 4-5 days	-	lengthy solutions, avoidance of responsibility for arisen complaints, they only accept complaints
Unacceptable	they have an attitude of denial towards a request for technical cooperation	they do not respond to calls for changes, shortcomings in documentation and lack of interest to solve them	delivery delayed by more than 5 days	failure to deliver by the day of receiving goods	careless approach, unwilling to accept or discover the cause, ending the claim for more than 3 months, there is no agreement in terms of the amount of damage

The suppliers are not informed about the definition of individual criteria or their weights within the sent assessments to prevent undesirable misunderstanding of interpretation or a dispute over the reason for a removal of points. If a supplier receives a number of points that is lower than the maximum in any of the indicators, they are, at the end of the assessment, informed in writing about improvements and remedial measures they are expected to implement. The supplier thus gets a detail explanation of why they got a lower rating and, at the same time, they receive precise instructions on how to proceed to achieve the maximum satisfaction on the side of the manufacturer - the customer.

4. CONCLUSION

The outcomes imply that it is not possible to define service quality or determine its dimensions unequivocally. It is based on the customer's interaction with the product, and so it is suitable to specify its dimensions in relation to the product type and the character of corporate activities. It is also important to remember that service quality is closely connected with its provision, which is carried out through interaction between the recipient and the provider. The analysis of the supplier assessment process and the applied criteria showed that the given manufacturer includes service quality in the overall evaluation of satisfaction with their suppliers. The assessment is performed using the Q-LanYs software, adapted to the requirements stipulated in the IATF 16949:2016 standard, which is required in the entire automotive industry supply chain. The manufacturer has determined their own indicators and criteria used for evaluation of service quality and their weights, which he has however protected as his "know-how" from his suppliers. He submits them only in the case of displeasure with their services. There is a disproportion between practice and theory. The most important ones are service, timelines and quality of supplies. Assessment is made using a four points scale. They apply the basic assessment principles through the INDSEV tool, but only some of their criteria have been adapted to their needs. By application of such a created own standardized method of assessment of all their suppliers, the

manufacturer, according to his statement, is able to strengthen cooperation in the area of service quality enhancement, which finally results in an increase in the competitiveness of the entire supply chain.

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