

# Assessment of the Expected and Perceived Service quality of Groupage Cargo shipping Management in the Pratunam Area of Bangkok, Thailand

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**Abstract:** The aim of this study is to focus on the customers' expectations and perceptions of service quality and to determine the discrepancy in the service gap, and suggest ways to reduce or close the gaps and improve service quality in the three selected group age cargo service providers in the Pratunam area of Bangkok, Thailand. Qualitative research method is employed because the researcher wants to understand how both the internal and external customers perceive the service quality and interpret their experiences and the world around them in their own words in a natural setting or real life business situations. This is based on in-depth interviews conducted with the participants from both the "ANO" companies and their customers (Focus Groups) with reference to service quality. The companies used in this study as case study were tagged "ANO" in order to honor the confidentiality agreement, the researcher had with the management of those companies. The companies were selected based on the number of their customers and their market share. The researcher tends to understand the difference in the customers' expectations and perceptions of service quality as well as the discrepancy in the service gaps in the group age cargo shipping service. A total of 30 participants were used and out of which; three Managing Directors/CEOs, three senior managers, and three middle executives (operational managers); six front-desk employees and 15 focus group members, five members from each company were interviewed and the data collected content analyzed. The result of the findings showed that there is a difference between the customers' expectations and perceptions of service quality. The result also established that different customers have different expectations. These expectations are always influenced by the way and manner in which the service is performed and delivered and advertising on the part of service provider, and the customers' past experiences, the word of mouth (WOM) which could be either positive or negative, and above all the personal needs of the individual customer. Again, the result of the findings also revealed that there is a difference in the gap between the customers' expectations and perceptions of service quality in the group age cargo shipping service. Here, the customers' expectations were higher than their perceptions; hence customers' expectations were given priority. The result of this study indicated that the service quality of the group age cargo service providers in the Pratunam area of Bangkok is low and they failed to meet the customers' expectations.

**Keywords:** Service quality, Customers' expectations, Customers' perceptions, Discrepancy in the gap, Group age cargo shipping.

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## 1. INTRODUCTION

In today's business environment, it is needless to say that quality of service is an important determinant factor in nowadays competitive business world (Angelova & Zekiri, 2011). Service sectors are now throwing their weights to improving the service quality so as to meet up with the expectations of their customers. This is because the technological

impact which cannot be overemphasized has made the consumers to become more and more aware of service options in the groupage cargo shipping. This coupled with customers' previous experiences, word of mouth (WOM)-positive or negative, personal needs, recommendation of the peers, service performance, advertising, etc. have made the consumers to become more and more aware of service options in the groupage cargo shipping. Because of the stiff competition in the groupage cargo business, a lot of priority attentions are giving to meeting the expectations of the customers if not exceeding them in order to remain competitive. As a result, a lot of resources are invested by the organizations in attracting new customers in lieu of maintaining the existing ones. However, the results of different studies have shown that the cost of attracting new customers is six to eight times more expensive than maintaining the existing customers (Khorshidi & kardgar, 2009). Therefore, in order to attract new customers, companies or organizations need not only to employ large resources but also a lot of time hence, the organizations are becoming more and more aware that maintaining the existing customers is far more cheaper than attracting new ones (Allane & Noktedan, 2010). However, the fact remains that customers observe and rate the same product or service differently, based mainly on their own motives and attitude (Blesic et al. 2009 pp.5-12). Because the customers' attitude on the quality is a major issue at service quality level; measurements should be based on field investigation of the customer population (Blesic et al. 2009 pp.5-12.). However, taking into consideration the above scenario, the main objective of this research is to assess the expected and perceived service quality of groupage cargo shipping services and determine the difference in the gap between the expected and perceived service quality and proffer solution to reducing and/or closing the gaps and increase service equality. Groupage cargo shipping managers more often than not do not know what their customers consider as important when evaluating the service quality and very often do not have reliable methods for determining the expectations and perceptions of groupage cargo service customers as far as service quality is concerned (Blesic et al. 2011). In finding solution to this problem, many researchers and authors suggest different methods but the one employed in this study is SERVQUAL model. SERVQUAL model since introduced has served as basis for quality service measurements in service sectors. Parasuraman et al (1985, 1988) came up with the GAP model of service quality and SERVQUAL to determine the difference between customers' expectations and actual perceptions in observing whether or not customers' satisfaction is consistent. Parasuraman et al. (1991) submitted that there exists the dual-level and dynamic concept to customer expectation vis-a-viz desired and adequate services levels. Hence, the zone of tolerance (ZOT) is the area in-between the desired service level and the adequate service level, and ZOT can help managers to develop customer franchise. However, groupage cargo shipping industry is characterized by fierce competition posed by large national operators, medium-sized regional companies and smaller local service providers under which this research falls.

### 1.1 Research Questions:

RQ1: Is there any Difference between the Expectations and Perceptions of Customers of Groupage Cargo Shipping with Respect to Service Quality?

RQ2: Is there any Discrepancy in the Gap between the customers' Expectations and Perceptions with Respect to Service quality.

## 2. LITERATURE REVIEW

### 2.1 Concept of Service Quality:

Grzanic (2007, p.82)) claims that "the domination of the service sector today is confirmed by the fact that 70% of the world GDP is realized in the service section. The same sector sees the concentration of 70% of workforce." Opinions from various definitions of service quality were of the view that it is the result of an evaluation process where different customers compare their expectations about a service with their perceptions of that service as received (Lewis & Booms 1993, Lehtinen & Lehtinen 1982, Gronroos 1984, Parasuraman et al., 1985, 1988, 1994). Hence, "service quality is a measure of how well the service level delivered matches customer expectations" (Weitz & Wessley, 2002, p.340). However, there has been a debate as to the best way to define service quality (Becket & Brookes, 2006, p.124). Woo & Ennew (2005, p.116) claimed that service quality is as a result of customers' comparison of their expectations about a service encounter with their perceptions of the service encounter. Service is defined as "any intangible act or performance that one party offers to another that does not result in the ownership of anything." (Kotler & Keller. 2009, p.789). Parasuraman et al. (1988) stated that "service is the difference between the customer expectations and perceptions of service." They were of the view that measuring service quality as the difference between expected and perceived service was a valid way and could make management to identify gaps to what they offer as service. According to Parasuraman, et

al. (1985) & Lewis & Mitchell (1990), service quality is the difference between customers' expectations of service and perceived service. Hence, "service quality (SQ) is a comparison of expectations (E) with performance (P);  $SQ = P - E$ " (Lewis & Booms, 1983). The results of the research carried out by Johnson et al. (1995) on mobile service provider customers in UK about their expectations and perceptions of service quality showed that there was a difference in the expectations and perceptions of customers and service expectation was prioritized in the study. The results of the research conducted by Boon-itt & Rompho (2012) revealed that the service quality of hotels in Thailand was moderately low. Hence, the hotels were not able to deliver services as expected. The findings also revealed that the customers' expectations of the services of the boutique hotels were higher than that of the business hotels.

### 2.2 Customers' Expectations of Service Quality:

Zeithaml & Bitner (1996, p.76) stated that "customers' expectations are beliefs about service delivery that function as standards or reference points against which performance is judged." Voss et al. (1998, pp.46-61) stated that service expectations can be formed by customers from many sources which may include past experience, word of mouth, personal needs, and advertising. When the perceived service falls below the service expectations, customers are disappointed. Therefore, successful companies add benefits to their offerings that not only satisfy customers but surprise and delight them. Hence, delighting customers is a matter of exceeding expected service (Rust, 2000, pp.86-94 as cited in Kotler & Keller 2012, p.395).

### 2.3 Customers' Perceptions of Service Quality:

Perception is the process of selecting, organizing and interpreting information to create a meaningful picture of the world around us. Hence, each individual receives, organizes and interprets this sensory information through our five senses viz sight, hearing, smell, touch and taste (Sirgy, 1982). Bloise and Tankersley (2004, p.78) stated that providing a service and meeting commitments on time according to the promised service date in a professional manner, will definitely influence a customers' perceptions in an important way. Example, if the employees at the groupage cargo company perform the desired service level correctly the first time, it means that the organization keeps its promises within the specific time frame set out to deliver the service. However, perceptions are always considered in relation to expectations (Zeithaml et al., 2009, p.87).

### 2.4 Gap Model of Service Quality:

The main purpose of this model was to identify the source of the problems in quality standards and give support to management as well as suggest ways to reduce or close the gap and improve the service quality. However, for the better understanding of the service quality, Parasuraman et al. (1985) introduced Gap model. The gap occurs between the customer and the service provider. Hence, the gap model primarily demonstrates the process of the emergence of service quality (Ljubojevic, 2004). However, Parasuraman et al. (1985) identified five key gaps and Shahin (Department of Management, University of Isfahan, Iran) proposed two new gaps as Gap6 and Gap7 that occur in service delivery as an extension of Parasuraman et al. (1985) service quality gap model as follows:

Gap1 which occurs between customers' expectations and management perceptions of those expectations as a result of management not really understand what customers want.

Gap2 occurs between the management's perception of what the customers want and service specification, as a result of not setting correctly the performance standards to deliver quality service.

Gap3 occurs between the service quality specifications for example quality, standards, forms, delivery, and the actual service delivery, as a result of the inability of the employees to answer questions asked by customers regarding the services offered due to poor training. This happens during the moments of truth when the employee interacts with the customer.

Gap4 occurs between the service delivery and customers' expectations based on the external communication by the organization's representatives or its marketing department via advertising.

Gap5-Customer Gap is the difference between the customers' expectations and perceptions of that service as delivered. Basically, gap5 is a function of all other gaps hence; it increases in size as other gaps increase.

Gap6 occurs between the customers' expectations and employees' perceptions. This is as a result of the difference in the understanding of customers' expectations by the front-desk employee or customer contact personnel.

Gap7 is the discrepancy between employee's perceptions and management perceptions. This is as a result of the differences in the understanding of customers' expectations between managers and customer contact personnel.

### 2.5 SERVQUAL Model:

In assessing customers' expected, and perceived service quality, there is need to understand the customers' relationship with the service provider (Zeithaml, Bitner & Gremler, 2009, p.151). Zeithaml et al (2009, p.107) stated thus " a sound measure of service quality is necessary for identifying the aspects of service needing performance improvement, assessing how much improvement is needed on each aspect, and evaluating the impact of improvement efforts." Hence, SERVQUAL was developed to measure customers' evaluation of service as a result of its intangible nature (Zeithaml et al. 2009, p.151). Rhoades & Waguespack (2004) argued that service quality is like beauty in the eyes of the beholder and hence, a matter of perception. DeMoranville & Bienstock (2003) stated that service quality measurement has an important role to play in assessing a service organization's performance, scrutinizing service shortfalls, managing service delivery and determining corporate rewards. However, because of high regards for service excellence and delivering quality service in an organization, service companies such as groupage cargo emphasized their service offerings to establish a competitive advantage that differentiate them from those of their competitors (Gursoy et al., 2005). However, Berry & Parasuraman (1991) came up with the following determinants of service quality in this order of importance:

- Reliability- Is the ability to perform the promised service dependably and accurately.
- Responsiveness-Is the willingness to help customers and provide prompt service.
- Assurance-This has to do with the knowledge and the courtesy of the employees and their ability to convey trust and confidence.
- Empathy-Is the provision of caring, and individualized attention to customers.
- Tangibles-This has to do with the appearance of physical communication materials.

### 2.6 Groupage Cargo:

Groupage has to do with a shipment which does not justify the exclusive use of customer's container. In this case, cargo will only occupy a small part of a container so that it will be combined with another customer and cost will be split according to its volume. Therefore, a groupage container contains goods from two or more suppliers or customers in order to save considerable cost. However, goods are grouped according to volume, type of goods, condition and destination. Each lot is tagged individually so that there can be no error (Cargo master). When it comes to shipping goods, a lot of value-added services without which shipments may not reach destination are offered to the clients or customers to get the job done. Unless a client makes his own insurance arrangements, the service provider is usually asked to do so. Hence, one of the basic added-value services in groupage cargo services is cargo insurance. However, in order to reach its destination, cargo often has to go through many transport services, such as road, rail and sea; others include loading and unloading from different means of transports or warehousing, customs' documentations and clearance services and counseling services in the best routes. However, Gunnar (2015) states "groupage containers in rail transport are a very promising and flexible alternative to air and sea freight; they are more cost effective than air freight, and take only half the time of ocean transport." The shipping companies have the guarantee that only zero-defect containers are used for the safety of the customers' goods. Groupage shipping entails that if the goods the customer wants to ship are not enough to fill an entire container, the shipper could send them via group shipping. Hence, the goods are grouped together with others that are conveyed to the same destination. However, customers are scared that their goods are in danger of being damaged because they are shipped with a lot of freight, but this is not so as every consignment is handled with utmost care and goods not stacked on others that are fragile (Really moving). According to Michael Spitzlei, regional manager, North Rhine-Westphalia, M & M air sea cargo GmbH, "We see growth potential for groupage containers in this budding market. Customers are restructuring their supply chains, with the time factor playing a decisive role. Our new service is a sensible addition to the full container loads (FCL) rail transports that we also offer on the China-Europe-China trade lane" (Transport Weekly). The most popular and smallest container sizes are 20 foot and 40 foot lengths and they are measured in terms of amount of volume they contain. Therefore groupage or less container load (LCL) takes into consideration a system that converts package measurement into a density figure; which is the weight or measurement (W or M) rule. Hence, the higher of the weight or measure calculation, applies (Freight Filter). Most shippers use cubic metre measurement (cbm) but in USA, it is different, as they use 45lb. per US cubic foot. In order to convert cbm into standard chargeable shipping volume, shippers use standard conversions that vary as the case may be. Depending on the shipper,

some may work on 1 cbm = 500kg while others may work 1 cbm = 1000kg. However, if the actual weight is lower than this, then the chargeable shipping volume applies but if the weight is higher, there will be penalty because the weight applies (Freight Filter). In practice however, the groupage cargo service providers will require the measurement and weight of the customer's shipment and a copy of the commercial invoice to be able to prepare their In-house Bill of Lading (BoL) which asserts their rights and responsibilities for the goods which is very important in groupage cargo shipment. The shipper will in turn bring together all the individual In-house BoLs into one ocean BoL for the whole container. For example Brazil and some African countries need an original BoL and you will have to pay for it to be sent there. (Freight Filter). The groupage cargo service provider must ensure that the packaging standards of the cargo receiving countries are put into consideration before shipments are made. Hence, some countries require fumigated, heat treated or plastic pallets. Also the customs' codes must be rightly used to avoid unnecessary delays and demurrage charges at the port. However, it is prohibited in USA to use LCL (groupage containers) to ship vehicle in and out of US, for example. This is because, there are other procedures involved which the US authorities may not allow the shipper to carry out (Freight Filter).

### 3. RESEARCH METHODOLOGY

The researcher decided to use the qualitative method of research in order to get the in-depth knowledge of the participants concerning their views on customers' expectations and perception of service quality in groupage shipping service. Therefore, the researcher in an attempt to observe the reactions of both the customers and the staff of "ANO" companies in a natural environment does not need to control certain behavioural events but would rather prefer to understand how human beings interpret their experiences and the world around them in their own words, and how they give meaning to their experiences regarding their expectations and perceptions of service quality in groupage cargo shipping management in a natural setting (Merriam, 2009). This is based on in-depth interviews conducted with the participants from both the "ANO" companies and their customers with reference to service quality. The data for the analyses of this study were collected from both the primary and secondary sources. The semi-structured questionnaire was used to gather the primary data by interviewing the participants. The staff and management of "ANO" companies and their customers (Focus Groups) were interviewed to gather primary data for this study. While the secondary data were collected from literature review vis-a-viz text books, magazines, journals, websites, publications and the records alike. However, a total of 30 participants were considered in this study, three managing Directors/CEOs, three senior managers, and three middle executives (Operational managers); others include six front-desk employees and fifteen focus group members, five members from each company were interviewed and the data collected content analyzed.

### 4. DISCUSSION

#### 4.1 Summary of the Research Findings:

In summary, from the qualitative study, the researcher was able to (1) Define service as an action, deed or intangible offer performed by an individual or company to another person or company at a consideration or price without parting away with anything. (2) Identify the most critical and valuable service quality dimension in the groupage cargo shipping management as reliability, followed by assurance then responsiveness followed by tangible and then empathy. (3) Define service quality as a powerful competitive differentiator as well as a tool which service organizations strive to acquire. (4) Found out that service quality is measured by deducting perceptions from expectations that is, Expectations — Perceptions (E—P), which could be poor or quality service. (5) Suggest key strategies in improving service quality as: training and development, feedbacks from customers, developing service philosophy, capacity building/planning, empowering employees to take responsibility of resolving customers' complaints, marketing research, team work and information sharing, listening attentively, service system designs, recruiting staff with service mind, motivating and recognition and, service recovery (6) Found out that there is difference between the customers' expectations and perceptions of service quality. (7) Suggest key factors that influence the customers' expectations and perceptions of service quality - in the case of expectations as: word of mouth (WOM), past experiences, personal needs, and advertising /external communication and, in the case of perceptions as: price, reputation, packaging and branding, service quality and negative word of mouth (N-WOM). (8) Found out that there is age difference in the expectations and perceptions of the customers, that younger customers aged 25-35 have higher expectations compared to those of 36-45 and 46 and above. (9) Identify three key gaps militating against service quality in the groupage cargo shipping management as: Gap 1 - Customers' expectations and

management perceptions of those expectations, Gap 5- The difference between the customers' expectations and their perceptions of service received (Customer gap), and Gap 6- The difference between the customers' expectations and staff perceptions. (10) Determine that there is difference in the gap between the customers' expectations and their perceptions of service quality. (11) Suggest key strategies for closing or reducing the gaps. In the case of gap 1 as marketing research, customer relationship management, upward communication and cutting down on management layers, and in the case of Gap 5 as getting feedbacks from customers, avoid negative word of mouth (N-WOM), avoid making promises that cannot be kept, and for Gap 6 as training the customer contact personnel, service philosophy and standards, and motivating and rewarding excellence.

#### 4.2 Demographic Findings:

##### 4.2.1 Gender:

Out of the 30 participants interviewed, 10 were female representing 33 per cent of the sample while the remaining 20 were male representing 67 per cent of the participants.

##### 4.2.2 Age:

Out of the total number of the participants that were interviewed, those between the ages of 25-35 were 15 and out of this number, the staffers of the "ANO" companies were 5 in number and 10 were customers of the "ANO" companies. Also those between the ages of 36-45 were 9 and out of this figure, the staffers of "ANO" were 6 and the customers were 3. The remaining 6 people were between the ages of 46 and above. Out of this number, 2 were customers while 4 were the "ANO" staffers. The results of the findings revealed that the expectations of the customers between the ages of 25-35 were very high followed by those of ages between 36-45 and then the customers of ages between 46 and above

##### 4.2.3 Length of patronage:

The result also showed that 45 per cent of the customers about 7 of them have done business with "ANO" companies for 5 years. Then 30 per cent of the customers about 4 of them have done business with the companies for 7 years; and 25 per cent of them about 4 customers have done business with the "ANO" for 10 years. Note that the customers of "ANO" consist of 15 participants of three "focus groups" of 5 participants in each group drawn from each company and were independent of each other and interviewed differently to get their divergent views regarding the subject matter.

##### 4.2.4 Years of Experience:

Again the result also established that 20 per cent of the "ANO" staffers about 3 of them have less than 5 years' experience; while 45 per cent of the staff about 7 workers has experience between 5-10 years. Then the remaining 35 per cent or 5 workers have experience 11 years and above. Worthy of note is that altogether 15 participants were introduced by the managing directors/chief executives of the three companies selected for this study for the interview. Since the companies are relatively small companies, 5 participants from each company were interviewed in this study to get their individual views regarding the topic under study.

#### 4.3 The Most Valuable SERVQUAL Dimensions

Table.1: (Refer to table 3 in the research paper)

Participants	Reliability	Responsiveness	Assurance	Tangible	Empathy	Total Score
'ANO' Companies' Staff	5	3	4	2	1	15
'ANO' Focus Groups	6	3	3	2	1	15
Grand Total	11	6	7	4	2	30

Source: Research Survey in June 2016

##### 4.3.1 Reliability:

From the table it can be deduced that out of the 30 participants that took part in the interview, 5 staff and 6 focus group members totaling 11 participants rated reliability high as the most valuable dimension in the groupage cargo shipping management, maybe as a result of the service providers doing what they say they should do. It has therefore shown that reliability is the most critical dimension. This was the result given by the 'ANO' Companies' staff and focus groups of the 'ANO' Companies put together when asked to choose one dimension that is the most critical in the customers' service quality perceptions. Hence reliability refers to the ability of the service provider to provide service dependably and accurately (Dabholker et al; 1996). Therefore, reliability has to do with reliable service performance that will meet the

customers' expectations. That is, doing the same service on time, every time and in the same way and error free. However, the findings revealed that the customers expect the service provider to be reliable and deliver as promised and accurately too. If service provider is reliable, the customers' expectations will be met and they will be happy. On the other hand, if the service provider does not deliver as promised, the customers will be disappointed, feel bad, dissatisfied and unhappy and may not come back next time. Hence, Bruhn & Georgi (2006) state that customer satisfaction is customers' assessment of a product or service in terms of whether or not that product or service has met the customers' needs and expectations. However, if the customers receive less than what they expected, they are dissatisfied. Conversely, if perceived service is greater than expected service, the customers are satisfied (Kotler et al. 2006). The findings further revealed that if the service provider delivers as promised that the company is building a customers' data-base because they will not only come back but with new customers as an evidence that they are satisfied and happy too. Mullins et al. (2005) were of the view that organizations must try and close these gaps so as to improve customer satisfaction, build long-term relationship and increase customer franchise. It was further established that customers expect the service provider to be trustworthy, keep to their words, be dependable and reliable at any given time, making sure that the service is concluded on time and without error. Overall, reliability is the most valuable service quality dimension in the groupage cargo shipping management as judged by the staff and focus group of the 'ANO' companies (Zeithaml et al. 1990).

#### **4.3.2 Assurance:**

It could be seen from the table that the second most critical dimension according to the staff and focus group of 'ANO' Companies is assurance, which has to do with the knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman et al. 1991). Hence, 7 out of the 30 participants rated assurance second. The findings revealed that if the service provider can make the customers have trust and confidence in both their service and the company by way of conviction, that customers do not only keep coming back with new customers but become loyal customers. It was also established that if a service provider can build confidence and trust in the minds of the customers, that they will make the company their first point of call or first choice for their purchases. Hence, these customers will in turn recommend the company and its services to their friends, peers, and even family members. Furthermore, when the service provider assures a customer that they are going to deliver on a particular date and they do so, the customer will trust and impose more confidence on the company and will like to do more business with them. Also if the service employees are knowledgeable about the service they provide that customers will have more trust and, willing more than ever before to do business with the company.

#### **4.3.3 Responsiveness:**

The third critical service quality dimension in the groupage cargo shipping according to the participants is responsiveness. Responsiveness is referred to as the willingness to help customers and provide prompt services (Zeithaml et al. 1990). The findings revealed that 6 out of 30 participants interviewed were of the opinion that responsiveness is equally important and placed it at third position. Hence, the result further showed that if the service provider is handy to help and provide prompt services to customers, that this will no doubt help to meet their expectations. The findings also revealed that providing prompt service to customers in a friendly manner will not only build customer base but will also increase profitability. Hence, readiness of the employees to help the customers and ensure that the service is performed on time will help meet their expectations. The willingness of the service provider to help customers provide the service as promised and on time will help to meet the customers' expectations which will in turn lead to having happy and loyal customers. Furthermore, a service provider who is cheerful and willing to help customers and deliver prompt service will at the end of the day win the hearts of the customers.

#### **4.3.4 Tangibles:**

The fourth service quality dimension in the groupage cargo shipping management is tangibility. It can be seen from the aforementioned table that 4 out of 30 participants interviewed rated tangible fourth. However, tangibles have to do with the appearance of the physical facilities, equipment, personal and communication materials (Zeithaml et al. 1990). When the service provider emphasizes on the tangible cues and delivers their service professionally, the customer will be happy and will like to keep on patronizing the company. However, the physical appearance of the company structure, and the way the company staff appear neatly make customers to have more confidence in anticipation that the company will deliver as promised. Hence, the appearance of the staff, the building in which the service is performed, the servicescape, service setting and the technological materials go a long way to convince the customers that the service provider is

capable of providing the required services without hitches. The result further showed that physical appearance and tangible cues are the only thing the customer is seeing that will convince him or her about the type of service, and its quality which the service provider has to offer since; service in itself is intangible and it is better experienced than imagined.

#### **4.3.5 Empathy:**

The findings revealed that 2 out of the 30 participants supported empathy and placed it on the fifth position compared to other service quality dimensions in groupage cargo shipping. However empathy refers to the provision of caring and individual attention to customers (Parasuraman et al. 1991). The result showed that caring about your customers and giving them individualized attention, required respect and person to person (one-on-one) contact will make the service provider to understand the customers better and be able to predict their expectations. However, when the service provider cares about the customers and gives them the necessary attention, the service provider will end up building not only customer data-base but loyal customers that will be of immense help in the future.

#### **4.4 Answers to Research Questions:**

##### **4.4.1 Research Question 1: Is there any Difference between the Expectations and Perceptions of Customers of Groupage Cargo Shipping with Respect to Service Quality?**

For the research question 1, there is difference between the customers' expectations and their perceptions of service quality. According to Parasuraman, et al. (1985); Lewis & Mitchell (1990), service quality is the difference between customers' expectations of service and perceived service. Zeithaml & Bitner (1996) state that "customers' expectations are beliefs about service delivery, that functions as standards or reference points against which performance is judged. Expectations are viewed as customers' desires which they feel the service provider should be able to offer. People are different and so are their wants and expectations. According to Oliver (1981) expectations are viewed as desires and wants of customers in the service quality literature that is, what they feel a service provider 'should offer' rather than 'would offer.' Different customers have different expectations and perceptions. This is in line with Reisig & Chandek (2001) who state that different customers have different expectations as a result of their knowledge of a product or service. However, some service providers usually go an extra mile of delighting their customers as a form of benefits to surprise them. This finding is supported by Kotler & Keller (2012) which state that delighting customers is a matter of exceeding expected service. Customers enter the service encounter with a lot of expectations that they expect the service provider to meet. They also expect to experience the service and how it should be performed as well. They equally expect to see how the server should behave and the appearance of the physical service setting. All these and many more are what the service provider should bear in mind and try to device a service design system that will satisfy these expectations. This is also in line with Ford et al. (2012) who argued that customers arrive with a set of expectations as to what the company or service provider can and should do, how it should do it, how the servers should behave, how the physical setting should appear, what capabilities customers should have to perform their roles or responsibility in coproducing the service. It is therefore, important to know what exactly the customers' expectations are. This is because the company's knowledge of what the customers expect is very important as this could serve as a competitive advantage. Hence, Zeithaml & Bitner (2003) state that knowing what the customers expect is of critical importance in gaining competitive advantage. However, two sets of expectations were identified in this study and they include desired and adequate expectations. Therefore, a customer enters a service encounter with a lot of desired and adequate service levels in mind. Hence, the customer hopes to receive what he or she desired. However, adequate service level is the minimum level of service which the customer can receive after considering some obvious service shortfalls due to controllable and uncontrollable factors, human error inclusive. This is supported by Parasuraman et al. (1991) who argued that adequate service level reflects the minimum performance level expected by customers after they consider a variety of individual and situational factors. Once a customer cannot get the desired service, he or she can only settle for that service level between the desired and adequate, no more, no less. This is because no customer with his or her money will like any service below adequate level which at this point will be irritating and frustrating. Zeithaml et al. (2009a) claim that customers hold two different types of expectations vis-a-viz desired service and adequate service. According to Zeithaml et al. (2009b) "Desired service is the level of service the customer hopes to receive." Also Zeithaml et al. (2009c) also argued that adequate service on the other hand is the level of service the customer will accept. Once these expectations are met, the customers are satisfied and happy, otherwise they get dissatisfied and frustrated. It is the duty of the service provider to try and find out what exactly



are the expectations of the customers and try to tailor their service system designs to meet those needs. Customers' expectations vary as a result of the fact that some customers have higher expectations than others due to personal needs, past experience, word of mouth (WOM) recommendations, advertising and other privileged information before entering the service encounter. This is also in line with Voss et al. (1998) who state that service expectations can be formed by customers from many sources which may include past experience, word of mouth, personal needs, and advertising.

#### ***4.3.2 Research Question 2: Is there any Discrepancy in the Gap between the Customers' Expectations and Perceptions with Respect to Service Quality?***

The answer to this question shows that there is difference in the gap between the customers' expectations and their perceptions of service quality. This is because different people have different expectations having come from different cultural and economic background with different experiences. This result is supported by Reisig & Chandek (2001) which state that different customers have different expectations as a result of their knowledge of a product or service. "However, two service providers can never perform the same service the same way and based on this fact, gaps are bound to exist and they are mostly negative" says the managing Director of company 'A.' Depending on the type of service, some gaps are relatively small for example, in logistics or groupage cargo shipping service than in hotel industry. However, a customer enters a service encounter with high expectations and once his or her expectations are not met or matched with their perceptions there is gap, which could be negative or positive. Hence, different people have different expectations and perceptions and it is therefore difficult for two customers to perceive or judge the same service the same way. This is because it is only the customer and not the service provider that has the right to assess both the quality and value. This finding is in line with Ford et al. (2012) which state that in hospitality field, it is only the customer that can define both quality and value. However, it has been also established that there are lapses in the service delivered by the groupage cargo service providers hence, the difference in the gap between the expected and perceived service quality. When the service exceeds the customers' expectations, it is a quality service and the customers are happy but where the expectations exceed the customers' perceptions of service, it is a poor service and bad experience and in that case the customer will be unhappy, disappointed and frustrated. Ford et al. (2012) state that if the customer is dissatisfied with any of the service delivery elements, the organization has failed in its duty to meet the customer's expectations; it has not provided the customer experience of acceptable quality and value. According to the Managing Director of company 'N' "there are going to be gaps for obvious reasons but what we should do is try to minimize those gaps. This is because there are some exogenous variables that are beyond the control of groupage service providers such as delays occasioned by government policy at the wharf, logistics problems, delays in customs documentations and clearance, etc. We have been receiving a lot of complaints from customers about our unsatisfactory service delivery but once the delay is not of our own making, we will only plead with them for patience. However, we are trying our best to improve." Blose & Tankersley (2004) state that providing a service and meeting commitments on time according to the promised service date in a professional manner will definitely influence a customer's perception in an important way. According to the Managing Director of company 'O,' "Overall our services are not bad but we are doing what we can to minimize the gaps which are more or less on the negative side." However, company 'O' staff added "in my own opinion, gaps exist between the customers' expectations and perceptions of service quality. But efforts are being made to close those gaps. It is not easy but I believe that we will get there because our goal is to have a data-base of satisfied and happy customers that will be part of us." Therefore, the onus is on the service provider to figure out how best to minimize those gaps to be able to meet or exceed the customers' expectations. The findings further revealed that it is normal to have gap but a manageable size otherwise there won't be any reason for improvement, if there is no gap. Overall, the result revealed that the customers' expectations in the groupage cargo shipping service are higher than their perceptions due to unsatisfactory and poor service. Hence, the groupage cargo shipping service providers have failed to deliver acceptable quality and value to their customers (Ford et al. 2012). This study identified three gaps that have direct relationships with the customers and they include Gap1, Gap5 and Gap6. This finding is in line with (ASI Quality Systems, 1992; Curry, 1999; and Layton, 2002 as cited in Shahin, Department of Management, University of Isfahan, Iran) which state that the three important gaps that have direct relationships with the external customers include Gap1, Gap5 and G6. Hence, the gaps are summarized as follows:

Gap1: Customers' expectations and management perceptions of those expectations (Parasuraman et al. 1985). Managers or the management of service companies think that they understood the customers' expectations but end up making mistakes as a result of not understanding very well what the customers expect.

Gap5 or Customer Gap: The difference between the customers' expectations and their perceptions of the service received (Parasuraman et al. 1985). This is as a result of influences from customers' personal needs, word of mouth communication, recommendations from friends, and previous experience; and also service shortfalls on the part of the service provider and information from advertising campaigns. Voss et al. (1998) state that service expectations can be formed by customers from many sources which may include past experience, word of mouth, personal needs and advertising.

Gap6: The difference between the customers' expectations and staff perceptions (Shahin, Department of Management, University of Isfahan, Iran). This is one of the newly proposed gaps and it is as a result of the differences in the understanding of the customers' expectations by the customer contact personnel.

## 5. CONCLUSION

In this study, the expected and perceived service quality and the discrepancy in the service gaps in groupage cargo shipping management were reviewed. The SERVQUAL instrument was applied to assess the quality of both the internal service as provided by the staff of the 'ANO' companies under study as well as the external service quality as perceived by their customers. However, from the results of the empirical findings, service organizations can use SERVQUAL features to assess the level of services provided by the service providers and how those services were perceived by the customers in order to determine whether or not the customers' expectations are met or exceeded or even below. The result will also enable the organization to find out which dimension of SERVQUAL needs attention, as this will help managers to channel the scarce resources to ailing areas thereby closing the gaps and improving the service quality. Assessing service quality from time to time will help the management to better understanding of the SERVQUAL features and monitor the service quality that will help the managers design an effective and efficient service delivery system. There is no doubt that measuring the service quality and its accompanying discrepancy in gaps will help expose the organization's strengths and weaknesses which in turn will help the organization to better redesign service delivery process and channel the scarce resources to the needy areas. The key findings from this study revealed, first there is difference in the customers' expectations and perceptions of service quality. The groupage cargo service providers were not able to deliver services as expected hence; customers' expectations were prioritized as a result of low service by the groupage cargo service providers. Second, there is discrepancy in the gaps between the customers' expectations and perceptions with respect to service quality among the groupage cargo service providers. The result indicated that the service quality of the groupage cargo service providers in the Pratunam area of Bangkok is low and unsatisfactory. Having knowledge of these findings and analyses will help managers especially in service oriented companies meet the challenges of improving the service quality in the day to day running of their businesses.

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