CHAPTER 8

SERVICE QUALITY IN LICHELL AND HDFC
CHAPTER-8
SERVICE QUALITY IN LICHFL & HDFC

I – INTRODUCTION:

It is extremely difficult to define a pure good or a pure service. A pure good implies that the consumer obtains benefit from the good alone, without any added value from service; concurrently, a pure service assumes that there is no “goods” element to the service, which the customer receives. In reality, most services contain some goods element.¹

One of the first to define services was the American Marketing Association, which as early as in 1960 defined services as “activities, benefits or satisfactions, which are offered for sale or provided in connection with the sale of goods.”

The definition recognized three broad areas of services that are as follows:
1. Right to possess and use a product (rented goods services);
2. The custom creation, repair or improvement of a product (owned goods services); and
3. No product elements but rather an experience or what might be termed experiential possession (non-goods services)²

II - CHARACTERISTICS OF SERVICES

Put in simple terms, services are deeds, processes and performances. Services cannot be either touched, or seen or felt. Relying on this simple broad definition, it quickly becomes apparent that services are produced not only by the service business but are also integral to the offerings of many manufactured goods producers.

1. Intangibility:

Service intangibility means that services cannot be seen, tasted, felt heard of smelled before they are brought. For example, people undergoing plastic surgery
cannot see the result before the purchase. To reduce uncertainty, buyers look for “signals” of service quality. They draw conclusions about quality from the place, the people, and price equipment and communication materials. Therefore, the service provider’s task is to make the service tangible in one or more ways.

2. Inseparability:

Physical goods are produced, then stored, later sold and still later consumed. In contrast, services are first sold, then produced and consumed at the same time. Service inseparability means that services cannot be separated from their providers whether the providers are people or machines. If a service employee provides the service, then the employee is a part of the service. Because the customer is also present as the service is produced, provider-customer interaction is a special feature of the service industry.

3. Variability:

Service variability means the quality of services depends on who provides them as well as when, where and how they are provided. In any organization a single employee’s service firms can take several steps to help manage service variability. They can provide employee incentives that emphasize quality, such as employee-of-the-month awards or bonuses based on customer feedback. A firm can check customer satisfaction regularly through suggestion and complaint systems, customer surveys and comparison-shopping.

4. Perishability:

Service perishability means that services cannot be stored for later sale or use. This perishability is a not a problem when demand is steady. However, when demand fluctuates, service firms often have problems. Service firms can use several strategies to produce a better match between demand and supply. Charging different process at different times will shift demand. Complementary services can be offered during peak times to provide alternatives to waiting customers.
5. 7Ps in Service Marketing:

7 Ps of service marketing are known as marketing mixes. It was logical to proceed from a realization of the existence of variety of marketing mixes to the development of a concept that would comprehend not only this variety, but also the market forces that cause managements to produce a variety of mixes.

The following are the 7 Ps of marketing:

i. The First P: Service Product or Service Package:

In the case of services, the tangible component is nil or minimal. Conventionally, we describe a product as an object, which developed, produced, delivered and consumed. However, in service there is no or only a little tangible element because of which they are considered as benefits which are offered to the target market. There are two important things to note. First, a service is a bundle of features and benefits and secondly, these benefits and features have relevance for a specific target market.

The ‘Package’ concept of service product suggests that what you offer to the market is a bundle of different services, tangible and intangible. But, there is a main or substantive or ‘core’ service and around it are built the auxiliary or peripheral or facilitator services. While developing the service product package it is important to consider all the three levels of service i.e., core, facilitating factors and supporting.

ii. The Second P: Pricing:

A particular product or service is acceptable to the customer at a particular price and if the price in increased, it is likely that the same product or service might become less acceptable to the customer.

Generally to most customers, high price means high quality. However, some customers don’t need the higher quality at the maximum price. Service pricing follows the principles and practices of pricing of goods and, therefore, they are either cost based or market based. Within these categories prices may be profit oriented,
government controlled, competitive or customer oriented. However, the characteristics of services do influence the pricing and therefore different methods of pricing are to be followed.

iii. The Third P: Place or Distribution:

Because of intangibility (from production to sales) of services they cannot be stored, transported and inventoried. Hence traditional distribution channels available for product marketing like wholesalers and other intermediaries cannot be used. Even the retailing cannot be an independent activity. Since services cannot be separated from producer of the service, direct selling sales channel are the only method of distribution available for services. The advantage of direct selling is that the service can be offered to the customer at lower cost. The dominant channel configurations in the service sector are agents broker play the key role in distribution of services.\(^4\)

iv. The Fourth P: Promotion:

Promotion consists of diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumer or the trade. Promotion tools are used by most organizations, including manufacturers, distributors, retailers, trade associations and non-profit organizations.\(^5\) During promotion, one should carefully consider the six basic elements, namely, product scope, market scope, value, timing, identification of the beneficiary and protection against competition.\(^5\)

v. The Fifth P: People or Internal Marketing:

In a service organization, employees are essentially the contact personnel with the customer. Therefore an employee plays an important role in the marketing operations of a service organization. A service is a performance and it is usually difficult to separate the performance from the people. Investing in people quality in a service business means investing product quality.
vi. The Sixth P: Physical Evidence:

A physical object is self-defining; a service is not and therefore the marketing task in service industries is "defining for the service what the service cannot define for it." Though a customer cannot see a service, but definitely he can see various tangible clues of the service that offer facilities, communication material, objects, employees, other customers, price, etc. On the basis of his perceptions of the tangible clues, the customer makes the purchase decision. Physical environment, 'facilities and atmosphere' give enough physical evidence to help shape customer perceptions.

vii. The Seventh P: Process Management:

The importance of process management is that it assures service availability and consistent quality. Without sound process management, balancing service demand with service supply is extremely difficult. Service cannot be inventoried; therefore, it becomes essential to find out ways and means to handle peak load to optimize different customer needs with varied expertise levels within the service organisation. In marketing management, operations management has been recognized as an integral function. In manufacturing sector for example, logistics in distribution are vital to satisfy customer needs. Similarly, in service sector, where there is no tangible product, the operations management is vital to deliver satisfaction because here the operations management would decide how the process of service delivery would function.

III - DEFINITION OF SERVICE QUALITY

The word quality means different things to people according to the context. David Garving identifies five perspectives on quality.

1. Five Perspectives on Quality:
   i. The transcendent view of quality is synonymous with innate excellence a mark of uncompromising standards and high achievement. This point is often applied to the performing and visual arts. It argues that people learn to recognize quality only through the experience gained from repeated exposure.
ii. The product-based approach sees quality as a precise and measurable variable. Differences in quality, differences in the amount of an ingredient or attribute possessed by the product.

iii. User based definitions start with the premise that quality lies in the eyes of the beholder. This definition equates quality with maximum satisfaction.

iv. The manufacturing based approach is supply based and is concerned primarily with engineering and manufacturing practices.

v. Value based definitions define quality in terms of value and price.

2. Characteristics of Services:

Three well-documented characteristics of services are

i. Intangibility

ii. Heterogeneity and

iii. Inseparability

These must be acknowledged for full understanding of service quality and suggests three underlying themes:

a. Service quality is more difficult of the consumer to evaluate then goods quality.

b. Service quality perceptions result from a comparison of individual consumer expectations with actual service performance.

c. Quality evaluations are not made solely on the outcome of a service, they also involve evaluations

d. Production and consumption occur at the same time so it is difficult to collect data.

e. Services are people’s work and therefore not a strict set of repetitions.8

3. GAP Analysis:

In order to develop greater understanding of the nature of service quality and show it is achieved in an organisation, a service quality model developed by Berry, Parsuraman and Zeithamlalani (1990). This model clearly indicated that consumer’s
behavior with respect to quality expectation is called Gap model. It is influenced by a series of five distinct gaps occurring in organizations.

The authors have postulated four types of gaps between the customer expectation and perception. When we generally say we expect something, we have a reference point in our mind. We may compare the actual delivery against this reference or expectation. This mental belief about the service delivery can be termed customer expectation. The delivery of a service cannot be measured in absolute terms. The service delivery has to be judged from the impression formed in the mind of the customer. This customer judgment or impression is called delivery perception.

The four types of gaps together account for the difference between the expected service and the perceived service.

**Gap 1: Not Knowing What Customers Expect:**

The first type of gap is the one that exists between the expected service by the customer and the company perception of consumer expectations.

“Expected service” is the highest level of desired service existing in the minds of the customers. ‘Company perception of consumer expectations’ is nothing but the company understands of what the customers want. This is the gap brought about by either the ignorance or misunderstanding of customer expectations.

The typical reasons for this gap are:

i. **No direct interaction with customers:** The service providers see themselves as indifferent or superior to customers, and are not much interested in what the customer desires.

ii. **Unwillingness to ask the customers about expectations:** Service providers may believe that they know what is best for their customers and have a patronizing attitude towards the customers.

iii. **Unpreparedness to address the expectations.**
iv. **Lack of market segmentation to understand the needs of each segment.**

Regular market research is a good way to understand customer expectations. The research should be conducted in each of the market segments to understand the distinct expectations of each segment. The most important thing, however, is to have an open mind and willingness to understand the customer expectations.

**Gap 2: Inability to Set the Right type of Standards:**

The customers may have service standard expectations that may be either higher or lower than the standards set by you.

The gap is caused by:

i. Absence of customer-driven standards of service delivery.

ii. Absence of formal quality control goals.

iii. Vague or undefined service design.

In short, this gap is caused by the inability or unwillingness to design service delivery to meet customer standards. The best way to deal with such deficiencies is to

i. Derive the service design from customer expectations.

ii. Set quality standards as defined by the customers.

iii. Formalize the process of design and refinement of the service.

**Gap 3: Not Delivering to Service Standards:**

This is the most common type of failure brought by day-to-day difficulties in the service delivery. The common causes for this failure are:

i. Lack of the right type of trained employees for service delivery.

ii. Lack of empowerment of the employees.

iii. Lack of training to the franchisee's staff.

iv. Failure to predict or match the supply and demand fluctuations.

v. Insufficient customer education to receiver the service.

This gap is typically seen during the rush hours at the banks or during the peak hours for commuting. The service delivery is unable to keep pace with the
customer demand. Even though the service standard may be right, the provider is unable to deliver what he has set for himself.

**Gap 4: Mismatch between Promises and Performance:**

There is a great temptation to promise the work in order to win over the customers. However, it may be either physically impossible or financially unviable to provide all that was promised. This usually results in customer disappointment. The typical reasons for failure are:

i. Uncontrolled communication to customers.

ii. Over promising through advertisement or personal selling.

iii. Lack of internal communications in letting the production people know what was promised.

It pays only once to over promise and not deliver. However, once the customers experience the lack of availability of service in line with the promises, there would be no credence left in the company’s claims. The customer will no longer remain loyal. Bridging the gap is crucial. Marketing communications should be clearly controlled. Over promise and under delivery are not strategies of a company that wants to prosper over a long period. The marketing people must keep all concerned, including production departments, informed about what is being promised to enable them to cope with it.

5. The GAP Model: A Conceptual Tool to Identify and Correct Service Quality Problems:

**Gaps in Service Design and Delivery**

Zeithamlani, Berry, and Parasuraman identified four potential gaps within the service organization that may lead to a final and most serious gap: the difference between what customers expected and what they perceived was delivered.

i. **The Knowledge Gap:** It is the difference between what service providers deliver the customers and customer’s actual needs and expectations.
ii. **The Standards Gap:** It is the difference between management's perceptions of customer expectations and the quality standards established for service delivery.

iii. **The Delivery Gap:** It is the difference between specified delivery standards and the service provider's actual performance on these standards.

iv. **The Internal Communication Gap:** It is the differences between what the company's advertising and sales personnel think are the product's features, performance and service quality level and what the company is actually able to deliver.

v. **The Perception Gap:** It is the difference between what is in fact delivered and what customers perceive they have received (because they are unable to accurately evaluate service quality).

vi. **The Interpretation Gap:** It is the difference between what a service provider's communication efforts (in advance of service delivery) promise and what a customer thinks was promised by these communications.

vii. **The Service Gap:** It is the difference between what customers expect to receive and their perceptions of the service that is delivered.
Gaps 1, 5, 6 and 7 represent external gaps between the customer and the organization. Gaps 2, 3 and 4 are internal gaps occurring between different functions and departments within the organization.\textsuperscript{10}
The next research in the series focused on developing a procedure for quantifying customer's service quality. The research suggested that service quality can be measured on the following five dimensions.

IV-MEASUREMENT OF SERVICE QUALITY

The research on developing a procedure for quantifying customer's service quality suggested that service quality can be measured on the following five dimensions.

1. **Reliability:** The ability to perform the promised service dependably and accurately.

2. **Tangibles:** The appearance of physical facilities equipment, personnel and communication materials.

3. **Responsiveness:** The willingness to help customers and provide prompt service.

4. **Assurance:** The knowledge and courtesy of employees and their ability to convey trust and confidence.

5. **Empathy:** The caring, individualised attention provided to the customer.\(^{11}\)

It is commonly said that what is not measured is not managed. Without measurement, managers can't be sure whether service quality gaps exist, let alone what types of gaps, where they exist and what potential corrective actions should be taken and of course, measurement is needed to determine whether goals for improvement are being met after changes have been implemented.

**Soft and Hard Service Quality Measures**

Customer defined standards and measures of service quality can be grouped into two broad categories: soft and hard. Soft measures are those that cannot easily be observed and must be collected by talking to customers.
Gap 1 Prescription: Learn What Customers Expect:

Understand customer expectations through research, complaint analysis, customer panels, etc. Increase direct interactions between managers and customers to improve understanding. Improve upward communication from contact personnel to management. Turn information and insights into action.

Gap 2 Prescription: Establish the Right Service Quality Standards:

Ensure that top management displays ongoing commitment to quality as defined by customers. Set communicate and reinforce customer-oriented service standards for all work units. Train managers in the skills needed to lead employees to deliver quality service. Become receptive to new ways of doing business that overcome barriers to delivering quality service.

Standardize repetitive work tasks to ensure consistency and reliability by substitution hard technology or human contact and improving work methods (soft technology).

Establish clear service quality goals that are challenging, realistic and explicitly designed to meet customer expectations. Clarify which job tasks have the biggest impact on quality and should receive the highest priority.

Ensure that employees understand and accept goals and priorities. Measure performance and provide regular feedback. Reward managers and employees for attaining quality goals.

Gap 3 Prescription: Ensure that Service Performance meets Standards:

Clarify employee roles. Ensure that all employees understand how their jobs contribute to customer satisfaction match employees to jobs by selecting for abilities and skills needed to perform each job well.
Provide employees with the technical training needed to perform their assigned tasks effectively. Develop innovative recruitment and retention methods to attract the best people and build loyalty. Enhance performance by selecting the most appropriate and reliable technology and equipment. Teach employees about customer expectations, perceptions, and problems. Train employees in interpersonal skills, especially for dealing with customers under stressful conditions.

Eliminate role conflict among employees by involving them in the process of setting standards. Train employees in priority setting and time management. Measure employee performance and tie compensation and recognition to deliver of quality service. Develop reward systems that are meaningful, timely, simple, accurate, and fair. Empower managers and employees in the field by pushing decision making power down the organization; allow them greater discretion in the methods they use to reach goals.

Ensure that employees working at internal support jobs provide good service to customer contact personnel. Build teamwork so that employees work well together and use team rewards as incentives.

Treat customers as partial employees; clarify their roles in service delivery; and train and motivate them to perform well in tier roles as co producers.

**Gap 4 Prescription: Ensure that Communication Promises are Realistic:**

Seek inputs from operations personnel when new advertising programmes are being created. Develop advertising that features real employees performing their jobs. Allow service providers to preview advertisements before customers are exposed to them. Get sales staff to involve operations staff in face-to-face meetings with customers. Develop internal educational, motivational and advertising campaigns to strengthen links among marketing operations and human resource departments. Ensure that consistent standards of service are delivered across multiple locations. Ensure that advertising content accurately reflects those service
characteristics that are most important to customers in their encounters with the organization.

Manage customers expectations by letting them know what is and is not possible and the reasons why. Identify and explain uncontrollable reasons for shortcomings in service performance. Offer customers different levels of service at different prices explaining the distinctions.

**Soft Measures of Service Quality:**

According to Leonard Berry and A. Parasuraman, ongoing research can be conducted through a portfolio of research approaches. Key customer centric service quality measures include total market surveys, annual surveys, transactional surveys, service feedback cards, mystery shopping, analysis of unsolicited feedback, focus group discussions and service reviews.

Organization must conduct *regular surveys of account holders* by telephone, mail, using scientific sampling procedures to determine customer's satisfaction level in terms of broader relationship issues.

*Customer advisory panels* must be appointed to offer feedback and advice on service performance.

*Employee surveys and panels* must be appointed to determine perceptions of the quality of service dimension, barriers to better service and suggestions for improvement.

**Hard Measures of Service Quality:**

Hard measures typically refer to operational processes or outcomes and include such data as uptime, service response times, failure rates and deliver costs. In a complex service operation, multiple measures of service quality will be recorded at many different points. In low contact services in which customers are not deeply involved in the service delivery process, many operational measures apply to backstage activities that have only a second order effect on customers.
1. Reliability in Measurement of Service Quality in LICHFL and in HDFC

In analyzing the service gap in LICHFL and in HDFC, an attempt was made to know the perceptions of the selected respondents on the reliability of service quality of LICHFL and HDFC.

The following table clearly specifies how the respondents reacted for 5 questions relating to reliability of service quality in LICHFL and HDFC.

Table 8.1

Factors relating to Reliability in LICHFL and HDFC

a) LICHFL   b) HDFC

<table>
<thead>
<tr>
<th>Q.No</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Strongly Agree (SA)</td>
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<td>Optimistic (O)</td>
<td>Disagree (DA)</td>
<td>Strongly Disagree (SDA)</td>
</tr>
<tr>
<td>Q1</td>
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<td>45 (9)</td>
<td>5 (1)</td>
<td>190 (38)</td>
<td>240 (48)</td>
</tr>
<tr>
<td>Q2</td>
<td>35 (7)</td>
<td>50 (10)</td>
<td>180 (36)</td>
<td>200 (40)</td>
<td>500 (100)</td>
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<td>Q3</td>
<td>15 (3)</td>
<td>35 (7)</td>
<td>15 (3)</td>
<td>25 (5)</td>
<td>180 (36)</td>
</tr>
<tr>
<td>Q4</td>
<td>15 (3)</td>
<td>15 (3)</td>
<td>240 (48)</td>
<td>215 (43)</td>
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<td>Q5</td>
<td>50 (10)</td>
<td>60 (12)</td>
<td>195 (39)</td>
<td>176 (35)</td>
<td>500 (100)</td>
</tr>
</tbody>
</table>

Source: Questionnaire 2 & 3

(Figures in brackets are percentages)
Fig 8.2

Q1. Whether LICHFL/HDFC promise to do something by a certain time was done by time?

![Graph showing responses to Q1]

Fig 8.3

Q2. When customers have a problem, whether LICHFL/HDFC staff shows sincere interest in solving it?

![Graph showing responses to Q2]
Fig 8.4

Q3. Whether LICHFL/HDFC will perform the service right the first time?

Fig 8.5

Q4. Whether the services of LICHFL/HDFC are reliable?
Q5. Whether LICHFL/HDFC will insist on error free records?

The analysis of table 1 clearly reveals that out of 500 respondents, 48% (fig-8.2) of the respondents strongly disagree that LICHFL promise to something by a certain time was not done by time like feasibility of loan, acceptance of loan after evaluating the financial status of the loan applicant, giving loan offer letter on time, inspecting the loan property, sanction of loan, disbursement of loan on time etc.

Researcher also found that 40% (fig-8.3) of the respondents strongly disagree that LICHFL’s staff will show sincere interest in solving the problems of customers. While coming to performance of services right for the first time, 49% (fig-8.4) of the respondents strongly disagree that LICHFL will perform the service right for the first time.
Also 48% (fig-8.5) of the respondents disagree that LICHFL’s employees will provide reliable services to its customers. Also it has been found that 39% (fig-8.6) of the respondents disagree that LICHFL will provide error free records. So, LICHFL has to take utmost care to eliminate the errors in their records to prevent problems.

b) HDFC:

Q1b. Whether HDFC’s promise to do something by a certain time was done by time
Q2b. When customers have a problem, whether HDFC’s staff shows sincere interest in solving it?
Q3b. Whether HDFC will perform the service right the first time?
Q4b. Whether the services of HDFC are reliable?
Q5b. Whether HDFC will insist on error free records?

The analysis of table 1 clearly reveals that out of 500 respondents, 34% (fig 8.2) respondents strongly disagree that HDFC will provide their services at the certain time they promise to do so like feasibility of loan, acceptance of loan after evaluating the financial status of the loan applicant, giving loan offer letter on time, inspecting the loan property, sanction of loan, disbursement of loan on time etc.

Researcher also found that 35% (fig-8.3) of the respondents agree that HDFC’s staff will show sincere interest in solving the problems of customers which is a good sign to the organization. While coming to perform the service right the first time, 37% (fig-8.4) of the respondents strongly disagree that HDFC will perform the service right the first time.

Also it was found that 33% (fig-8.5) of the respondents strongly disagree that services provided by HDFC’s employees are reliable. Analysis reveals that 32% (fig-8.6) of the respondents disagree that HDFC will provide error free records. So, HDFC has to take utmost care to eliminate the errors in their records to prevent problems.
2. Tangibles in Measurement of Service Quality in LICHFL and in HDFC

In analyzing the service gap in LICHFL and in HDFC, an attempt was made to know the perception of the selected respondents on the tangibles in measurement of service quality of LICHFL and HDFC. The following table clearly specifies how the respondents reacted for 4 questions relating to tangibles in LICHFL and HDFC.

### Table 8.2

**Service Quality in terms of Tangibles in LICHFL and HDFC**

<table>
<thead>
<tr>
<th>Q.No</th>
<th>a) LICHFL</th>
<th>b) HDFC</th>
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</thead>
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<td></td>
<td>Strongly Agree (SA)</td>
<td>Agree (A)</td>
</tr>
<tr>
<td>Q1</td>
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<td>55 (11)</td>
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<tr>
<td>Q2</td>
<td>85 (17)</td>
<td>60 (12)</td>
</tr>
<tr>
<td>Q3</td>
<td>120 (24)</td>
<td>95 (19)</td>
</tr>
<tr>
<td>Q4</td>
<td>30 (6)</td>
<td>40 (8)</td>
</tr>
</tbody>
</table>

Source: Questionnaire 2 & 3

(Figures in brackets are percentages)
Fig 8.7

Q1. Whether LICHFL/HDFC have modern looking equipment?

![Bar Chart]

Fig 8.8

Q2. Whether physical facilities at LICHFL/HDFC are visually appealing?

![Bar Chart]
Q3. Whether employees at LICHFL/HDFC are neat in appearance?

Q4. Whether materials (e.g. brochures or statements) associated with the services is visually appealing in LICHFL/HDFC?
a) LICHFL:
Q1a. Whether LICHFL has modern looking equipment?
Q2a. Whether physical facilities at LICHFL are visually good appealing?
Q3a. Whether employees at LICHFL are neat in appearance?
Q4a. Whether materials (e.g. brochures or statements) associated with the service are visually appealing in LICHFL?

The analysis of the above table clearly reveals that 36% (fig-8.7) of respondents strongly disagreed that LICHFL has modern looking equipment. In fact, the researcher also visited the various branches of LICHFL including the Area Office located in and around Hyderabad & Secunderabad and found that the equipments still being used by LICHFL were outdated office equipment in comparison with other branches of housing finance companies like HDFC, ICICI, Standard Chartered etc.

While coming to physical facilities visually good appealing at LICHFL, 39% (fig-8.8) of the respondents strongly disagreed about the availability of visually good appealing physically facilities at LICHFL.

28% (fig-8.9) of the respondents felt that the employees of LICHFL are not neat in appearance and failed to establish corporate dressing style being followed by other competitive organizations. In addition to that the LICHFL employees are unable to maintain distinctive appearance when the customers visit the organization.

In tangibles, the brochure, application statements and other material are not upto the standard. They must have taken professional assistance in designing and printing of these materials. In recent past many service organizations are trying to impress the public with their appealing product related materials. Even though LICHFL is taking some interest in recent past in bringing out such brochures, statements etc in a qualitative way, still much has to be done when compared to other competitive organizations. That is the reason for which 48% (fig-8.10) of the respondents strongly disagree that LICHFL is having the visually good appealing materials. This is a very strong area where LICHFL is required to put immediate attention.
b) HDFC:

Q1b. Whether HDFC has modem looking equipment?
Q2b. Whether physical facilities at HDFC are visually good appealing?
Q3b. Whether employees at HDFC are neat in appearance?
Q4b. Whether materials (e.g. brochures or statements) associated with the service are visually appealing in HDFC?

The analysis of the above table clearly reveals that 35% (fig 8.7) of respondents agreed that HDFC has modern looking equipment. In fact, the researcher also visited the various branches of HDFC including the Main Office located in and around Hyderabad & Secunderabad and found that the equipments being used by HDFC like LCD computer monitors, printers & copying machines, air-conditioners etc are modern in comparison with LICHFL and other developing and underdeveloped housing finance companies. This is a good area where HDFC is attracting its customers and it is also helping the employees of HDFC.

Coming to visually good appealing physical facilities at HDFC, 55% (fig 8.8) of the respondents agreed that physical facilities like luxury waiting lounges to customers, provision of safe drinking water to customers, electronic displays of product information to customers are visually good appealing at HDFC.

Also 42% (fig 8.9) of the respondents felt that the employees of HDFC are neat in appearance and was able to establish corporate dressing style being followed by other competitive organizations. HDFC employees are able to maintain distinctive appearance when the customers visit the organization and able to attract customers.

Coming to tangibles at HDFC, 52% (fig 8.10) of the respondents agreed that brochure, application statements and other material are up to the standard. HDFC took professional assistance in designing printing of these materials. In recent past like other competing service organizations, HDFC is trying to impress the public with their appealing product related materials. This is a very positive strong area where HDFC has to keep it going to attract more customers.
3. Responsiveness in Measurement of Service Quality in LICHFL and HDFC

In analyzing the service gap in LICHFL and in HDFC, an attempt was made to know the perceptions of the selected respondents on the responsiveness of LICHFL and in HDFC.

The following table clearly specifies how the respondents reacted for 4 questions relating to responsiveness of LICHFL and HDFC.

**Table 8.3**

<table>
<thead>
<tr>
<th>Factors relating to Responsiveness in LICHFL and HDFC</th>
</tr>
</thead>
<tbody>
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<td>a) LICHFL</td>
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<table>
<thead>
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<th>Q.No</th>
<th>Strongly Agree (SA)</th>
<th>Agree (A)</th>
<th>Optimistic (O)</th>
<th>Disagree (DA)</th>
<th>Strongly Disagree (SDA)</th>
<th>Total (100)</th>
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<tbody>
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<td>Q1</td>
<td>160 (32)</td>
<td>200 (40)</td>
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<td>15 (3)</td>
<td>35 (7)</td>
<td>40 (8)</td>
<td>500 (100)</td>
</tr>
</tbody>
</table>

| Q2   | 20 (5)              | 10 (2)    | 25 (5)        | 190 (38)      | 200 (50)                | 500 (100)   |
|      | 60 (12)             | 40 (8)    | 10 (2)        | 175 (35)      | 215 (43)                | 500 (100)   |

| Q3   | 60 (12)             | 40 (8)    | 15 (3)        | 165 (33)      | 220 (44)                | 500 (100)   |
|      | 115 (23)            | 85 (17)   | 15 (3)        | 150 (30)      | 135 (27)                | 500 (100)   |

| Q4   | 30 (6)              | 45 (9)    | 15 (3)        | 185 (37)      | 225 (45)                | 500 (100)   |
|      | 80 (16)             | 15 (3)    | 20 (4)        | 185 (37)      | 200 (40)                | 500 (100)   |

| Source: Questionnaire |
| (Figures in bracket are percentages) |
Fig 8.11

Q1. Whether employees of LICHFL / HDFC will tell customers exactly when service will be performed?

Fig 8.12

Q2. Whether employees of LICHFL / HDFC will give prompt service to customers?
Fig 8.13

Q3. Whether employees of LICHFL/ HDFC will always be willing to help customers

![Graph showing responses to Q3]

Fig 8.14

Q4. Whether employees of LICHFL/HDFC will never be too busy to respond to customer’s request?

![Graph showing responses to Q4]
a) LICHFL:

Q1a. Whether employees of LICHFL will tell customers exactly when service will be performed?
Q2a. Whether employees of LICHFL will give prompt service to customers?
Q3a. Whether employees of LICHFL will always be willing to help customers
Q4a. Whether employees of LICHFL will never be too busy to respond to customer’s request?

The analysis about table 3 clearly reveals that 40% (fig-8.11) of the respondents strongly agree that employees of LICHFL will tell customers exactly when service will be performed like loan process, time of property inspection by LICHFL, report by panel engineer, time of personal verification of the applicant at his residence or work place etc. It is good that LICHFL is telling the exact time of performance of service. LICHFL need to give the applicants exact date on which the service will be performed by them.

Researcher also found that 50% (fig 8.12) of the respondents strongly disagree that employees of LICHFL will give prompt service to customers and making them to wait for long time when the loan applicant pays visit to LICHFL’s office for obtaining loan offer letter, additional loan statement, letter by LICHFL to claim tax benefits for obtaining housing loan etc. LICHFL’s staff need to attend and must give prompt service to customers.

Also 44% (fig 8.13) of the respondents strongly disagree that LICHFL’s staff are always be willing to help the customers.

When it comes to the respond to customer’s request, 45% (fig 8.14) respondents strongly disagree that LICHFL’s staff are never too busy to respond to customer’s request.
b) HDFC:

Q1b. Whether employees of HDFC will tell customers exactly when service will be performed?
Q2b. Whether employees of HDFC will give prompt service to customers?
Q3b. Whether employees of HDFC will always be willing to help customers
Q4b. Whether employees of HDFC will never be too busy to respond to customer's request?

The analysis about table 3 clearly reveals that 47% (fig 8.11) of the respondents strongly agree that employees of HDFC will tell customers exactly when service will be performed like loan process, time of property inspection by HDFC, report by panel engineer, time of personal verification of the applicant at his residence or work place etc. It is good that HDFC is telling the exact time of performance of service to its customers. HDFC need to give the applicants exact date on which the service will be performed by them.

Researcher also found that 43% (fig 8.12) of the respondents strongly disagree that employees of HDFC will give prompt service to its customers and making them to wait for long time when the loan applicant pays visit to HDFC office for obtaining loan offer letter, additional loan statement, letter by HDFC to claim tax benefits for obtaining housing loan etc. HDFC staff need to attend its customers and must give prompt service to customers.

Also 30% (fig 8.13) of the respondents strongly disagree that HDFC staff are always be willing to help the customers.

When it comes to responding to customer's request, 40% (fig 8.14) of the respondents strongly disagree that HDFC's staff are never too busy to respond to customer's request.
4) Assurance in Measurement of Service Quality in LICHFL and HDFC

In analyzing the service gap in LICHFL and HDFC an attempt was made to know the perceptions of the selected respondents on the assurance measurement of quality of service at LICHFL and HDFC.

The following table clearly shows how the respondents reacted to assurance in measurement of service quality in LICHFL and in HDFC.

Table 8.4
Factors Relating to Assurance in LICHFL and HDFC

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<th>Q.No</th>
<th>LICHFL</th>
<th>HDFC</th>
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<td>Agree (A)</td>
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<tr>
<td>Q1</td>
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<td>20 (4)</td>
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<tr>
<td>Q2</td>
<td>160 (32)</td>
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<td>15 (3)</td>
</tr>
<tr>
<td>Q4</td>
<td>200 (40)</td>
<td>150 (30)</td>
</tr>
</tbody>
</table>

Source: Questionnaire 2 & 3
(Figures in brackets are percentages)
Fig 8.15

Q1. Whether employees of LICHFL/HDFC will instill confidence in customers?

Fig 8.16

Q2. Whether customers of LICHFL/HDFC will feel safe in their transactions?
Q3. Whether employees of LICHFL/HDFC will be consistently courteous with customers?

Fig 8.17

Q4. Whether employees of LICHFL/HDFC will have the knowledge to answer customer’s queries?

Fig 8.18
a) LICHFL:

Q1a. Whether employees of LICHFL will instill confidence in customers?
Q2a. Whether customers of LICHFL will feel safe in their transactions?
Q3a. Whether employees of LICHFL will be consistently courteous with customers?
Q4a. Whether employees of LICHFL will have the knowledge to answer customer’s queries?

The analysis of the above table clearly reveals that 57% (fig 8.15) of the respondents strongly disagreed that employees of LICHFL will instill confidence among customers about the hidden charges, property being mortgaged by the loan applicant, property documents mortgaged by the loan applicant, salary attachment by loan applicant, proper evaluation by LICHFL’s staff etc.

While coming to feeling safety of the transactions it was observed that 47% (fig 8.16) of the respondents agree that they feel safe in their transactions with LICHFL. It is a good sign that customers have trust on LICHFL that is the reason they came to LICHFL and obtained housing loan.

Another important observation is that 54% (fig 8.17) of the respondents strongly disagree that LICHFL’s staffs are consistently courteous with customers. LICHFL’s staff needs to be courteous with customers in attending their queries and grievances of the customers more particularly with customers who are not paying loan promptly and must counsel them to pay promptly.

Further, it was also observed that 40% (fig 8.18) of the respondents strongly agree that employees of LICHFL have the knowledge to answer customers on the queries raised by the customers. LICHFL’s management need to impart further proper training to its staff regarding the product and process knowledge and must enable them to provide adequate information to customers on queries on regular basis.
b) HDFC:

Q1b. Whether employees of LICHFL will instill confidence in customers?
Q2b. Whether customers of LICHFL will feel safe in their transactions?
Q3b. Whether employees of LICHFL will be consistently courteous with customers?
Q4b. Whether employees of LICHFL will have the knowledge to answer customer’s queries?

The analysis of the above table clearly reveals that 62% (fig 8.15) of the respondents strongly disagreed that employees of HDFC will have confidence among customers about the hidden charges, property being mortgaged by the loan applicant, property documents mortgaged by the loan applicant, salary attachment by loan applicant, proper evaluation by HDFC’s staff etc.

When coming to feeling safety of the transactions it was observed that 49% (fig 8.16) of the respondents agree that they feel safe in their transactions with HDFC. It is a good sign that customers have trust on HDFC that is the reason they came to HDFC and obtained housing loan.

Another important observation is that 49% (fig 8.17) of the respondents agree that HDFC’s staffs are consistently courteous with customers. HDFC’s staff needs to be courteous with customers in attending their queries and grievances of the customers more particularly with customers who are not paying loan promptly and must properly counsel them to pay promptly.

Further, it was also observed that 45% (fig 8.18) of the respondents strongly agree that employees of HDFC have the knowledge to answer customers on the queries raised by the customers. HDFC’s management need to impart further proper training to its staff regarding the product and process knowledge and must enable them to provide adequate information to customers on queries on regular basis.
5) Empathy in Measurement of Service Quality in LICHFL and in HDFC

In analyzing the service gap in LICHFL and in HDFC an attempt was made to know the perception of the selected respondents on the empathy level in service quality in LICHFL and in HDFC.

Table 8.5
Empathy Related Factors in LICHFL and HDFC

<table>
<thead>
<tr>
<th></th>
<th>LICHFL</th>
<th></th>
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<td>220 (44)</td>
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</tr>
<tr>
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<td>25 (5)</td>
<td>30 (6)</td>
</tr>
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<td>Q3</td>
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<td>40 (8)</td>
<td>185 (37)</td>
<td>235 (47)</td>
<td>500 (100)</td>
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<td>230 (46)</td>
<td>158 (32)</td>
<td>20 (4)</td>
<td>32 (6)</td>
<td>60 (12)</td>
</tr>
</tbody>
</table>

Source: Questionnaire 2 & 3
(Figures in brackets are percentages)
Fig 8.19
Q1. Whether LICFL / HDFC will give customers individual attentions?

Fig 8.20
Q2. Whether LICFL / HDFC will have operating hours convenient to all their customers?
Q3. Whether LICHFL / HDFC have employees who give customers personal attention?

![Bar chart showing respondents' answers]

**Fig 8.21**

Q4. Whether LICHFL / HDFC will understand the specific needs of their customers?

![Bar chart showing respondents' answers]

**Fig 8.22**

a) LICHFL:

Q1a. Whether LICHFL will give customers individual attentions?
Q2a. Whether LICHFL will have operating hours convenient to all their customers?
Q3a. Whether LICHFL has employees who give customers personal attention?
Q4a. Whether LICHFL will understand the specific needs of their customers?
The analysis reveals that 44% (fig 8.19) of the respondents strongly disagree that LICHFL's staff gives individual attention to its customers. LICHFL need to pay personal attention to customers to explain its products, services, responding to their queries, grievances and providing quality service to its customers.

Another important observation is that 40% (fig 8.20) of the respondents felt that the operating hours of LICHFL are convenient to them. This is a good positive sign to contribute ample time and also try to extend the working hours more convenient to customers.

The analysis found that nearly 47% (fig 8.21) of the respondents strongly disagree that LICHFL has staff who are paying personal attention to its customers. Now, it is high time that LICHFL has to induct more staff like Customer Service Officers or Call center executives who can act upon customers paying personal attention.

The analysis further found that nearly 39% (fig 8.22) of the respondents strongly agree that LICHFL will understand the specific needs of their customers. As this is good sign to use best strategies of business which are tailor made to suit the needs and wants of the customers there by contributing to the organizational goals and total customer satisfaction.

b) HDFC:

Q1b. Whether HDFC will give customers individual attentions?
Q2b. Whether HDFC will have operating hours convenient to all their customers?
Q3b. Whether HDFC has employees who give customers personal attention?
Q4b. Whether HDFC will understand the specific needs of their customers?
The analysis reveals that 39% (fig 8.19) of the respondents strongly disagree that HDFC's staff gives individual attention to its customers. HDFC need to pay personal attention to customers to explain its products, services, responding to their queries, grievances and providing quality service to its customers.

Another important observation is that 51% (fig 8.20) of the respondents felt that the operating hours of HDFC are convenient to them. This is a good positive sign to contribute ample time and also try to extend the working hours more convenient to customers.

The analysis found that nearly 42% (fig 8.21) of the respondents disagree that HDFC has staff who can pay personal attention to its customers. Now, it is high time that HDFC has to induct more staff like Customer Service Officers or Call center executives who can act upon customers paying personal attention.

The analysis further found that nearly 46% (fig 8.22) of the respondents strongly agree that HDFC will understand the specific needs of their customers. As this is good sign to use best strategies of business which are tailor made to suit the needs and wants of the customers there by contributing to the organizational goals and total customer satisfaction.13

**CONCLUSION**

LIC Housing Finance Limited and HDFC are service organizations. In the above observations, an attempt is made to verify how far the organization succeeded in providing service quality to its customers. While evaluating the marketing mix of LICHFL and HDFC through the 7Ps in marketing mix viz., Product, Price, Promotion, Placing, People, Physical evidence and Process management, an attempt was also made to measure the gap service quality through Servqual Model of Zeithmalani and others. The measurement of service quality through the five dimensions viz., reliability, tangibles, responsiveness, assurance, and empathy reveals that they were many gaps in the provision of services to the customers of LICHFL and HDFC.
REFERENCES

13. Questionnaire 2 & 3