



CHAPTER I

INTRODUCTION TO THE RESEARCH STUDY

“Unlike products with physical features, measuring service quality is a challenge because it is determined by many intangible factors. The assessment of quality is made during the service delivery process. An analysis of the service system is required to identify the possible measures of service quality”

(Fitzsimmons 2006, p.128)

This chapter outlines the research background, research aim and objectives, and describes the research scope. The case studies and service industrial collaboration, together with the research design are briefly explained.

1.1 BACKGROUND

The quality in service sector has been an important issue for business competition. Black et al. (2001) revealed that many organizations attempted to improve service quality (SQ) because of increasing national and worldwide competition which had forced them to differentiate themselves from their competitors in SQ area. In addition, increasing and changing consumer expectations were the key factors that drive the improvement and innovation. Lewis (1993) pointed out that benefits of good SQ related to customer loyalty, new customers, corporate image, commitment, cost reduction and overall business performance. Consequently, many companies started to focus on SQ improvement and widely adopted quality management initiatives into service industry. The improvement of SQ has become a major strategy for improving competitiveness. Many organizations claim to offer quality service or service excellence but few organizations succeed in being what they expected to be (Chuck, 1991). Yang (2003) stated that the understanding of customer requirement and the usual measuring methods were still incomplete. Tidd (2003) supported that the intangibility of services was the key factor that affected the measurement of SQ. The lack of tangibility would appear to make the assessment of SQ more complex. This is because people involving in the development process cannot see, feel or touch the new

product (Tidd 2003). In some service processes, service providers in the service team perceive in different meaning as a result of non-physical object (Ennew 1992). The difficulties of SQ measurement were collected by Lewis (1995) in three areas: (1) SQ attributes (2) various customer expectations (3) the effectiveness of measurement tools and method. Therefore, the analysis of these issues is significant for service sector.

The heart of an SQ is a service encounter, which has various interactions between a service provider and customers (Gronroos 2001). Parasuraman (1988) highlighted that the crucial impact on service quality and overall performance related to service encounters, which was the interaction during the service delivery process between customers and service encounters. Lewis and Entwistle (1990) supported that all organizations needed to focus on service encounter because it was an important element in overall performance and evaluation of service experience of customers. Lewis (1993) defined the term of "service encounter" as any direct interaction between a service provider and customers. Bitner and Brown (2000) highlighted the important of service encounter to business success including customer satisfaction, intention to repurchase, word-of-mouth communications, relationship quality and loyalty. Svensson (2006) stated that most literature in the SQ area ignored the service encounter's perspective, and there were too few studies that had attempted to explore the concept of the service encounter beyond the service receiver's perspective (Dedeke 2003; Svensson 2002). Thus several elements of service quality measurement (SQM) in service encounter's perspective need to be explored.

The mobile telecom industry plays an important role in Thailand economy by creating employment, investment on infrastructure and communication system that allows Thai consumers to gain benefit from increased mobile communication service such as the promotion of social network by assisting communication between families and friends, and helping people gain access to emergency (Hill and Knowlton, 2008). The mobile telecom industry contributes an economic value equal to 4.7 per cent of GDP in Thailand. The industry is also a significant source of employment, directly and indirectly employing 150,000 in Thailand (Aske, 2008). As mobile telecom market penetration in Thailand will soon reach the saturation point, mobile telecom market growth will continue to slowdown

(AIS Annual Report, 2008). Koobgrabe (2008) stated that the year 2008 was the beginning of service quality war instead of pricing war. Consequently, Thai mobile telecom operators are recommended to focus on service quality (SQ) especially in service encounter. Parasuraman (1988) highlighted that the crucial impact on service quality and overall performance related to service encounter. Shostack (1985) defined service encounter as the period of time that a customer interacted with a service provider. Lewis and Entwistle (1990) supported that all organizations needed to focus on service encounter because it was the critical element in overall performance and evaluation of service experience of customers. Therefore, there is an opportunity to develop a standard instrument to measure SQ in mobile telecom's service encounter.

In Thailand, the mobile telecom service industry consists of 3 main mobile telecom operators, which occupy more than 97% of mobile telecom service revenues in total. The key mobile operators consist of Advanced Info Service (AIS), which remains the market leader in terms of subscriber market shares and revenues, Total access communication (DTAC), which is the second and TrueMove is the third respectively (AIS Annual Report, 2009). To response the sophisticated environment, service quality (SQ) seems to be a key driver of business success especially in the market saturation stage. Li (2005) suggested that a firm could not gain the competitive advantage in today's business environment without delivering high quality service. According to AIS annual report (2008), AIS paid the attention to SQ and raised the concept of lifestyle services that offer customers a delightful experience by well-trained experts who truly understand customer needs and tailor the personalize privileges and activities for customers. According to DTAC annual report (2008), satisfying customers was a crucial part of DTAC strategy under the theme "Elegant Service". The company introduces various innovations in service encounter such as one-stop service, Value added service (VAS) corner, Self Service Kiosk, and Innovative queuing system called "Queue Plus". Koobgrabe (2008) revealed that the quality of service was also the essential strategy at TRUEMOVE. Various SQ improvement campaigns and development programs were implemented to ensure the improvement of service delivery. For example, in 2010, True launched the campaign "Service Quality Contest" within the organization to ensure the quality of service encounter (www.truecorp.co.th, 23 February 2010) In addition,

the strategy vision of TRUEMOVE revealed that quality of products and services were the main direction of the company (www.truecorp.co.th, 14 August 2010). In the case of True Corporation, the total number of True's customers visiting mobile telecom service shops in Feb 2010 was approximately 670,000 visits per month, consisting of 540,000 visits in Bangkok and 130,000 visits in upcountry (True Corporation, 2010). It means that service quality of mobile telecom service shop can be considered as the big impact of overall performance of the company. However, Carlon (2005) stated that you could not improve it, if you could not measure it. Thus the firms need to find the effective methods to measure the level of SQ. The key challenge for researchers is to develop new SQM models that fit to mobile telecom context and are able to measure these intangible factors accurately. The reliability and validity of new developed SQM model requires empirically testing. In addition, this SQM model should offer valuable managerial information for proactive action.

This study contributes to the growing theory of SQ measurement by developing the SQM model that requires adaptation to fit in service encounter in Thai mobile telecom industry. In addition, a number of technologies will be explored and developed for service encounter in order to measure the level of SQ effectively. The integration of technologies and the SQ measurement framework will provide a great contribution to management to control the level of SQ as an effective indicator.

1.2 RESEARCH AIM AND OBJECTIVES

'Service quality is difficult to measure. There is a danger that service organizations will neglect to measure it, despite the fact that service quality is often critical to their competitive business success.'

(Silverstro, et.al 1990)

This research aims to develop a service quality measurement for mobile telecom service encounter (SQM-ME) model, based on the developed SQM framework. In addition, this system is able to indicate the SQ level by using the formula, which was developed in this study. The outcome of this research will provide a developed SQ framework and the

service quality management system (SQM-ME System), which includes innovative SQ measurement devices and SQ measurement process. The research objectives for this paper are:

- (1) To investigate the existing models of SQ measurement, and trends of SQM research.
- (2) To examine the SQ dimensions and develop a new service quality measurement for mobile telecom service encounter model (SQM-ME model) and demonstrate the relationship of proposed SQM indicators.
- (3) To validate the SQM-ME model and its attributes and describe the detail of key quality indicators.
- (4) To develop innovative device and software that supports the developed SQM-ME system.

1.3 SCOPE OF THE RESEARCH

The scope and focus of this research are described as below:

- The study concentrates on mobile telecom service encounter in Thailand, focusing on three main operators, which are AIS, DTAC and Truemove. (99 percent of market share).
- *Service encounter in this paper is designed to focus on face to face service delivery only, which includes service hall, customer service center and mobile telecom service shop.*
- This study mainly investigates the technologies that relate to information technologies and telecommunication technologies.
- The developed SQM-ME model is tested in Bangkok metropolitan area in Thailand only.

1.4 INDUSTRIAL COLLABORATORS FOR CASE STUDIES

In order to understand the mobile telecom context, the background of Thai mobile telecom needs to be explored. Malisuwan (2005) revealed that the beginning of mobile telecom service started in Thailand in 1986. Thai mobile telecom industry is controlled by two state enterprises, the TOT and the CAT. Currently, three major private mobile telecom companies occupy more than 97% of mobile telecom service revenues in total. First, Advanced Info services (AIS), which was granted concession from the TOT. Second, Total Access Communications (DTAC), a subsidiary of UCOM, was granted concession from the CAT. Third, True Corporation (TRUEMOVE) is a company in telecommunication market which first launched services in 2001 under a concession granted by the CAT. Table 1.1 shows the summarized characteristics of these three case companies.

Table 1.1 Summary of Case Companies' Background

Case	No. of Total Employee	Customer Service Staffs	Turnover 2009 (MB)	No. of Shop	Business Duration	No. of Subscribers (Million)
AIS	8,000	700	99,586	31 AIS shops + 125 Telewiz shop	1989-2010 (21 Years)	27
DTAC	6,000	650	66,600	18 Service Hall + 280 Dtac shops	1989-2010 (21 Years)	18.7
TRUEMOVE	14,000	850	31,100	59 Truemove shops+ 117 True Shops	1994-2010 (16 years)	14.8

(References: Company's annual report, Company's website, Information from interviews based on data in 2008)

Advanced Info Service Public Company Limited (AIS) was established in 1989, and is currently the largest market share in Thailand with 46% share of the subscriber market share and more than 97% nationwide coverage. AIS Company contains approximately 8,000 employees throughout the country (including temporary employees) and provides services to over 26 million clients throughout the country (AIS annual report 2008). There are 27 AIS shops across the country. Every AIS shop contains three zones, which are (1) customer care where customers can instantly pay for bill payment and registration, (2) mobileLIFE zone where staffs demonstrate how to use the services and (3) relax zone where customers relax and enjoy facilities with comfortable feeling. According to AIS annual report (2008), there are twelve key customer service activities at service encounter, which are (1) Promotions, Product and Service Change (2) Name and Postal Address Change (3) Change of Mobile Number (4) Change / Transfer of Ownership (5) SIMcard Change (6) Phone Rent / Borrow / Change (7) Special Value-Added Service Change (8) Registration Information (9) Bill Payment (10) Free Internet Use (11) International Roaming Registration (12) International Calling Registration

Total Access Communication, operating under "dtac" brand, was founded in August 1989 to provide wireless telecommunication service in 800 Mhz and 1800 Mhz frequency bands in Thailand under a 27-year "Built-Transfer-Operate" concession granted by CAT Telecom Public Company Limited (www.dtac.co.th, 21/02/2553). There are 18 service halls across the country. In competitive environment, service quality will play a significant role in the company's future activities. Consequently, DTAC launched a campaign "feel good" in order to improve and satisfy both current and new subscribers' satisfaction. DTAC considered staffs and employees at service touch point as customer representatives of the company. DTAC also highlighted the impressive service standard while customers go to DTAC shop. This element is directly correlated with employee courteousness because customers have related the unique brand personality with company representatives (Vanasakul, 2008).

True was first found in 1990 as TelecomAsia Corporation Company Limited. The former symbol was TA for the stock exchange of Thailand and was changed to the symbol

TRUE in April 2004, after rebranding under the name of "True". To transform retail touch points to be an effective convergence lifestyle center, True provides a full set of one stop service solution for customer's delightful experiences. There are 5 aspects of service quality in order to achieve the great customer satisfaction at True shop, which are (1) brand visibility (2) Ambiences (3) sale product knowledge and skill (4) system process and (5) service mind

1.5 RESEARCH DESIGN

The research design was divided into four phases, which are (1) Literature reviews, (2) Delphi study of SQM model (3) Validation and Verification of SQM-ME Model and (4) Developing Innovative SQM-ME Devices using Cloud Computing Technology. Figure 1.1 shows the research design framework. In the first phase, the research was designed to develop the conceptual by using the literature review method to explore in four main areas, which are SQ measurement, reviews of research methods, Thai mobile telecom service encounter and cloud computing technology. The second phase is theory building, which deployed Delphi study method, which requires expert contributors to submit separately responding to questions to a central coordinator. The selected experts in the Delphi panel are the perceived subject expertise. In order to validate the model, in phase 3, proposed SQM framework will be validated by using confirmatory factor analysis (CFA) and multiple regressions. The result from this phase is new SQM-ME model. The detail of research method will be described in chapter 3.

In the final phase, the development of innovation begins with the marketing analysis and product strategy reviews. The interview and focus group methods were deployed. The result from this phase is customer requirement, which is derived from service encounter staffs and management. Step two is the concept development, starting from idea generation and screening workshop. The required technology will be explored and selected. In the third phase, the prototype of SQ measurement device will be developed and delivered to

customers to verify and test. The detail of innovation development method will be described in chapter 3.

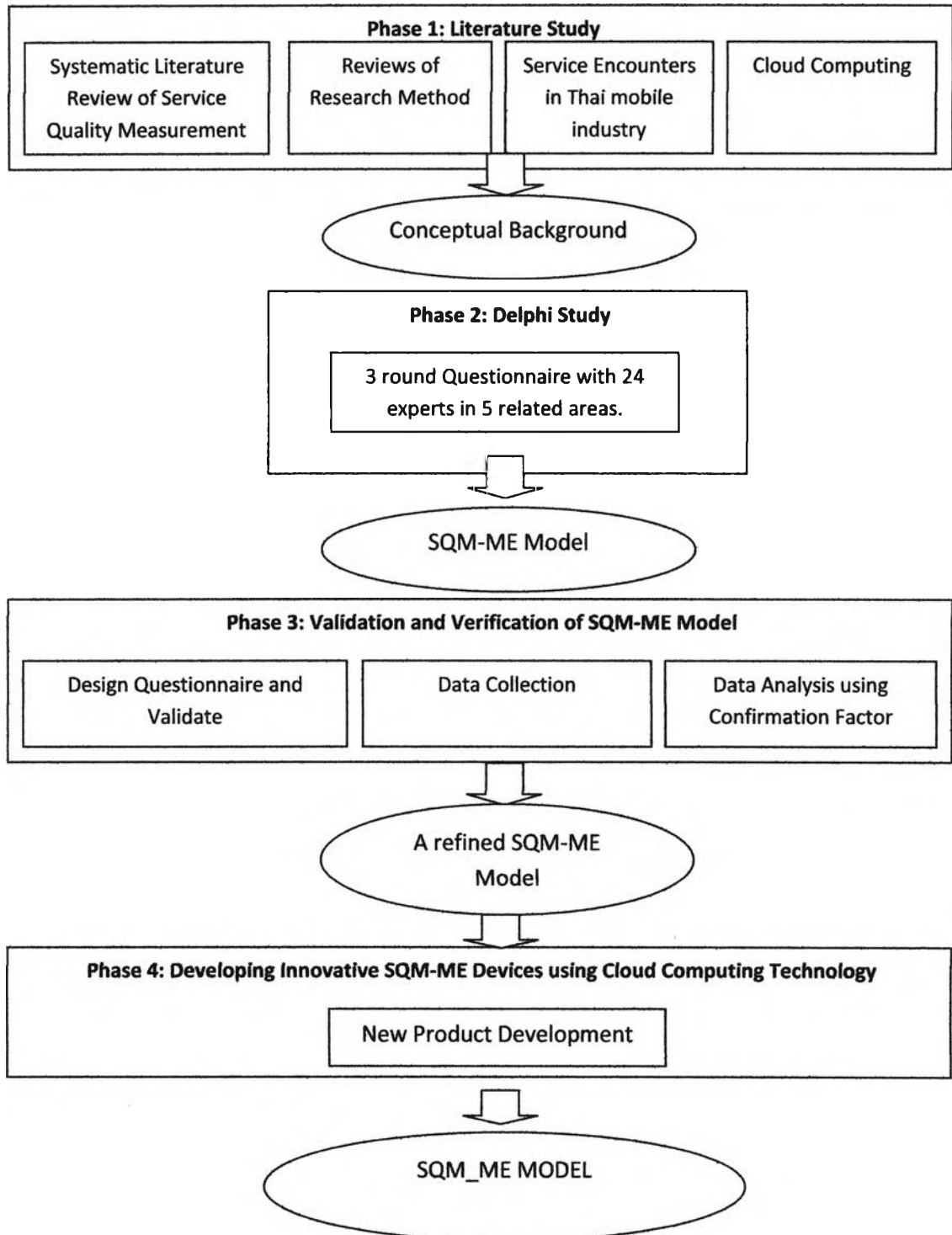


Figure 1.1 The Research Design Framework