

IMPACT OF SERVICE STRATEGY ON CUSTOMER SATISFACTION OF THE RAIL MANAGEMENT IN MALAYSIA

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ABSTRACT

This paper project is evaluates the level of customer satisfaction among the Malayan railways KTMB passengers. The factors with to evaluate the level of customer satisfaction are the on-line services, fare charging practices, customer services and advertisement. The dependent variable which measured is customer satisfaction. A quantitative approach with a multiple regression analysis was deployed to study the relationship between the independent variables and dependent variable. The factors such as the fare charging practices and customer services though show a positive relationship with customer satisfaction, but the relationship is not significant. However, the passengers are very concern about the on-line services, and advertisement used to communication with them to improve the on-line services, and advertisement in other deliver customer satisfaction continuously.

Keywords

On-line services, Fare charging practices, Advertisement, Customer services and Customer satisfaction.

1.0 INTRODUCTION

Customer satisfaction has become a paramount factor in the area of transportation as more organizations are trying to retain the customers for the business survival. This research is focused on the investigation of customer satisfaction in the rail industry particularly in Malaysian Railway (KTMB). This current research focuses on different parameters such as on-line services, fee charging practices, advertisement and customer satisfaction among KTMB customers.

Today, maintaining rail and delivery service strategy of quality by meeting target standards are an essential part of the everyday life and goals for rail authorities need to continuously develop to their operations and increase public involvement. The public sector is more actively moving on to adopting the private sectors style of customer focus what has resulted in that organization more and use customer satisfaction ratings as an indicator on performance of products and services. The aim for improvement in structure and operations on railway is to improve the quality of the railway network and the welfare of railway users. Investments and policy strategies or decisions regarding infrastructure and railway network are often significant decisions within the government and other organizations operating in the public sector. Customer satisfaction has increasingly an important indicator on how to develop or improve existing practices. The change to a more customer oriented approach from a traditional product oriented railway management approach requires new feedback input methods and involvement of customer.

1.1 PROBLEM STATEMENT

The management of rail industry is not new in transportation industry. Recently, there have been many complaints about the services quality provided by KTMB Malayan Railway highlight by the media and the personal experience face by the passengers. Nowadays, KTMB was making promotion variety to attract the public user by introducing a KTMB I-Card. KTMB i-Card is rebranding initiative by KTM Intercity to all readily available discount cards. However, low priced or give a discount alone will not keep customers coming back to KTMB railway. There is many other factors that effect to customer satisfaction which are importance to create customer loyalty. Therefore, we found the importance of a research required to provide a clear view into the

factors that influence customer satisfaction among KTMB Malaysia railway passengers.

1.2 RESEARCH OBJECTIVE

Customer perception is a growing and it is key issue for continuous improvement and different organizations are becoming more customers focused. More and more companies and organizations are using customer satisfaction as an indicator on their performance of delivered products and services.

The research is intended to measure the level of customer satisfaction among KTMB Malaysia railway passengers by investigation the relationship of the service integrity dimensions on customer satisfaction. Therefore, the study will investigate the relationship between on-line service and customer satisfaction, between fare charging practices and customer satisfaction, between advertisement and customer satisfaction and lastly between customer services and customer satisfaction.

2.0 LITERATURE REVIEW

2.1 CUSTOMER SATISFACTION

The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer experience of both contacts with the organization. Satisfaction construct has gained an important role in the marketing literature (Lin, 2003).

There are two principal interpretations of satisfaction within the literature of satisfaction as a process and satisfaction as an outcome (Parker and Mathews, 2001). In many organizations service quality is arbitrary, this result in a purely subjectively judging service quality, based on short-term criteria, explaining why customers can be satisfied with service the one day and another be very dissatisfied with service.

Nowadays, customer focus and satisfaction are a driving forces many companies and organization. Measuring customer satisfaction provides an indication on how an organization is performing or providing products or services. Customer satisfaction has traditionally been studied within market research and the term customer satisfaction measurement is widely used in particularly business terminology.

There are various definitions of customer satisfaction. According to Rope (1994), to actually define satisfaction has proven to be hard and contradictory because of it is multiple dimensions. Customer satisfaction is generally understood as the satisfaction that a customer feels when comparing his preliminary expectations with the actual quality of the service acquired. In other words, customers are typically concern with the value and quality of the service or product they receive. In addition, customers generally want the best possible product or service for a low cost. The perception of the best product or service and lower prices can, however, vary significantly by customer segment or industry. In other to obtain an overall picture of customer perception, a company needs to measure the customer. (Czamecki 1998)

2.1.1 Expectations and experiences

Service quality or customer satisfaction is formed by the different between the customer expectation of a service and the actual perceived services. According to Wisniewski (2001), customer satisfaction occurs if the expectations are greater than the performance. Besides that, according to Czamecki (1998), an analysis of gaps between customer expectations and the performance of a company or organization is a cornerstone to monitor the overall corporate performance.

According to Blanchard and Galloway (1994), the service management, customer satisfaction is the result of a customer perception of the service quality. Moreover, according to Looy (2003), defines customer satisfaction as:

“The customers feeling the gap between his or her expectations towards a company, product or service and the perceived performance of the company, product or service”.

Customer satisfaction can be interpreted as an overall evaluation of service quality attributes or service attribute performance (Fornel *et al.*, 1996; Johnson and Fornell 1991; Boulding *et al.*, 1993). Several studies discussed the relationship between two constructs of service attribute performance and overall customer satisfaction (Anderson and Sullivan 1993; Oliver, 1993; Mittal *et al.*, 1998).

Customer satisfaction always requires an experience of the operations of a company. The level of customer satisfaction is formed by the correlation between a customer expectation and his experiences.

In the other words, the customer always compared the experiences with the expectations he has of the

company or organization. Customer satisfaction occurs when a customer experiences of a service math the expectations and customers are impressed when they get more than they anticipated. In addition, the level of customer satisfaction is formed by the image of the company. According to Bergman and Klefsjo (1994), many companies and organizations have made customer satisfaction their top priority by developing a carefully designed customer satisfaction.

2.2 ON-LINE SERVICE

With the arrival of the internet technology, this opens a new opportunity for companies such KTMB Malaysia railways to strategies with the online model. We would like to examine how the consumers feel about the ease of you and the possibility of the programming is designed to trap unwitting customers to subscribe to services that they are not interest. Online services being as a technology that manages an organizations relationship with its customers (Green, D., & Ridings, CM,2002; Zikmund, W.G., McLeod, R., & Gibert, F.W.,2003). According to Hamilton, D.P (2001), on-line services being the data storage and analysis that yields greater insight into customer satisfying behaviors. It is a culture change in an organization where technology deployed at every customer touch point (Anton, J., and Petouhoff, N.L, 2002). According Swift, R.S., 2001), it is a management practice that turns casual consumer onto loyal customers by satisfying their requirements. Besides that, Bergeron (2002), it is practice that manages demand via customer-company relationship. The business process of an organization that identifies, selects, acquires, develops, retains and better service customer. It is a strategy which optimize revenue, profits and customers satisfaction by fostering customer satisfying behaviors (Gartner Group 2002).

According to Zeithaml (2002), has emphasized that companies should focus on online service encompassing all cues and encounters that occur before, during, and after the transactions. Besides that, Griff and Palmer (1999) also stated the internet can definitely be a powerful tool to increase overall service offerings and to provide online customers with a variety of benefits such as, convenience of ordering product or service, simple finding of competitive prices, and making informed purchasing decision. Besides that Rice (1997) also stated the web site should be well organized enabling consumers to navigate smoothly and in an enjoyable manner and the design of the database should be timely, informative, and user-friendly (Wigand, 1997).

2.3 CUSTOMER SERVICE

Bolton and Drew (1991) affirmed that satisfaction mediates prior perceptions of service quality to form current perceptions of service quality. However, according to Cronin and Taylor (1992) noted that their results suggest that perceived service quality is strongly affected by current performance and that the impact of disconfirmation (at the satisfaction level) is relatively weak.

2.3.1 Service

It is important to distinguish between a service and goods. Goods are most tangible an object while services are more of an act such as a deed, performance or an effort. There are many definition of services depend on the other and focus of the research. According to Gronroos (2001) the definitions of services are:

“an activity or series of activities of a more or less intangible nature than normal, but not necessarily, take place in the interaction between the customer and services employees or physical resources or goods and or systems of the services provider, which are provided as solution to customer problem”.

2.3.2 Quality

There are definitions of quality derived from uncountable authors. According to Juran (1988), quality is meeting exceeding customer expectations. However, from reviewing articles on quality, it has been found that early research has been focusing on defining and measuring the quality of tangible goods and product (Garvin , 1988, Juran 1988) while the more challenging service sector was disregarded.

2.4 ADVERTISEMENT

Advertising as a promotional tool also tends to remind, reassure and influence the decision of the customers because an advertisement itself enlightens, educates, and persuades customers on their acceptability of the product offering.

Advertisement in such a media as print such as newspaper, magazine, billboards, flyers or broadcast like radio and television typically consist of pictures, headlines, information about the product and occasionally a response coupon. According to Busari (2002), broadcast advertisement on the other hand consists of an audio or video narrative that can range

from 15 seconds sports to longer segments known as infomercials, which generally last 30 to 60 minutes. Furthermore, Busari (2002) also stated, advertisements can also be seen on the seats of grocery carts, on the wall of airport walkways, on the sides of buses, airplane and train. Advertisement are usually placed anywhere an audience can easily and/or frequently a access visual and/or video.

2.4.1 Importance of advertising

The public or customers benefits greatly from advertising expenditures. First, advertisements are informative. The newspaper ads are full of information about products, prices, features, and so on. Business spend more on direct mail than radio or magazine advertising.

Advertising not only informs us about product, it also provides us with free television and radio programmers because money advertisers spend for commercial time pays for production costs. Advertising also covers the major cost of producing newspapers and magazines.

Magazines, newspaper and radio are especially attractive to local advertisers. However, television offers many advantages to a national advertiser but it is very expensive. Few media besides television allow advertisers to reach so many people with such impact. Marketers must choose which media and which programs can be used to reach the audience and what they desire. Different kinds of advertising are used by various organizations to reach different market target (Philip Kotler, 2005)

2.5 FARE CHARGING PRACTICE

According to Kotler (2006), price charging decision in products or services affect customer satisfaction. Besides that, Peter and Donnelly (2007) also stated value-conscious consumers may buy products more on price than other attributes. However, according to Ferrel, O.C and Hartline D., (2008), when customer see all competing products as offering the same features and benefits, their buying decisions are primarily driven by price.

Fare is fundamental to the operation of the public transportation since the form a major source of income to operations. In generally, if fare is increase, patronage will decrease. Whether revenue increase or decrease as a result of a fare increase depends on the functional relationship between fares and patronage as represented by demand curve. Usually this is

expressed through the concept of elasticity. In it is simplest from the value of the value of the fare elasticity is the ratio of the proportional change in patronage to the proportional change in fares.

Fare elasticity is dynamic, varying over time for a considerable period following fare changes. Therefore it is increasing common for analysts to distinguish between shot-run, long-run and sometime medium-run elasticity value.

3.0 METHODOLOGY

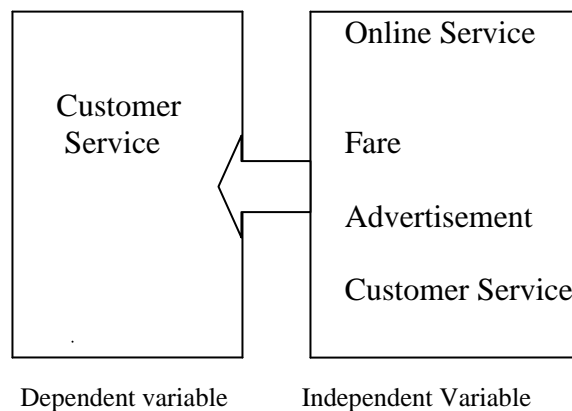


Figure 1: Research Framework

3.1 PRIMARY AND SECONDARY DATA SOURCES

I am use the primary and secondary data sources for this project. Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that directly can be related to the study purpose, both personally gathered as well as data from third party has been collected with equivalent purpose. Secondary data on the order hand, contains relevant data that has been collected with a different purpose, but from which conclusion is valuable for the purpose.

The primary data, directly relating to the purpose, was collected through an empirical study. The empirical study was made through conducting a questionnaire regarding service strategy. The secondary data, indirectly relating to the study purpose, was collected through a theoretical study. The theoretical study

comprised of articles and book that not directly were related to the study purpose.

3.2 EMPIRICAL DATA

It is the nature of the empirical data collection in term of main characteristics of the questionnaire and to whom it was focusing on. Furthermore there will be a presentation of how the data was later analyzed.

3.2.1 QUESTIONNAIRE DEVELOPMENT

We are use the questionnaires develop for collects the data for using in this project. The theoretical research has presented several different services quality strategy definition. However, to be able to continue with the empirical data research, only one definition can be applied. According to Mei (1999) the degree of discrepancy between customer normative expectations for the service and their perceptions of the service performance.

The survey was handed out directly to KTMB passengers on 23 October 2012. Due to the fact that no incentive was offered to the respondent, their decision to participate in the survey was of pure interest.

3.3 RELIABILITY DATA ANALYSIS

The purpose of the reliability analysis is to determine whether data are trustworthy or not. Testing reliability is to measure consistency between multiple measurements of a variable (Hair, Andersson, Tatham, Black and William, 1998). A commonly accepted type of measuring reliability is internal consistency, which applies to the consistency between the variables in a summated scale. The concept for internal consistency is that the individual items or indicator of the scale should all be measuring the same construct and thus be highly correlated.

4.0 FINDINGS

In this project, we are used the 50 respondents are extracted from Alor Star railway station. From 50 respondents, 22 are male and 28 are female. In this research, the gender factors are not gave to impact to customer satisfaction. There are others factor to evaluate the customer satisfaction level such as online services, fare charging practice, advertisement and customer service.

The factors such as the fare charging practices and customer services though show a positive relationship with customer satisfaction, but the relationship is not

significant. However, the passengers are very concern about the on-line services, and advertisement used to communication with them to improve the on-line services, and advertisement in other deliver customer satisfaction continuously.

This research shows about the correlation result between the independent variable and dependent variable. The correlation coefficient between online service and misleading advertisement is not significant but has relationship. The correlation coefficient between online service and customer services is 0.005 it is significant at 0.01 level or 99% confident interval and the correlation coefficient between online services and customer satisfaction is 0.010. It is significant at 0.01 level.

For fare charging practices, the correlation coefficient between unfair charging and misleading advertisement is 0.032 it is significant level. The correlation coefficient between unfair charging and customer services is 0.300. It is significant at 0.01 level. The correlation coefficient between unfair charging and customer satisfaction is 0.274 it is significant at 0.01 level.

The correlation coefficient between misleading advertisement and customer services is 0.029 it is significant between misleading advertisement and customer satisfaction is 0.192 it is significant at 0.05 level.

For the customer service, the correlation coefficient between customer services and customer satisfaction is it is significant at 0.01 level.

5.0 DISCUSSION AND CONCLUSION

As the number of respondents is relatively too small, this may pose a challenge to provide a generalization of the findings. We are further restrained by the fact that the respondents might be influenced by the events experienced on that day. Our limitations are further influenced by passengers based in the Alor Star railways station only and not other station railways. Further research can be conducted with more respondents and the interviews to be conducted at all other railways station. We would also suggest that more empirical studies to be done because there has been studies that have shown that cultures do influence perceptions and the ethnicity of the respondents do have significant impact on how they perceive service quality.

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