

---

# Importance Performance Analysis and Servqual Model: an Integrated Approach for Enhancing Customer Satisfaction

*Kanika Verma\**

## *Abstract*

*The paper aims to evaluate the service quality dimensions with reference to the banking sector along with the application of Importance Performance Analysis (IPA Framework) and Improvement Factor (IF). The study is qualitative in nature which follows the non-probability sampling method. In order to collect data, a well defined questionnaire consisting of close ended questions on service quality attributes, namely reliability, assurance, tangible, empathy and responsiveness have been prepared to record importance and performance level from customers. IPA Grid has been formed and Improvement Factor (IF) has also been calculated to look at the level of improvement needed for each attribute. This study brings out the application of SERVQUAL Model, IPA framework and Improvement Factor, which helps in identifying areas for strategic focus to develop future strategies. From the research perspective, this study supports the adaptation of the IPA Framework as an alternative/integrative framework for evaluating customer satisfaction.*

**Keywords:** *Service Quality, IPA Framework, improvement Factor, Customer Satisfaction*

## **Introduction : Importance of service quality**

For service providers, the service quality has always been the most important attribute and the consumer's perceptions are the only and the best way to measure service quality. The customer forms service expectations from many sources such as past experiences, positive word of mouth, advertisement, good reputation, goodwill, etc. In the present competitive era, service quality is a scorching issue. Now a days, organizations, whether it is a firm or a service industry, are trying to achieve customer satisfaction and loyalty by providing an efficient and improved service quality. The service quality refers to an approach shaped by an overall assessment of a firm's performance.

The service quality is a vital and essential tool for attaining operational efficiency and improved business performance which help to gratify and maintain customers. The customer satisfaction depends on factors such as reliability, assurance tangibles, empathy and responsiveness. In the table 1, various definitions of the service quality dimensions offered

*\*Ms. Kanika Verma,  
Research Scholar,  
Dayalbagh Educational Institute  
(Deemed University),  
Dayalbagh, Agra, India*

by authors viz. Philip Kotler (1999), Bitner, M.J. and Zeithaml, V.A. (2003) are listed.

**Table 1 : Service Quality Dimensions**

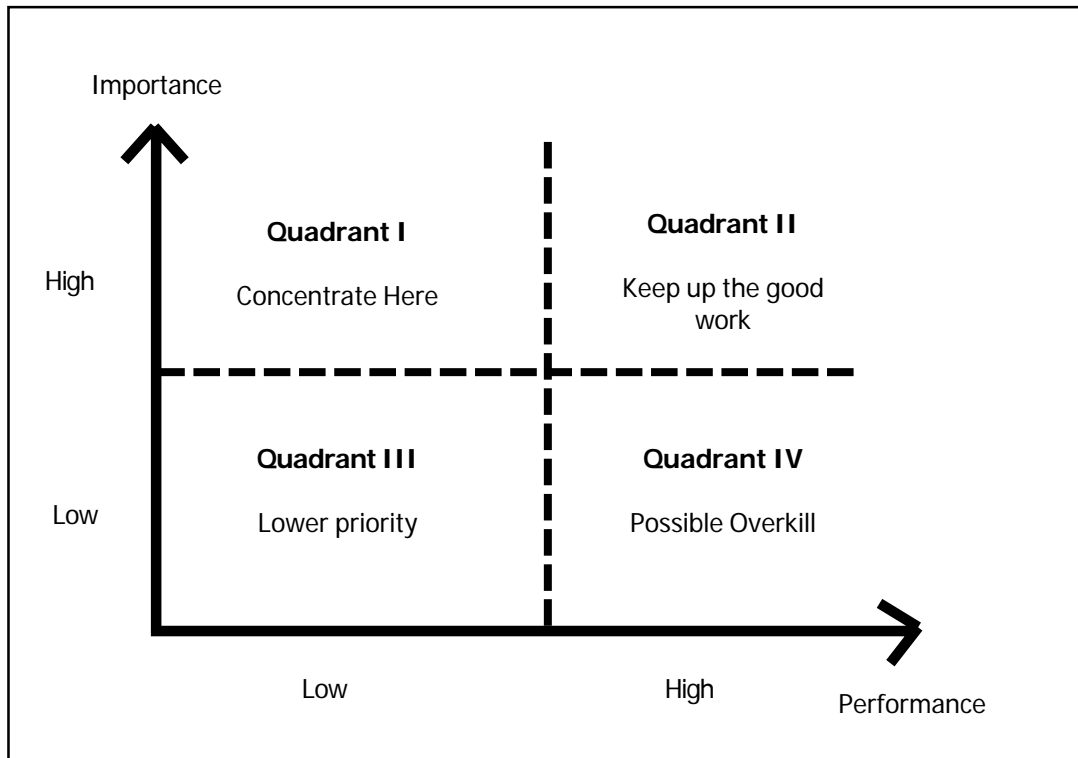
<b>Dimensons</b>	<b>Features</b>	<b>Specific Criteria for Custmer</b>
<b>Reliability</b>	Capability to do the services accurately at the promised time	<ul style="list-style-type: none"> <li>● Timelines</li> <li>● Consistency / regularity</li> <li>● Accuracy</li> <li>● Error free records</li> </ul>
<b>Assurance</b>	Knowledgeable and courteous employees and their ability to inbuilt trust and spirit	<ul style="list-style-type: none"> <li>● Staff expertise</li> <li>● Creditability</li> <li>● Safety and care</li> <li>● Problem resolution</li> </ul>
<b>Tangibles</b>	Related to physical facilities, equipment, personnel and communication materials.	<ul style="list-style-type: none"> <li>● Physical materials</li> <li>● Technology</li> <li>● Employees</li> </ul>
<b>Empathy</b>	Provides individual attention to customers	<ul style="list-style-type: none"> <li>● Access to staff</li> <li>● Communication</li> <li>● Individual attention</li> </ul>
<b>Responsive-ness</b>	Always ready to help customers and to provide timely services	<ul style="list-style-type: none"> <li>● ready to help customers</li> <li>● Prompt attention to queries</li> <li>● Complaint handling</li> </ul>

### **Importance-Performance Analysis**

Martilla and James (1977), the first protagonist of the service quality, introduced the method to measure client satisfaction for a product or service based on Importance Performance Analysis (IPA) matrix while it has been widely used for analyzing an organization's status/position and determining its weak and strong points. The IPA Matrix is constructed on the basis of two components e.g. the importance of a product or service to a client and the performance of a business in providing that service or product (Martilla & James, 1977). This matrix is divided into four quadrants: (1) Concentrate Here; (2) Keep Up the Good Work; (3) Low Priority; and (4) Possible Overkill, to enable each attribute to be plotted into the grid. Through this matrix plotting combinations of four aspects related to importance of product in the

market and its service delivery, this is able to measure the actual satisfaction level as well as highlight important key areas for improvements. This technique helps identify attributes that have high scores and attributes that need to be improved and require action immediately. It is used to provide directions for making strategic marketing decisions. The objective of IPA is to identify the most crucial factors or service attributes. Simple application, analyzing and assessing the results and its low cost made this model popular (Oh, 2001). The IPA consists of a pair of coordinate axis where the 'importance' (y-axis) and the 'performance' (x-axis) of the different elements involved in the service are compared. The original IPA framework by Martilla and James (1977) is graphically presented on a grid divided into four quadrants, which is clearly depicted in Figure 1.

**Figure 1: The Original IPA Framework (Adapted from Martilla & James, 1977)**



**Table 2: Description of IPA Framework**

Quadrants	Implication
<b>Quadrant I</b> <i>Concentrate Here</i>	While these attributes are perceived to be important , scores of the variables reflecting performance are low where improvements are needed.
<b>Quadrant II</b> <i>Keep up the good work</i>	These attributes are not only important , their performance scores are also high ; hence these are needed to be continued.
<b>Quadrant III</b> <i>Lower priority</i>	Attributes here are not perceived to be very important as well as performances are low. There is no need for managers overly concerned, and limited resources should be expended on this low priority cell.
<b>Quadrant IV</b> <i>Possible over kill</i>	These attributes are superfluous / unnecessary of low importance, yet performances are relatively high here.

## Improvement Factor

Improvement factor indicates the overall variation between level of performance and importance of service quality attributes that has been depicted as a

number usually in percentage. Apart from this, improvement factors also suggest how much improvement is needed to maximize the satisfaction level. Yang (2002) defines the improvement factor as:

$$\text{Improvement Factor (IF)} = \frac{\text{Performance (P)} - \text{Importance (I)}}{\text{Importance (I)}}$$

In the ideal case, the (P-I) value should be Zero, so that maximum satisfaction can be achieved. Usually the level of satisfaction may deviate from level of importance. If the satisfaction will be lower than importance or  $IF < 0$  or absolute value equal to one, the factor requires more efforts to be improved. This method helps understanding customer's needs in a more precise way. Hence, this research adapted IPA model and improvement factor to measure the service quality of the banking sector.

## Review of Literature

According to Martilla, J. A. and James, J. C. (1977) IPA is an technique for measuring attributes and performance and can be used for further development for making effective marketing programs. Silva, F. & Fernandes, O. (2010) advocates the adaption of the IPA the framework for evaluating satisfaction. Tzeng G.H., Chang H. F. & Beaman J. (2011) explains that IPA is not a tool for final decision, but it is a tool for problem conceptualization and initial analysis. Tzeng G.H. & Chang H. F. (2011) concludes that three methods (SERVQUAL, Improvement Factor and IPA) are able to explain the significant amount of service quality. They also find service quality factors and IPA model have more comprehensive considerations in comparison to SERVQUAL and Improvement Factor.

## Objectives

The overall objective of the study is to evaluate the service quality dimensions with reference to the banking sector along with the application of Importance Performance analysis (IPA Framework) and Improvement Factor. The study has covered the

following subsidiary objectives in order to achieve this goal:

1. To analyze the importance and performance level for each service quality dimension.
2. To find out the improvement factor for each dimension.
3. To highlight important key areas for improvements, which require immediate action?

## Research Design / Methodology

The paper followed descriptive Research Procedure with Non- probability sampling method in order to collect data. 50 customers have been taken as a sample size for the study by convenience sampling method due to easy accessibility and reach. The different branches of Yes Bank, which fall inside the boundaries of Agra region, Uttar Pradesh, India have been visited by the researcher in order to collect responses from the customers.

## Data source

### Primary Data:

This study follows the Survey method, under which a well defined questionnaire consisting close ended questions on service quality attributes namely reliability, assurance, tangible, empathy and responsiveness have been prepared to record importance and performance level from customers.

**Secondary Data:** Secondary data were also referred in order to understand theoretical base for this study, supported by relevant concepts, theories,

published reports etc. in the area of Service Quality and IPA Framework for its applicability.

### Analysis and Findings

Table 3 : Importance - Performance Rating and Improvement Factor

S. No.	Service Attributes	Performance	Rank	Importance	Rank	IF	Rank	Quad-rant
		Mean		Mean		Mean		
1	This bank has latest equipments & technology	3.54	17.5	3.84	19	-0.078	6.5	III
2	Physical appearance of this bank are visually appealing	3.64	15	4.1	13.5	-0.120	11	III
3	Employees are well dressed and neat in appearance	3.76	11.5	4.42	5	-0.172	15.5	I
4	This bank provides detailed information associated with products & services	3.78	10	4.2	10	-0.109	10	-
5	This bank provides services at the promised time	3.8	9	4.54	2	-0.193	17.5	II
6	Employees of this bank show sincere interest in solving customers problem	3.54	17.5	4.14	12	-0.156	13.5	III
7	Provides the right services at the right time	3.92	7	4.18	11	-0.068	5	IV
8	Maintain error free records	4.06	3	4.3	9	-0.063	4	II
9	Employees inform when services will be performed	3.68	13	4.08	15.5	-0.104	9	III
10	Employees offer prompt services to its customers	3.48	19	4.08	15.5	-0.156	13.5	III

continued.....

11	Employees always willing to help customers	3.66	14	4.4	6.5	-0.193	17.5	I
12	Employees readily respond to customers request	3.76	11.5	3.94	18	-0.047	3	III
13	The behavior of employees builds confidence in customers	4.02	4	4.4	6.5	-0.099	8	II
14	Customers feel safe and secure while doing transactions	4.18	1.5	4.7	1	-0.135	12	II
15	Employees are courteous at all times	3.82	8	4.48	3.5	-0.172	15.5	II
16	Employees have the knowledge to answer customers queries	3.56	16	4.36	8	-0.208	19	I
17	This bank has convenient operating hours	3.96	6	4.1	13.5	-0.036	2	IV
18	Employees of this bank give me individual attention	4	5	4.02	17	-0.005	1	IV
19	Employees of this bank understand my specific needs	4.18	1.5	4.48	3.5	-0.078	6.5	II

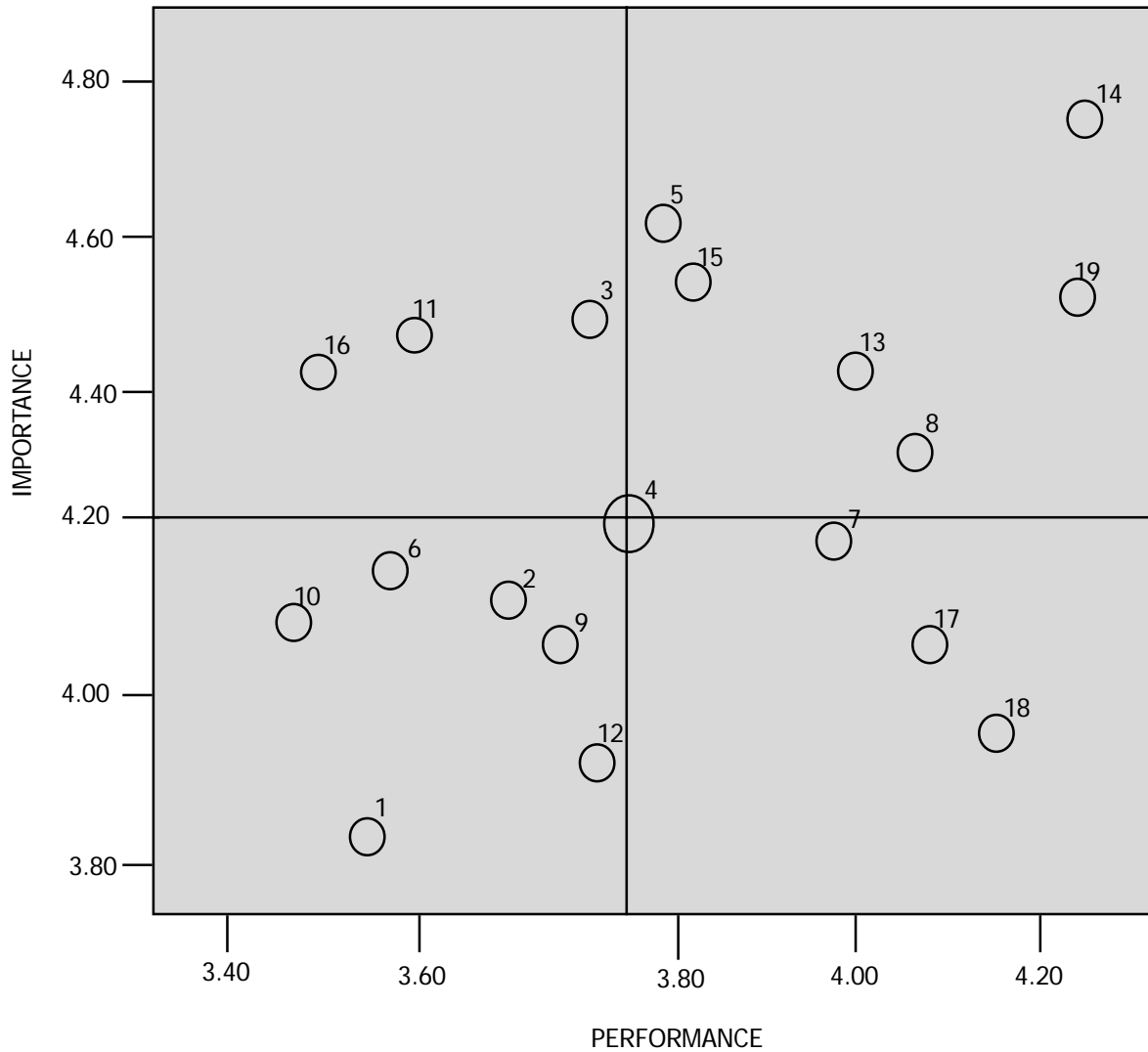
Table 3 represents the service quality attributes in which mean value of performance and importance has been calculated and ranked accordingly. Apart from this, improvement factor for each attribute has also been measured for which values turned out to be negative, which explains the variance between the levels of importance and performances. Also, improvement factor suggests upto what extent of improvement are needed to maximum satisfaction level as per the priorities of the customers. In the last, each attribute has been plotted in the IPA grid,

which is shown in the last column of quadrant in figure 2.

#### **Graphical Plotting of Service Quality Attributes on the IPA Grid**

The intersection of IPA grid is made available using the median level of importance and performance. Median values as a measure of central tendency are theoretically preferable to means because a true interval may not exist.

**Figure 2 : Importance Performance Indicators**



**Table 4 : Findings of IPA Grid**

QUADRANTS	IMPLICATIONS
Quadrant I <i>Concentrate Here</i>	Attributes related to employees such as willing to help customers, helps to solve customers' queries are plotted in this quadrant. Since these are important and there are scope for improvement, the bank should focus on these attributes on the priority basis in order to provide maximum satisfaction.

**Table 4 : Findings of IPA Grid**

QUADRANTS	IMPLICATIONS
Quadrant II <i>Keep up the good work</i>	Attributes like timely services, error free records, behavior of employees, security while doing transactions, courteous behavior of employees, understanding specific needs are plotted into this quadrant which indicates that this bank is able to maintain & delight their customers. These standards need to be maintained for the customer satisfaction
Quadrant III <i>Lower priority</i>	Attributes here are latest equipments, technology, physical appearances, employees' interest in solving customers' problems, timely information, prompt services, response to customer requests are falling in this quadrant. These attributes are important but least variation between performance and importance is observed. So less attention is required for these attributes.
Quadrant IV <i>Possible over kill</i>	Attributes like providing services at right time, convenient operating hours and individualized attention fall in this quadrant. Here, customers are very satisfied with the bank's performances, but all the continuous efforts in delivering these services attributes will be futile because customers are already appeased. Therefore present efforts on these attributes are exaggerated and strategy makers should focus on the attributes where the efforts are required like for the concentrate here quadrant.

The generated quadrants can be helpful to conclude valuable suggestions which may be useful in future for the bank.

**Conclusion**

This paper, on the basis of a new concept for measuring service quality with the application of IPA grid, studies service quality of Yes Bank in Agra region and finds improvement factors for better service delivery. We can conclude that these three methods, namely, Service quality, IPA framework and improvement factor used in the study are able to explain significant amount of service quality in the case studied. At the same time, by depicting level of improvement required for each attribute which is termed as improvement factor in the paper, this research is able to suggest areas of improvement for the bank.

**References**

Fowler. P. and N. Weerakit. (2013). Critical Issues Affecting the Service Quality in Water Base Tourism Operator: a Case Study of the Marine Leisure Tour Guide in Andaman cluster, Thailand, *Review of Management Innovation & Creativity*, Vol. 6 Issue 19,

Frauman, E and S. Bank ( 2011). Gateway community resident Perceptions of Tourism Development Incorporating Importance-Performance Analysis into a Limits of Acceptable Change framework, *Tourism Management*, Vol/32 Issue 1.

Kitcharoen, K. (2004). The importance-performance analysis of service quality in administrative departments of private universities in Thailand, *ABAC Journal*, Vol 24, Issue 3.



- 
- Martilla, J. A. and James, J. C. (1977). Importance Performance Analysis. *Journal of Marketing*, Vol 41.
- Parasuraman, A., Zeithaml, V. A. and Berry, L. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *Journal of Marketing*, Vol 49.
- Parasuraman, A., Zeithaml, V. A., Berry, L. L. (1988). SERVQUAL: A Multiple-item Scale for Measuring Consumer Perception of Service Quality. *Journal of Retailing*, Vol 64.
- Pike, S. (2004). The Use of Repertory Grid Analysis and Importance-Performance Analysis to Identify Determinant Attributes of Universities, *Journal of Marketing for Higher Education*, Vol 14, Issue 2.
- Sethna, B. (1982). Extensions and Testing of Importance-Performance Analysis, *Business Economics*, Vol 17, Issue 4.
- Silva, Fatima, and Paula Fernand. (2010). Using Importance Performance Analysis in Evaluating Institutions of Higher Education: A case study, *International Conference on Education and Management Technology*, 978-1-4244-8617-5/10/ \$26.00 © 2010 IEEE
- Silva, F. and Fernandes, O. (2011). Importance-Performance Analysis As A Tool In Evaluating Higher Education Service Quality: The Empirical Results Of Estig (IPB), *Creating Global Competitive Economies: A 360-Degree Approach*, Vol 1-4.
- Tzeng G.H. & Chang H. F. (2011). Applying Importance Performance Analysis as a Service Quality Measure in Food Service Industry, *Journal of Technology, Management & Innovation*, Vol 6, Issue 3.
- Wong, M.S., C. Fearon, and G. Philip, (2009). Evaluating E-government in Malaysia: An importance-performance Grid analysis (IPA) of citizens and service providers, *International Journal of Electronic Business*, vol. 7, no. 2.