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Service Quality in Business Advisory Services :
The Case of the Public Relations Industry in Scotland

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Abstract

The thesis concerns quality of service in the context of business advisory services. The economic rationale for improving any quality standard is based on the theory that by creating customer satisfaction and a perception of service quality, an organisation can retain its existing customers and attract new business, thus improving market share. This argument is based on the assumption that by improving the quality of the service delivered to customers, product offerings can be differentiated in such a way as to improve customer value. This is a customer defined approach to quality and assumes that the provider has understood and responded to customer requirements. In order to achieve this it is necessary to understand the particular situational characteristics of this market and the criteria customers use to assess the service they receive.

In order to investigate service quality in business advisory services, the public relations industry in Scotland is considered as a specific case. Public relations is a business advisory service concerned with the management of image or reputation. However it is not a homogeneous product and is made up of a number of specific functions that equate to two main product variants.

Based on these product variants, the research identifies three main purchaser groups in Scotland. However, although outcome expectations are consistent across purchaser groups, there are different expectations of the process of delivering the service

according to the product variant purchased. The research concludes that when purchasers are buying a task level service their perceptions of quality are based upon tangible, measurable service features, whilst purchasers of a managerial product variant are concerned with process factors that lead to developing a relationship of trust. There are also a number of 'bottom-line' expectations, common across purchaser groups, which are essential to a perception of quality. Service quality, in the business advisory service context, is dependant on recognising what constitutes the core product and tailoring the process of delivery to satisfy purchaser expectations.

The implications of this research are that an understanding of context is essential when considering service quality, in order that customer expectations and provider delivery combine to achieve added value. Secondly, that product definitions are required in determining the expectations associated with performance quality; and thirdly, that customer segmentation based upon product variant is a viable proposition in business advisory services.

Acknowledgements

Table of Contents

Chapter 3 Service Quality

Chapter 4 Service Quality In Public Relations

Chapter 5 Methodology

Chapter 6 Results of Qualitative Research

Chapter 7 Results Of Quantitative Research

Index of Tables

Index of Figures

List of Appendices

CHAPTER 1

THE PRODUCT PERSPECTIVE

1.1 Introduction

The purpose of this thesis is to consider quality of service in the context of business advisory services, specifically public relations services. The economic rationale for improving any quality standard is based on the theory that by creating customer satisfaction and a perception of service quality, an organisation can retain its existing customers and attract new business thus sustaining market share. This argument is based on the assumption that by improving the quality of the service delivered to customers, product offerings can be differentiated in such a way as to improve customer value. This is a customer defined approach to quality and assumes that the provider has understood and responded to customer requirements. In order to achieve this it is necessary to understand the particular situational characteristics of this market and the criteria customers use to assess the service they receive.

As a starting point for the discussion this chapter examines the basis of competition in modern society and the ways in which firms compete for market share. Whilst the economic theory described is a general abstraction, it does not take account of the particular nature of the service product or the characteristics of services that affect the purchasers' perception of the purchase. In order to discuss the market for business

advisory services it is necessary to identify these characteristics and consider their effect on competition and product differentiation through quality.

1.2 The Theory of Market Competition

The starting point for any discussion about competition is the notion of exchange. Historically each individual would produce what was necessary for themselves, but as society developed individuals could no longer produce all that they required and they began to exchange products to increase the range of goods available to them. However, once individuals produce not for their own consumption but for consumption by others, there is a need for a method by which people can indicate their requirements and discriminate between the alternatives available.

Traditional economic theory in Western society is based on the model of the perfectly competitive market. The operation of the perfectly competitive market is characterised by the two groups of economic actors, producers and consumers; producers demand resources and supply goods, consumers supply labour and demand products (Lipsey 1992). Each market has a supply of a certain commodity and a demand for it; if the price of a commodity is higher than the value attached to it by those who want to purchase it, then a purchase will not take place. Similarly if the cost of supplying a commodity is greater than the value attached to its supply, then the commodity will not be available. The ability of markets to arrive at a position where these criteria are matched without external interference is the strength of

perfect competition, the market will arrive at equilibrium where the two forces of demand and supply are balanced.

This simple explanation of market forces was described by Adam Smith (1776) as the 'invisible hand' that guides resources to their best use by reflecting the preferences of consumers relative to the costs of production. The model is economically efficient, the resources are directed to the most beneficial means of production to satisfy the consumer, and socially efficient as consumers are sovereign. The market registers purchases in aggregate form and directs production by providing a profit motive for producers. The monetary value that they place on products depends on how urgently that good is desired relative to the other options available, their willingness to pay for the product and the supplies of the product available. The greater the supply of any particular product the lower its price, as any one unit will be of less importance to the consumer when the supply is great. Conversely, the smaller the supply of any particular commodity the higher consumers will value one unit of it. Thus the way in which customers spend their income establishes a price structure in the economy reflecting the comparative values of different goods and services. If the producer increases price to obtain extra profits above the prevailing market price, then consumers, possessed of perfect information, will switch their consumption to the products of other firms. If the overall price level were too high, then entrepreneurs would be obtaining more than normal profits that would attract more firms into the industry. Similarly if the price level is too low, all producers will not be able to earn sufficient profits and will leave production, therefore reducing supply and increasing price.

This theory of competition, which has a certain attractive simplicity, makes certain assumptions which, whilst acceptable in the context of economic modelling, do not reflect the real world. Most significantly it assumes that products within a category are homogeneous and cannot be differentiated other than by price and that perfect information is possessed by both consumers and producers. As a result there is assumed to be instantaneous market equilibrium. The perfect market absorbs all inputs and arrives at an equilibrium price by constantly matching demand and supply.

In reality products within a category are not homogeneous and are differentiated by a number of factors, only one of which is price. Consumers do not possess perfect information about the alternatives available and similarly producers do not have perfect knowledge about their competitors. Whilst the theory of the perfectly competitive market is a useful normative base from which to develop a discussion of competition, it is of more value to consider the shortcomings of the model in specific contexts.

The shortcomings of price as a competitive weapon are based on a recognition that purchasers do not perceive all competing products as being homogeneous. In fact consumers differentiate between products over a range of criteria associated with the ways in which they perceive the alternatives on offer. If price is not the only means of competition used by firms it is necessary to consider the alternative strategies available. This demands an understanding of the way in which buyers, as actors on

the economic stage, make purchase decisions. Whilst price is undoubtedly one variable there are others related to the way in which the exchange process operates.

1.2.2 The Exchange Process

A transaction involves two things of value being exchanged by two parties, based on the premise that each party believes that it is desirable to deal with the other (Kotler 1991). Both organisations and consumers enter into exchange to gain value, hence the exchange process is essentially an exchange of values. From the purchasers' perspective values fall into two broad categories, functional and non-functional. Most products have some clear functional value, the function of a soap powder is to clean clothes, the functional value of a car is transportation. These values relate to the basic needs of the purchaser and the basic ability of the product to provide the fundamental benefit required.

This is referred to by Holbrook (1985) as extrinsic value, a judgement that the object or event will bring about some end. However, added to this may be non-functional or emotive values, referred to by Holbrook as intrinsic, which value a product above its purely functional use. It is the reconciling of these two types of value that define the customers' preference. Rust and Oliver (1994) suggest that value is the trade off between what is received and what is sacrificed, which sums up the two dimensions of value, how customers arrive at preferences and how they assess cost.

1.2.2.1 Extrinsic and Intrinsic Value

Extrinsic value is linked to the economic idea of utility. When a product is consumed the benefit or satisfaction derived from it is referred to by economists as utility, literally meaning usefulness or the power to satisfy. This concept of utility is central to modern micro-economic theory (see for instance: Koutsoyiannis 1982). Utility is a subjective assessment of the individual's preferences, different people will, therefore, gain different amounts of utility from the same product. The purchaser is assumed to be attempting to maximise his satisfaction, or utility, for the lowest possible price. This may not be the actual lowest price, but the price that gives the individual the greatest utility. A purchaser may choose to purchase a more expensive product if he/she believes it will give more utility or satisfaction. This ratio between price and utility equates to the value a purchaser allocates to product alternatives. The implication is that if a purchaser perceives that a high quality product will increase satisfaction, by more than the difference in price for the nearest alternative, then they will choose that product. However, if they do not perceive that the higher quality product is worth the additional cost, they will not be prepared to bear the extra expense and choose a less expensive alternative. Extrinsic value is utilitarian, a practical assessment of the advantages of the product to the purchaser.

Intrinsic value is non-functional or emotive value that lifts a product above its purely functional use. These non-functional values may relate to life-style, social class or aspirations. For example, a consumer may purchase a particular make of car because it reflects a life-style to which he/she aspires. Levy (1959) was one of the first to recognise that in addition to the utilitarian aspects of exchange there is also a symbolic aspect, 'people buy things not only for what they can do, but also for what they mean.' This symbolic exchange refers to the mutual transfer of psychological, social or other intangible entities. An object, action or behaviour is understood to mean not only itself, but also some other ideas or feelings, for example, security, self

6

esteem or peer group identification that give some pleasure or hedonic value in the experience.

In effect what is purchased is a bundle of benefits that the consumer believes will maximise utility or satisfaction (Enis and Roering 1981). This demands a recognition of the objectives the purchaser has as a basis for exchange and an understanding of the terms in which the consumer assesses the value of product alternatives offered. In order to compete the supplier must examine the criteria that purchasers use to assess their satisfaction and tailor the product to meet these requirements. This model of competition is based on the customers' perception of the superiority of one product above another, that the purchaser will recognise features in the product that he/she values and will be prepared to choose, or pay more for, that product above its competitors. Product differentiation, or the way that one product is differentiated from another is, therefore, not only on price but on some perceived difference in the product that the purchaser recognises as being of extra utility, leading to satisfaction.

1.2.3 Product Differentiation

The economic rationale for product differentiation by producers is to gain market power by acquiring price setting discretion. Essentially product differentiation is the process of making products of the same basic description different in some respects, the implication being that by doing so it will increase customer utility and perceived value. Chamberlain (1950) defines the nature of product differentiation as:

"A general class of product is differentiated if any significant basis exists for distinguishing the goods or services of one seller from another. Such a basis may be real or fancied so long as it is of any importance whatever to buyers and leads to a preference for one variety over another ..."

(Chamberlain 1950: p35)

As Scherer (1980) and Morris (1980) point out, differentiation is a legitimate response to the consumers' demand for product choice. This implies that the purchaser perceives increased utility and satisfaction from the differentiation. Therefore, the rationale for differentiation as a competitive variable is that consumers do not perceive all products as homogeneous and gain increased utility or value from certain types of differentiation, according to how they assess the benefit. However, Stuyck (1983) suggests that differentiation may also be a source of confusion to purchasers. He highlights the fundamental issue for purchasers as deficient information regarding product attributes on which to base choice. The implication is that once purchasers perceive products as different they need to have some criteria on which to base choice, grounds for discrimination between the options available that they can use to assess value. The argument for quality as a competitive variable is that the purchaser perceives one offering as being of higher 'quality' than another, i.e., more likely to deliver satisfaction and value for the cost. The challenge is to understand how the purchaser assesses quality.

1.3 Quality

Over the past twenty years there has been an increasing interest in quality and the pursuit of 'quality', in both goods and services, in order to offer a consumer

8

orientated differentiation that will provide price setting discretion. Innumerable publications are available outlining methods and techniques of achieving, measuring. controlling and assuring quality (see for instance: Dale and Plunkett 1990; Crosby 1979; Juran 1981; Zeithaml, Parasuraman and Berry 1990; Peters and Waterman 1982). Baker (1994) suggests that quality has become the fashionable panacea, presented as the key element in competitive success and a major strategic variable in the battle for market share (see for instance: Leonard and Sasser 1982).

This preoccupation with quality can be traced throughout Western society; healthcare organisations now discuss patients' quality of life, human resource managers are concerned with the quality of employment and teachers with the quality of education. However, the meaning of the term remains elusive; Holbrook (1994) suggests that "issues regarding the meaning of 'quality' appear to pose formidable barriers to clear thinking". Indeed Prisig's (1974) famous novel about the quest for quality ends with the hero finally driven insane by his inability to find an answer.

Inherent in the present drive for 'quality' is the assumption that quality is 'a good thing', a benefit or goal to be achieved. When revising his model of stages of economic growth, Rostow (1971) proposed that the pursuit of quality is the 'pinnacle', the stage beyond the age of high mass consumption, which Baker (1994) suggests is on a par with self actualisation in the Maslow need hierarchy. This association of quality with excellence or goodness, is a specific, and relatively modern, definition. The Chambers English dictionary lists several meanings of the term quality, commencing with:

"that which makes it what it is, nature, kind, character, attribute..."

This definition of quality implies a much wider interpretation of the word, quality as a fundamental characteristic, rather than any implication of worth. For example, it was once common parlance to refer to groups of people as 'quality', this did not imply any personality traits, but that they were of a certain social class. Similarly in music quality refers to the timbre of the sound, the overtones present, as distinguished from loudness or pitch: in Shakespeare when Hamlet demands "Show us your quality" (Hamlet Act II Scene ii l. 409) it refers to the actor's profession, not how good he is, but what he does.

The evolution of language and the meaning of words has been discussed at length by linguistic philosophers. Wittgenstein (1953) said "the meaning of a word is its use in the language" (p.20), it is regarded by philosophers as a 'game', played according to certain rules of ordinary discourse (Fann 1969). Kenny (1973) suggested that

> "The way to understand the meaning of a word is to study it in the language - game to which it belongs ... In general, the meaning of a word is not an object for which it stands, but rather its use as a language."

> (Kenny 1973: p14)

Indeed Hartman (1967) argues that the refinement of language underlies all scientific progress. The general meaning of quality has apparently changed. The use of the word to mean 'distinguishing attribute' has been eroded by its adoption into managerial literature, to the extent that common usage now has clear overtones of worth: quality is assumed to mean excellence or some implication of superiority, not merely an attribute but a positive statement about the value of the item. Holbrook and Corfman (1985) found that consumers use the term 'quality' to imply a level of evaluative judgement. It is this sense of the term that is adopted in this thesis.

1.3.1 Definition of Quality in the Management Literature

The difficulty in clearly defining what is meant by quality can be traced throughout the management literature. Zeithaml (1988) calls it 'superiority', Juran (1988) refers to quality as 'fitness for the purpose...', Crosby (1979) defined it as 'conformance to requirements, not elegance' whilst the British Standards Institution define it in their Glossary of Terms (BS 4778) as:

> "the totality of features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs"

What all of these definitions have in common is some acknowledgement that the quality of a product in some way rates it against a standard, real or inferred. This standard may be defined by the producer, defined by the purchaser, either explicitly or implicitly, or set by other similar products with which it is compared. Garvin (1988) and Steenkamp (1989) point to some semantic confusion in the term which encompasses the metaphysical concept of innate excellence, the economic view of attribute quantity and product differentiation, a production management view of conformance and performance at an acceptable cost, and the consumer behaviour understanding of preference. Indeed Steenkamp (1989) suggests that it is the coexistence of these four approaches that is largely responsible for the confusion surrounding quality. Holbrook and Corfman (1985) blame the difficulty in arriving at an acceptable definition of quality on the tendency to define it in isolation, without placing it in context as a type of customer value. To this end Oliver (1993) suggests that quality encompasses the attribute set, in the correct weighting, from the standpoint of the observer. Quality is, therefore, the form of value purchasers receive in consumption events. The implication is that the quality of a product, either a good or a service, is associated with the value that the purchaser ascribes to the product

and is a discriminating element in the purchase decision, i.e., that when assessing product attributes the purchaser makes some form of assessment of the quality of the product and its subsequent value.

The key to understanding value is the way in which the customer assesses the relative value of product attributes. Holbrook (1994) defines value as an interactive, relativist preference experience. This view of value relates value to satisfaction, the preference of one way of satisfying a desire over another. He points out that these preferences are usually in accord with some set of standards, criteria or norms against which value judgements can be validated (see also Kahle and Timmer 1983; Baylis 1958). Added to this is an element of what Von Wright (1963) calls 'instrumental goodness', or fitness for the purpose, and an intrinsic value, pleasure or hedonic value in the experience. Quality is a combination of these elements, a response to an object or experience in terms of its extrinsic capacity as a means to an end, as well as the associated subjective, self orientated usage. Hence quality is a multidimensional variable where the dimensions of interest differ according to both the product category and the individual.

It is important to recognise that quality is not an augmentation, as Garvin (1983) points out, it is a fundamental part of the product, it describes the specific attributes or ingredients that make up the offering. This description of product quality as a competitive variable is dependant on an understanding of how purchasers make decisions about the relative merits of product attributes. Therefore, the first stage in understanding quality is to understand how the customer perceives the product.

1.4 Services

The subject area of this thesis is services, specifically business advisory services. Therefore, in order to discuss product attributes and customer perceptions in depth, the discussion will focus on services and the way in which the particular characteristics of services affect customer perceptions. First the discussion examines the case for services to be considered as a distinct area requiring special consideration. Secondly the distinguishing characteristics of services are explored and the problems that these characteristics cause for customers making purchase decisions. A number of ways of classifying services are outlined in an attempt to describe the range and depth of service products and the demands that these place on the purchaser and provider. Finally the discussion is narrowed to consider the characteristics of business services and specifically the nature of business advisory services.

1.4.1 The Nature of Services.

Like 'quality', discussions about 'services' also suffer from a problem in arriving at an acceptable definition. There is no single, universally acknowledged definition of the term, Gronroos (1990) lists a selection of eleven definitions of services dating from 1960 before, reluctantly, arriving at a particularly longwinded definition of his own. All the definitions of services he puts forward have their benefits and problems. Perhaps the most succinct is provided by Gummesson (1987), quoting an unidentified source:

"Services are something that can be bought and sold but which you cannot drop on your foot"

The problem in arriving at a satisfactory definition of a service is not merely a question of semantics, it points to a more fundamental problem in discussing services as a distinctive product category, as they are usually described in relations to goods. There is not even agreement whether the differences between goods and services are significant enough to justify the distinction. Chisnall (1995) argues that the traditional dichotomy between goods and services sectors in the economy is rather arbitrary and not entirely satisfactory. In fact as Smith (1972) points out, no criterion is likely to provide a clear cut distinction between the two sectors. Levitt (1972) states that there are no such things as service industries, only industries where the service components are greater or less than those in other industries. In order to focus the discussion Shostack (1977) describes a product continuum from tangible dominant goods to intangible dominant services (figure 1.1).

Figure 1.1
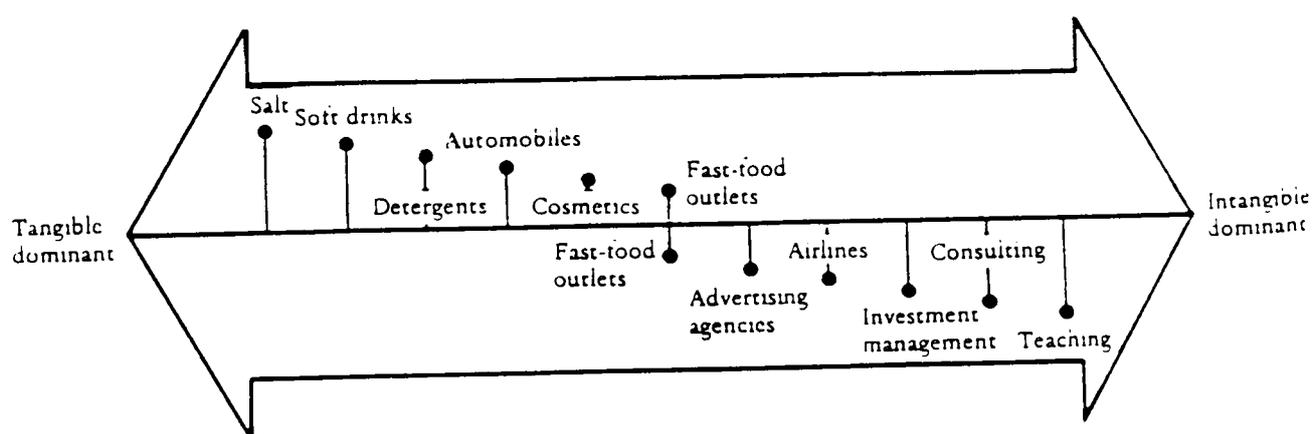
(Shostack L (1977) 'Breaking Free from Product Marketing' *Journal of Marketing* Vol 41, No 2: p. 75)

Kotler (1991) provides structure to the continuum by identifying four distinct categories of offering: purely tangible goods, tangible goods with accompanying services, a major service with accompanying goods and services and pure services. The distinction is between products where the core of what is being offered is a service and products that are dominantly physical goods. Wilson (1972) suggests that the classification should rest on the services relationship to tangible goods and describes three levels of services: services that make available a tangible, for example retail outlets; services providing added value or augmenting a tangible, for example after sales services and services that provide pure intangibles, for example, teaching. Whilst it is possible to argue with some of the examples that Wilson gives within each of his service categories, it is a useful way of considering the service end of the goods-service continuum. The distinction is between products where the core of what is being sold is a service and products where the core is a physical good, with service used as an augmentation for competitive advantage.

An alternative way of regarding this definition problem in service products is presented by Rust and Oliver (1994) who conceptualise all business transactions as services, which may or may not involve a physical product. This argument is based on the idea that all products deliver some form of service, for example, a washing machine washes clothes, the washing machine is bought to deliver the service of cleaning clothes, it has no intrinsic value as an object. Along with the physical product the buyer also receives the service delivery, i.e., the experience of buying the washing machine, the service environment (the shop in which it is bought) and the service product, which they define as the specifications of the offering, what is designed to be delivered. All products are made up of these elements, centred around the physical product, which is present in goods and absent in pure services. Whereas it is comparatively easy to assess the quality of a physical, tangible object, it is much

more difficult to assess the quality of a product that is lacking in these tangible aspects.

This difficulty in defining services has led academics to attempt to characterise and categorise services. Although descriptions of service characteristics have tended to concentrate on their 'differences' with physical goods, five characteristics of a service product have been identified which capture the essence of services.

1.4.2 Characteristics of Services

The five characteristics of services can be identified as intangibility, heterogeneity, inseparability, perishability and the concept of ownership (see for instance: Sasser et al. 1978; Lovelock 1981 Gronroos 1978). Intangibility is one of the most important characteristics of services, they do not have a physical dimension. Often services are described using tangible nouns but this obscures the fundamental nature of the service which remains intangible. Shostack (1987) for instance, points out that 'airline' means air transportation, 'hotel' means lodging rental. Berry (1980) describes a good as "an object, a device, a thing", in contrast to a service which is "a deed, a performance, an effort". He argues that, even although the performance of most services is supported by tangibles, the essence of what is purchased is a performance. therefore, as McLuhan (1964) points out, it is the process of delivering a service which comprises the product. The implication of this argument is that purchasers cannot see, touch, hear, taste or smell a service they can only experience the performance of it (Carman and Uhl 1973; Sasser et al. 1978). This makes the perception of a service highly subjective and an abstract concept.

The second characteristic of services is the inseparability of the production and consumption aspects of the transaction. The service is a performance, in real time, in which the purchaser co-operates with the provider (see Bell 1981). According to Thomas (1978) the degree of this involvement is dependent upon the extent to which the service is people based or equipment based. The inference of this distinction is that people based services tend to be less standardised than equipment based services or goods producing activities. Goods are produced, sold and then consumed, whereas services are sold and then produced and consumed simultaneously (Regan 1963; Cowell 1984). The inseparability of the role of service provider and purchaser also refers to the lack of standardisation, since the purchaser can alter both the way in which the service is delivered, as well as what is delivered, which have important implications for the process of evaluation.

The heterogeneity of services is also a function of human involvement in the delivery and consumption process. It refers to the fact that services are delivered by individuals and therefore each service encounter will be different by virtue of the participants or time of performance. As a consequence each purchaser is likely to receive a different service experience. The perishability of services describes the real time nature of the product. Unlike goods, services can not be stored and the absence of the ability to build and maintain stock of the product means that fluctuations in demand can not be accommodated in the same way as goods i.e.,, in periods of excess demand more product cannot be utilised. For the purchaser of services the time at which the he/she chooses to use the service may be critical to its performance and therefore to the consumer's experience. Kelley, Donnelly and Skinner (1990) make the observation that consumption is inextricably linked to the presence of other customers and their presence can influence the service outcome.

To the above characteristics of services, Judd (1964); Wyckham et al. (1975) and Kotler (1986) have identified the concept of ownership as a distinguishing feature of

services. With the sale of a good the purchaser generally obtains ownership of it. By contrast in the case of a service, the purchaser only has temporary access to or use of it: what is owned is the benefit of the service, not the service itself, e.g., in terms of a holiday the purchaser has the benefit of the flight, hotel and beach but does not own them. The absence of ownership stresses the finite nature of services for purchasers, there is no enduring involvement in the product, only in the benefit.

These characteristics of services are an attempt to understand a complex phenomenon and as such are very broad. As Wright (1995) points out, it is obvious from discussing the characteristics of services that there is significant variance between different services and if service managers are to respond to them effectively then some form of classification or categorisation is necessary. Hunt (1976) suggests several criteria for determining the strength of a classification approach, including the mutual exclusiveness of the categories and their collective exhaustiveness. On this basis most classification schemes for services are hard to defend. However, no categorisation is ever perfect, the purpose of service classification is to assist in understanding the service product, akin to Steiners's (1979) 'contingency approach' to theory building.

In tracking the advance of the discipline of services marketing, Fisk et al. (1993) identify an evolutionary process whereby services emerged from general marketing theory, to be regarded as a separate phenomenon within which specific topics have received particular attention. The implicit assumption in this research is that services can be considered as a product class and that issues such as service quality, service encounters, service design and employee and customer satisfaction can be considered in general terms as being applicable to all or most service contexts. However, whilst the general principles are likely to be the same, inevitably for service quality to be of value in the management of competition amongst service providers, a more context specific approach must be adopted. Gronroos (1979) suggests that the most pragmatic

way to understand services is to categorise services according to type of customer, i.e.,, individuals or organisations and type of service, i.e., professional or other type of service. The implication of this type of classification is that it is dependant on whom the customer of the service is and what their requirements are and as such it is particularly relevant in discussions regarding quality.

1.4.3 Industrial Service Products

Gronroos (1991) points out that there is an assumption in most service management literature that the customer is an individual consumer. In fact in many instances the customer is likely to be part of a group, and the effect of group and especially organisational purchase is an important factor.

Consumers are defined as individuals, operating within their households, who intend to consume or benefit from the purchased products and who do not buy products for the main purpose of making a profit. Organisational or industrial purchasers consist of individuals or groups, who purchase a specific product for one of three reasons: resale, direct use in producing other products or use generally in daily operations. The two markets are not mutually exclusive, comparison of the way that purchase decisions are made by individuals, groups such as families, and organisations, have been discussed by a number of authors (see for instance: Webster and Wind 1972; Wind 1978; Sheth 1974; Zaltman and Wallendorf 1979). Fern and Brown (1984) argue that the dichotomy in academic literature between industrial and consumer markets is not sufficiently justified and suggest that the similarities between the two

markets are more important than their differences. However, a number of distinctive characteristics can be identified in the industrial context that have an effect on the purchase: market size, the nature of demand and the nature of the relationship between purchaser and provider. Each requires consideration in the case of services.

1.4.3.1 Market Size

It has been suggested that the most important distinguishing feature of the organisational market is the size and number of buyers involved: for most industrial products there will be few large buyers with considerable influence (Kotler 1986; McCarthy 1978). The resources available to an industrial buyer are perceived to create a dependence relationship between buyers and sellers that is not present in consumer markets and as a result buyers are able to influence the product in a much more direct manner. This relationship, described by Hakansson and Wootz (1979) as symmetrical, is based on the notion that every buyer and seller is individually identified by the opposite partner and interaction between them takes place that is not possible in most consumer markets. Kotler (1991) suggests that because of the size of industrial purchasing and the value of most industrial purchases it is likely that buyers will purchase directly from primary sources rather than through middle men.

In service markets this distinction is not so important. Services are delivered by individuals, are inseparable from the people involved and require purchaser and provider to co-operate in some way in the service delivery. Whereas the size and nature of services in this market may mean that the purchaser buys from a contractor who employs service providers rather than from individuals, this is not necessarily or

exclusively the case. Similarly a business may purchase maintenance services from a large contractor rather than an individual because of the size of the work involved. However, the service providers themselves may also carryout work for consumers.

1.4.3.2 The Nature of Demand

The demand for industrial products is ultimately derived from consumer demand (see Kotler 1986; Stanton 1981; Hutt and Speh 1992). However, the stages in the manufacturing process may result in patterns of demand that reflect the interdependency of industries. A reduction of demand in a consumer market will affect not only the direct suppliers of that product but also the suppliers of raw materials. Industrial suppliers are, therefore, not only concerned with their customers, but must consider the environment in which their customers operate. This can be demonstrated to be applicable in the services context, although not necessarily in the same direction, for example in times of recession there may be an increased demand for insolvency or redundancy services

According to Stanton (1981) and Kotler (1991) another feature of organisational markets is wide fluctuations in demand compared to consumer markets. This is referred to as the acceleration principle and indicates that a small rise in demand in a consumer market can result in a much larger rise in demand for, for instance, plant and equipment. Conversely a relatively small fall in the consumer market can result in a collapse of an industrial market. This volatility in the market is affected by environmental issues such as government policy, interest rates or changes in legislation that can alter the market in which competition takes place (Hutt and Speh 1992). For example, Chisnall (1995) refers to the 'cataclysmic' effect of the 1970 oil crisis on industrial markets to illustrate the impact of international events on market trends.

21

1.4.3.3 Purchaser - Provider Relationships

The final feature of business to business markets is the nature of the relationship between purchaser and provider. This is dependent on the way in which the two parties to the transaction view their relative power within the relationship. The purchasing strength of the buying organisation and the monetary value of the work involved implies that in many cases the organisational purchaser is able to demand a more responsive and flexible service than most individuals could from a similar service. By the very nature of services the potential for customising the product is a major factor in their delivery; although the outcome may be standard there is considerable potential for any service provider in customising the process according to customer needs. This may result in cleaning or maintenance being carried out at night for instance or the service delivery being tailored to the purchasers' requirements. The value to the purchaser of this type of service is that they are likely to specify a degree of customisation for example, not only the service required but the time and method of delivery.

The combined effect of these characteristics is that industrial purchasers of services are likely to have much more control over the delivery of the service and the specification of the product than is usually the case in consumer markets. However, the nature of the service purchase that relies to a much greater extent on the individual interaction between purchaser and supplier suggests that the difference between industrial and consumer purchasers of services is not as distinct as in the market for tangible goods.

1.4.4 The Industrial Service Product

The second dimension in the Gronroos (1979) categorisation scheme is the nature of the service product, i.e.,, professional or 'other'. The business service product is designed to provide a service to an organisation that is separate from the production function. For the purposes of this discussion it will be assumed that these are people based services rather than equipment based services - a telephone provides the same service to an individual and an organisation, although the actual physical equipment may be different.

In an attempt to characterise the business service product Wilson (1972) defines three categories of business services, (described as 'producer' services i.e., used by businesses as distinct from consumers), classified according to the function they serve:

i   equipment services, i.e.,, all those services associated with the installation, maintenance and repair of plant accessories and operating equipment, tools instruments, furnishings and fittings.

ii   facilitating services, i.e., all services offered to facilitate the productive operations of organisations including the provision of finance, storage, transport, promotion and insurance.

iii   advisory and consultative services, i.e., all services providing general or specific technical expertise and intelligence, including advice on the use and acquisition of resources, research, education, organisation and marketing.

(Wilson 1972: p 12)

Wilson's definition of these as producer services (see also Gummesson 1978) appears to disregard the fact that consumers also require certain of these services. As was pointed out above, in many instances the products purchased in business markets are similar to those in consumer markets (Fern and Brown 1984) and this can be demonstrated in services, for example individuals may purchase legal advice, window cleaning or maintenance. The distinction is based on the fact that in business markets these services are designed to meet corporate or organisational objectives and goals, rather than individual needs, therefore the nature of the relationship between purchaser and provider is rather more complex.

1.4.4.1 Professional Services

There is a tendency within the academic literature to refer to certain types of business service as 'professional' services. These services fall into the third category in Wilson's (1972) categorisation and are designed to provide an advisory by the application of technical expertise. The Oxford English Dictionary defines a profession as

> "... a vocation or calling, especially one that involves some branch of advanced learning"

Mills et al. (1983) suggest that the definitions of profession focus on the symbolic status of the personnel involved. Whilst professions are traditionally seen as being guarded by a formal body or institution and governed by a code of ethics,

membership of such associations is not compulsory for many advisory services.

Yorke (1990) (quoting Gardener 1986) suggests five criteria by which professional

services can be distinguished:

a)   advisory and focus on problem solving

b)   provided by a person known for a specific skill

c)   centred on an assignment requested by the client, (either on a voluntary
      basis or as required by statute)

d)   provided by a professional who is independent

e)   supervised by an association which attempts to lay down requirements of
      competence and to enforce a code of ethics.

It is possible to argue with certain of these criteria: it is no longer necessary that the

person is independent of the organisation for whom they provide services to be

considered a professional. For example, many large organisations now employ

lawyers rather than use independent law firms, this does not devalue the professional

status of the lawyer. It would appear that the key to professional status rests on two

issues, that the service is provided by a person known for a specific skill and that the

providers are supervised by an association. The two are linked in that for most

professional associations the key to entry is rigorous educational qualifications,

supervised by the association.

The supervisory role of the professional association is based on the assumption that

membership is an indication of certain standards or competence, ethical business

practice or quality. As such it acts as an informational cue, indicating that the member has reached, or will adhere to, the codes of the profession and as such will provide a certain level or type of service. The success of professional organisations in controlling and guaranteeing the services provided by their members is discussed in more detail below. However, in terms of the classification of business services the important aspect is whether membership of a professional organisation is sufficient or necessary qualification to be termed a 'professional'.

Wilson (1972) suggests that it is not necessary to belong to a professional body to be a professional, he argues that the important factor is that the skills provided belong to a recognised body of knowledge. What the purchaser receives therefore, is the benefit of the knowledge and experience of the service provider. The use of the term 'professional' like 'expert' has changed in recent years. Gummesson (1978) suggests that the terms 'professional' and 'consultant' are used as synonymous in the marketing literature and adopts a basic five category classification of professional services based on the work of McDonald and Stromberger (1969) and Bennion (1969): accounting auditing and bookkeeping; advertising agencies; business and management consultants; engineering and architectural services, and finally, legal services. Gummesson's (1978) argument is that it is the specific features of the services that identify them, i.e., that the professional is in the market under a specific name that implies a certain service. In the context of business advisory services what is important is that the supplier of the service is skilled in some way and provides an advisory service to the organisation in order to offer solutions to particular management problems.

It will be assumed, therefore, that the terms 'professional' and 'advisory' can be used to describe similar services and that it is more important to consider the way that the

purchase of the service is regarded by clients. This demands a closer examination of the context of the purchase and how purchasers and service providers relate to each other in this situation. However, before embarking on a context specific discussion about quality in a business advisory service, it is necessary to discuss two aspects of the service product which have a particular impact on the management of quality: the relationship between service outcomes and the process of delivering these outcomes, and secondly, the effect of personal interaction in the delivery of services.

1.4.5 Process and Outcome

The first, and most crucial, consideration is the difference between the two aspects of the service product, process and outcome. Kingman-Brundage (1995) suggests that part of the difficulty in operationalising the distinctive characteristics of services is due to the fact that our ideas about the nature of production are rooted in an industrial logic, which is itself grounded in the division of labour and the assembly line. In fact the production of a service is conceptualised as a 'whole', the integration of a number of interrelated aspects towards a common goal, which form the 'product'. However, in order to understand the service product it is necessary to dissect these interrelated aspects and consider what the service is designed to achieve and how it is achieved as separate.

The relationship between process and outcome two components in the service has been discussed by a number of authors. This relationship has been variously referred to as core-peripheral, technical-functional, intrinsic-extrinsic, motivation-hygiene, rational-trigger, instrumental-expressive and what-how (see Gronroos 1990; Parasuraman, Zeithaml and Berry 1985; Zeithaml 1988; Lawson 1986; White and Johnson 1992; Swam and Comb 1976; Swartz and Brown 1989). The word pairs are not exactly interchangeable, but there are strong conceptual parallels. Outcomes

relate to the objectives of the service, what is expected to be achieved. Gronroos (1991) calls this the technical quality dimension, 'what' is received. Zeithaml, Parasuraman and Berry (1991) identify this dimension as the reliability of the delivered service or outcome.

The process element of the service relates to how the service is delivered, what Gronroos (1991) calls the "functional aspect" and what Swan and Comb (1976) refer to as "expressive performance". These process elements of the service experience comprise the peripheral tangible parts of the service, the facilitating goods that enable the service to be performed, the relationship aspects, (for example, the willingness to help, the knowledge and courtesy of staff and the individualised attention to customers). These have been described by Zeithaml, Parasuraman and Berry (1990) as:

responsiveness:	willingness to help
competence:	possession of the required skill to do the job
courtesy:	politeness, respect, consideration and friendliness of contact personnel
tangibles:	appearance of facilities, personnel and communication facilities
credibility:	trustworthiness, believability, honesty of the provider
security:	freedom from danger, risk or doubt
access:	approachability, ease of contact
communication:	keeping customers informed and listening
understanding:	making the effort to know customers and their needs.

Added to the reliability of 'what' was delivered, these form the ten dimensions of service quality, which they later refined to five principal dimensions: reliability, assurance, tangibles, empathy and responsiveness (RATER). Zeithaml, Parasuraman and Berry (1990) suggest that whilst the reliability of the outcome is the core of the service product, and therefore fundamental, it is in the process dimensions which lead to a perception of quality in the minds of purchasers. There are obvious conceptual parallels here with the quality of fact/quality of perception - intrinsic/extrinsic value - objective/subjective quality debate. However, this is complicated in services by the difficulties in measuring or evaluating the outcome.

In many cases the outcome of the service may be specific and tangible, for example the outcome of an accountancy audit is audited accounts. In other services the outcome may be more difficult to define, management consultants may deliver a report, but the key outcome may be the advice given which is abstract and conceptual. In terms of competition it is frequently more difficult for a supplier to differentiate the outcome, for example an accounting audit must achieve certain criteria, the outcome, audited accounts are not easily differentiated. The purchaser requires reliability of the outcome, differentiation takes place at the process dimension, how the accounts are audited.

For purchasers of certain services this outcome dimension is difficult to evaluate, even after the service has been delivered. It is possible for the purchaser to know that the service has been delivered, but difficult to assess whether it has been delivered in the most effective way. The purchaser may not know whether the accounts were audited in the most efficient or cost effective manner, in these circumstances the way the audit takes place, the process of auditing is used to assess the competence of the auditors, i.e., financial competence is implied from the manner in which the audit is conducted. For this reason the differentiation of the service on the grounds of process is crucial in service products. Whereas the reliability of the outcome is essential, the

service supplier must deliver the core service, much of the competition in service industries takes place at the process level.

This process/outcome division is a very simplistic model of service products which, as Gronroos (1990) points out, is probably not apparent in the mind of the customer. What is purchased is the package or bundle, including tangible and intangible elements, process and outcome features, that the customer perceives will lead to satisfaction. This leads to the second crucial consideration in discussing services as distinct from goods, the role of purchaser and provider in the production. The assumption in most services is that the delivery of the service will involve the customer and the service provider interacting in some way and certainly the basis of most business services remains rooted in an interaction between purchaser and provider, which involves both parties in the service specification. Although the service may be carried out at a physical distance, the basis of the service relies on some degree of personal co-operation. These dyadic interactions are referred to by Surprenant and Solomon (1987) as 'encounters'.

1.4.6 Service Encounters

The importance of service encounters or interactions in understanding services can not be underestimated. Numerous studies of service satisfaction and quality have shown that the human interaction component in services has a major impact on customer perceptions of the service (see for instance: Crosby and Stephens 1987; Day and Bodur 1978; Brown and Swartz 1989; Bitner 1990; Bitner et al. 1990). Chase (1978) argues that services can be arrayed along a continuum from high contact to low contact according to the extent of interaction with personnel, as customer contact increases, so the difficulties in managing the service interaction

increase. However, contact in this context does not necessarily mean that the two parties need to meet, it may take place over the telephone or via some form of electronic communication. Each episode of contact is described as a 'moment of truth', in which the purchaser has the opportunity to form an impression of the service supplier (Normann 1984; Calzon 1987; Gummesson 1987; Albrecht and Zemke 1990; George 1990; Gronroos 1988 and 1990; Mayo 1990). Lovelock (1995) suggests that the 'people factor' in services is a complication, as the customer will be evaluating the quality of the employees' appearance or social skills, as well as their technical ability, making service management and consistent service provision more complex. This not only makes the recruitment, training and management of personnel vital in services, but adds a further dimension to understanding quality in services, as it is a function of individual behaviours.

The dynamics of this interaction between provider and customer have been explored from a number of perspectives including the role and responsibility of both the purchaser and the service employee, employee satisfaction and empowerment in the service delivery, the effect of surroundings and other customers (see for instance: Czepiel et al. 1982; Lovelock and Young 1979; Solomon et al. 1985; Bitner et al. 1990). These studies have concluded that the customer - provider interaction is composed of a set of learned behaviours, governed by a number of aspects of the service situation, based on an expectation of appropriate behaviour. Hence the customer's expectations of how a solicitor will behave are different from those of a window cleaner and the evaluation of service quality in the encounter will also be different.

Solomon et al. (1985) suggest that as customers we possess cognitive scripts for a variety of service encounters, which are constantly being revised and updated through experience. The effect of these expectations in the delivery of service quality is discussed in chapter 3. However, in understanding customers' perceptions of the

service product this interactive element is crucial. Czepiel et al. (1985) suggest that encounters are goal - orientated human interactions and generally feature the exchange of task related information, or what Kingman-Brundage (1995) calls technical issues. However, the basis of this exchange between individuals, and as such the individuals involved define the success of the encounter. Much of the research into service encounters by authors such as Normann (1991); Carlzon (1987) and Bitner (1990) has been based on industries such as airlines, where the customer contact personnel are relatively low level within the organisation. However, in the context of business advisory services the purchaser has more contact with a much higher level of employee. Although much of the day to day work may be carried out by junior staff, the purchaser expects to receive advice from a senior member of the consultancy. The expectations of the purchaser about the service encounter will be in part based on how he/she views their relative position in the relationship.

This idea of appropriate behaviour in particular circumstances has received much attention from role theorists (see for example: Biddle 1979) and is based on the assumption that we all adopt roles according to the situation. Solomon et al. (1985) use role theory to explore how parties learn to act and behave in service encounters, they suggest that satisfaction in services is a function of role clarity and role congruence, i.e., the extent to which the parties understand the nature of the role expectations and the degree of agreement between them as to the role to be played. These roles are based on the expectations of the parties as to 'appropriate behaviour' that has clear implications for perceived service quality (see also Czepiel 1990).

The problem for service providers is that these expectations of the respective roles to be played are not easily identified. Biddle (1979) identifies three types of expectations about how people will behave, overt (expressed as enunciations), covert

(held as convictions) and written (inscriptions). The typology is useful because, as Biddle points out:

> "Enunciations are a type of behaviour, and were they the only form of expectation ... we could handle them within the general compass of behaviourism. However, expectations need not be uttered overtly; our personal experience suggests that sometimes we hold an expectation but do not express it."

(Biddle 1979: p 84)

If we are to understand service quality, it is necessary to not only identify the overt and written expectations of the roles played by the purchaser and provider, but also to attempt to understand the covert expectations that affect the perception of the service.

1.5 Conclusions

This chapter has attempted to describe what is meant by quality in management literature and provided an economic rationale for delivering quality based on the differentiation of products based on customer defined value. By separating quality of 'fact' from quality of perception, it can be seen that it is the customers' perception of quality that is key, not the technical superiority of one product above another.

The characteristics of services and the wide diversity of the service products militate against generalisations. However, two dominant themes in discussing services are the relationship between process and outcome in quality assessment and the importance of the human interaction in the service delivery; both have an impact on

understanding service quality. The following chapter develops the theme of customer

defined value by discussing the purchaser of business advisory services and the way

that purchasers make choices in this market.

CHAPTER 2

THE PURCHASERS' PERSPECTIVE

2.1 Introduction

The previous chapter concluded that quality in services is a customer defined concept, reliant on how the customer perceives the value of the product offering and examined some of the effects of the characteristics of service products on this perception of quality. This chapter develops this argument by considering the customers' perspective, specifically the customer of business advisory services, and the effect of the way that the product is purchased and consumed on the perception of quality. The objective of the chapter is to place quality within the organisational buying framework and to examine the role of quality in the purchase decision.

First, the established models of organisational buying behaviour are reviewed and their shortcomings in the context of business advisory services discussed. This discussion concludes that traditional industrial buying behaviour theory does not assist in developing an understanding of the buying of business services. An alternative approach put forward by the Industrial Marketing and Purchasing group, with its emphasis on buyer supplier relationships, would appear to have more relevance in this context. The purchase of advisory services is examined in the light of three particular 'uncertainties' in the market for business advisory services which

affect the purchase decision. Finally, the discussion considers two ways that providers of services can respond to these uncertainties, increased information about the service, and/or the provider, and the establishment of long term relationships.

2.2 Understanding Business Buying Behaviour

The key to success in any market is an understanding of customer buying behaviour. Bunn (1993) suggests that this is especially difficult to achieve in business to business markets because the organisational buying process is dynamic and complicated. However, numerous attempts have been made to explain how, businesses make purchase decisions, the main points of which are briefly summarised below.

2.2.1 Decision Process Models

One of the first models of organisational buying was provided by Webster (1965) who proposed four key areas in the purchase process: problem recognition; assignment of buyer responsibility; the search process; and the choice process. This model recognises that there is a difference between an organisation's goals and its performance that can be remedied by a purchase. The basis of Webster's argument is that both goal setting and problem recognition are influenced by personal and impersonal factors that must be identified and analysed.

2.2.1.1 BUYGRID

In 1967 Robinson et al. proposed that organisational buying is a process comprising eight sequential steps or buy phases and three buy classes: new buy; modified rebuy; and straight rebuy. The 'buygrid' therefore has two dimensions, the stage of the decision and the nature of the decision (figure 2.1).

Figure 2.1

	BUYING SITUATIONS		
BUYING STAGES	New Task	Modified Rebuy	Straight Rebuy
Anticipation or recognition of a need			
Determination of characteristics and quantity of item			
Description of characteristics and quantity			
Search for and qualification of potential sources			
Acquisition and analysis of proposals			
Evaluation of proposals			
Selection of order routine			
Performance feedback and evaluation			

The basis of this model is that purchase decisions vary according to both the stage of the decision (the buyphase) and the nature of the decision (buyclass). The chief limitation of this model is that it does not take account of the influence of social, psychological and cultural factors that affect the decision making process.

2.2.2 Behavioural Models

The shortcomings of this model led Webster and Wind (1972) to describe the factors that impinge on the organisational buying decision as individual, social, organisational and environmental, which can be categorised into task variables and non task variables. Task variables are directly related to the specific buying problem, based on the desire for rational or optimal outcomes; these include lowest price, lowest total cost and constrained choice rational economics. Non task variables reflect the personal influences of the purchaser, for example, desire for ego enhancement, desire to avoid risk, relationships between buyer and seller. At the heart of this model is the buying centre, which includes all members of the organisation involved in the process.

2.2.2.1 Buying Centres

A major characteristic of organisational buying is that it is a group process; it is comparatively rare that an individual will have sole responsibility for all decisions in the buying process (Turnbull 1987). This group is described as a decision making

unit or buying centre. A number of studies have attempted to identify the size and composition of the typical buying centre. Buckner (1967) concluded that buying is essentially a team effort involving groups of specialists, each with a delegated task. Alexander et al. (1961) found that in 75% of the firms they interviewed three or more people were involved in the buying process, whilst a study by Anyon (1963) found an average of six people involved. Hill and Hillier (1977) suggest that in situations where expensive products are being purchased for the first time, as many as forty people may become involved at some stage in the decision making process. Shankleman (1970) found that, in his study, the input of the managing director to the purchase of capital equipment was solely in terms of money, the actual item to be purchased was chosen by operational staff. This has been demonstrated to be dependant on the type and complexity of the product and the amount of money involved. However, the size of the organisation and the relative importance of the individual purchase make such generalisations meaningless. The important factor in understanding the industrial buying process is not the number of people involved but the way that these people arrive at the purchase decision, where their area of influence lies and what the factors that influence them are.

Webster and Wind (1972) found that the major roles in the buying process are users, influencers, deciders and gatekeepers. Turnbull (1987) expands this to include policy makers, purchasers and technologists, whilst Bonoma (1982) adds the role of initiator. These roles are not mutually exclusive, one person may play a number of different roles in the buying centre. However, in understanding the buying process it is important to appreciate that these influences are likely to be present.

The importance of the roles will vary according to the value of the purchase and the stage in the buying process and it may not be possible to identify who is playing each role. The key to identifying influentials is an understanding of the power of individuals within the organisation and placing the particular purchase within the organisation's priorities. Johnston and Bonoma (1981) in considering the working of buying centres identified five dimensions: vertical involvement (the number of organisational levels exerting influence); lateral involvement (the number of separate functions and departments involved); extensivity (the number of individuals involved); connectedness (the number of dyadic interactions within the participants); and centrality of the purchasing manager in the communication network.

Various authors have examined the buying centre in terms of the level of participants within the organisation. For example, Dawes et al. (1992) found that, when purchasing services, the greater the perceived decision complexity the greater the vertical and lateral involvement in the buying decision. Similarly McCabe (1987) found that as complexity, amount of investment and level of uncertainty increased, the buying centre became centralised at higher levels of the organisation with the key influencer amongst senior management. The implication of this is that in the purchase of business advisory services, the buying centre is likely to comprise senior members of the organisation and that the presence of an in house expert is likely to affect the influence of the various members of the group (see for instance: Lynn 1987 on the influence of finance officers in the purchase of accountancy firms). There is evidence that a basic logic underlies the decision making and that buyers adopted patterns of decision making according to the situation.

2.2.2.2 Sheth Model

Based on the design and methodology of the Howard -Sheth consumer buying model,

Sheth (1974) proposes a behavioural model of organisational buying based on four

broad categories of variables, the psychological world of the decision makers,

product and company variables, structure and methods for problem solving and

situational factors. The Sheth model suggests that the decision makers' expectations

of the product will vary according to their information sources, actual search, roles,

education, lifestyle, past experience and knowledge of the specific product. These

expectations are modified by product specific factors such as time pressure,

perceived risk and type of purchase and the organisational orientation, organisational

size and the buying process itself. The final variable in this model is the way in

which the different participants in the buying process resolve conflict; problem

solving and persuasion benefit the eventual decision, whilst bargaining and

politicking are seen as non rational and, therefore, inefficient.

Criticisms have been made of all of these managerial approaches to the

understanding of industrial buying, mostly based on the fact that they did not explain

the experience of researchers. Ford (1990) suggests that this may be due to the fact

that the traditional approach to marketing was developed in a consumer context and

in the transfer to industrial contexts a number of important factors were neglected.

These factors included the fact that in industrial markets the picture of a supplier

assembling a mix of variables for delivery to a passive customer, who may or may

not respond to the offering, is inaccurate. The effect of this traditional approach has

been a concentration on the processes within the buying firm, a pre-occupation with

identifying factors, both individual and organisational, which impinge on the decision process. This analysis has concentrated on discrete purchases, single transactions that may be rebuy situations, but remain individual transactions. In reality buyers and sellers are both active participants in the specification of the product and tend to develop long term relationships with their suppliers. Hakansson (1982) points out that these links frequently become institutionalised into a set of roles played by participants on both sides of the transaction, which may become formalised and influence the purchase process.

2.2.3 Interaction Model

None of the models of industrial purchasing specifically consider the purchase of business services. In fact, as de Burca (1995) points out, the area of purchasing business services is underdeveloped in the traditional marketing concept. However, a number of the characteristics of services suggest that the so - called managerial approach to purchasing by organisations may be inappropriate and that a broader perspective may necessary. Such a perspective is provided by the International (or Industrial according to the context) Marketing and Purchasing Group (IMP) interaction approach (Ford 1980; Turnbull and Cunningham 1981; Hakansson 1982). This model is built on four basic premises:

1. Buyers and sellers are seen as active participants in the transaction. The buyer is not a passive party to the transaction but will influence the nature of the product.

2. The relationship between buyer and seller is often long term involving a complex pattern of interaction between and within each company.

3. The links between buyer and seller frequently become institutionalised into a set of roles that each party expects the other to perform.

4. Because of the complex nature of relationships the buyers and sellers may become more concerned with supporting and maintaining relationships than actually buying and selling.

The model describes the interaction process, the participants in the interaction process, the environment within which the process takes place and the atmosphere affecting and affected by the interaction; each of these elements is further sub-divided to describe the buying process.

The Interaction Process

The interaction process is governed by episodes within the relationship, involving exchange between the two parties. These episodes include the actual exchange of the good or service, the exchange of information, the exchange of money and social exchange. The aim of these episodes is to develop mutual trust and the building of long term relationships. In the purchase of services these episodes are particularly important as the nature of the service product implies that the successful exchange is reliant upon developing a relationship between purchaser and provider.

The Interacting Parties

The success of the interaction is dependent upon the characteristics of the two parties and the individuals representing them. The size and power of the two parties gives them basic positions from which to act, a large powerful company buying advisory services from a small company or employing an individual will exert a much greater influence. A further factor is the organisation's experience in purchasing this type of product or the tackling of the type of problems.

The Interaction Environment

The environment describes the wider context in which the purchase takes place and includes the market structure, the social system in which the exchange takes place including constraints on business regulations, etc. and the way in which the product fits into the organisational strategy.

The Atmosphere

The atmosphere is described as the power dependent relationships that exist between companies, the state of co-operation and the overall closeness of the relationship. The atmosphere is a product of the relationship and also a mediating variable in its development,

Figure 2.2
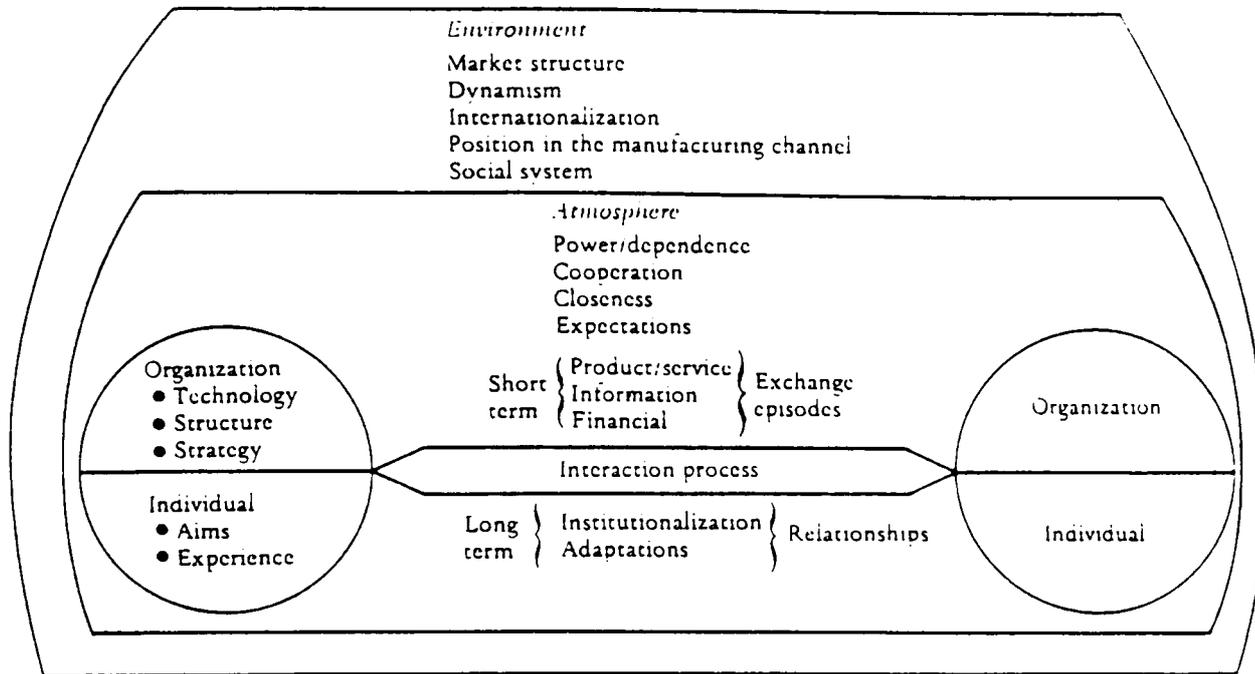
The Interaction Model

(Hakansson H (1982), 'An Interaction Approach' in *International Marketing and Purchasing of Goods* H. Hakansson (ed.) Wiley, Chichester: pp 10-27)

The initial focus of the IMP group was the dyadic buyer-seller relationship, which was later expanded to take account of the range of relationships that a firm is embedded in, including supplier's suppliers, competitors, middle men, etc. These relationships were conceptualised as networks of interacting dependant firms, recognising that organisations activities are not performed in isolation but within a web of business activities. The characteristics of a network are described by Cook and Emerson (1978) as "sets of connected exchange relationships between actors controlling business activities" that develop as a result of interactions. These develop

over time as parties learn how to interpret each other's actions (Hakansson and Johanson 1988). Hakansson and Johanson (1992) identify three key elements in the network/interaction model, namely actors, activities and resources. The most important dimension is the actors, as they perform the activities and use the resources, which makes this model particularly appropriate for discussing the purchase of services.

2.2.3.1 The Role of Individuals

Organisations are collections of people pursuing common goals, they do not exist as an entity that can hold perceptions or develop relationships, (see Huczynski and Buchanan 1991). The views of the 'organisation' are, therefore, more accurately the views of certain individuals within the organisation. Services are dependant on the interaction between individuals in the delivery of the product, the basic exchange is between individuals, which was described earlier as an encounter and which clearly can be characterised as an interaction.

The second theme that links services and the interaction approach is the nature of the service delivery. Business advisory services are rarely one-off transactions but take place over time; they are likely to involve a number of episodes, which may or may not involve personal contact between the individuals. This repeated interaction is a keystone for the development of relationships. Inevitably, once individuals have met the nature of the interaction between them changes - the basis for the relationship approach to industrial marketing is that these interaction episodes are a means of moving from uncertainty, to distance and then to commitment, allowing for

adaptation to each other's needs and requirements. The delivery of the service product is, by its very nature, reliant on the interaction between parties over time and there are numerous advantages for both parties in developing trust and commitment, related to both the nature of the product and its inherent uncertainties. Clearly the interaction approach takes account of the development of purchaser-provider relationships over time and is particularly appropriate for understanding the exchange relationship found in service products. However, the characteristics of services referred to in the previous chapter and the inherent uncertainties implicit in service markets require particular consideration.

Hakansson et al. (1976) identified three types of uncertainty in the purchase situation that affect the nature of the interaction: need uncertainty; market uncertainty; and transaction uncertainty. Each of these has clear relevance in this context and demand consideration prior to discussing the working of relationships in the purchase of advisory services.

2.3 Uncertainty or Risks in the Purchase of Advisory Services

Uncertainty in purchase decisions has received considerable attention since it was first proposed by Bauer in 1967. In terms of the definitions used, uncertainty in this context is more usually described as risk. Cunningham (1967) recognised that purchasers are not able to ascertain true probabilities of possible outcomes and therefore 'perceived risk' was in fact 'perceived uncertainty'. However, the

distinctions between the risk and uncertainty have become blurred in the management literature and the terms are now used interchangeably (Stone and Gronhaug 1993).

Perceived risk in this context is defined as any action that will:

> "produce consequences which cannot be anticipated with anything approaching certainty, ... some of which are likely to be unpleasant"

(Bauer 1967: p392)

Risk is, therefore, the likelihood of negative consequences of a purchase decision and is important only to the degree that it is perceived by the purchaser. Perceived risk has two dimensions, uncertainty concerning the outcome of the decision and the magnitude of the consequences of a wrong choice.

Unlike risk in other disciplines, for example, statistical theory, psychology or economics, where the concept is related to choice situations involving potentially positive and negative outcomes (see Weber and Bottom 1989), the focus of perceived risk in marketing is on potentially negative outcomes only. This represents a very specific framing of the risk issue (Bazerman 1986).

Seven dimensions of risk have been identified in the literature including performance, psychological, social, financial, time (see for instance Jacoby and Kaplan 1972; Roselius 1971; George et al. 1984). These components will be present

to a greater or lesser degree according to the particular purchase situation: overall perceived risk represents the aggregate of these components. It is accepted that in all purchase situations the purchaser is attempting to minimise this degree of perceived risk (see Bauer 1967).

The concept was first applied to the industrial context by Levitt (1969). He suggested that the perception of risk in any purchase situation will be dependent on a number of factors, including the buying situation, the type of product being purchased, organisational specific factors and the personality of the purchaser. Much of the research in this field has been carried out on consumers rather than industrial purchasers, with studies concentrating on criteria affecting personal perceptions of risk. These include the degree of anxiety and self confidence (Locander and Hermann 1979), social class (Hisrich et al. 1972) and even the possession of specific religious beliefs (Delener 1990). However, the concept of risk and the need to reduce the uncertainty of purchase decisions is equally applicable to the organisational context. It is likely that in this situation the effect of individual personality will be reduced by the operation of the buying centre, which involves a number of people taking responsibility for decision making. Although the theory of 'risky shift', which implies that groups make riskier decisions than individuals, has been discredited, (see for instance Mcguire et al. 1987), the principle of risk being dissipated throughout a group remains.

Perceived risk affects the purchase decision in as much as strategies to cope with risk and minimising its effects, both in the initial decision and subsequent purchases, is likely to be an important factor in determining purchase behaviour. In fact McCelland

(1985) observed that a great part of a business executive's time is concerned with the minimising of uncertainty.

There is considerable research to show that the purchase of services in general are perceived to involve more risk than goods (e.g., Eiglier and Langeard 1977; Zeithaml 1981; Brown and Fern 1981; Davis, Guiltinan and Jones 1979; Guseman 1981; Murray and Schlacter 1990). Service attributes can not be determined in advance, leading to a high degree of uncertainty. The cost of many services is not finally known until after consumption and there may be a risk of using, or being seen to use, a certain service or service provider or a loss of time or amenity associated with an unsatisfactory purchase. A service cannot be repaired, only repeated so an unsatisfactory service encounter cannot be returned, the loss is permanent. For example, the consequences of the wrong choice of legal advisor may be catastrophic.

2.3.1 Need Uncertainty

The idea of need in the purchase of business advisory services is complex and, to a certain extent, advice specific. It is clear that if an organisation is being sued, they need legal advice: there is not such a clear 'need' for management consultants. This concept of need is complicated by the fact that there may be a number of ways of addressing a problem and the choice of which type of advisor may not be clear. For example a company may not know whether they need the advice of management consultants or financial accountants. Mitchell (1994) suggests that the purchase of advisory services is likely to be viewed as a particularly high risk purchase, due in part to the nature of the task - and therefore the consequences of failure - and in part to the nature of the purchase decision. In many cases problem recognition does not

50

occur until the problem has reached a serious level and the high cost of advisory services may mean that organisations are reluctant to employ a consultant until all other possibilities have been tried, or the problem is very serious.

2.3.2 Market Uncertainty

Market uncertainty is a wider concept than simply the 'number of vendors' in a market but also includes seller concentration, product differentiation and substitutability (Porter 1981; Scherer 1980). If we assume that all organisations, regardless of size, may at some time require a specialist advisory service, and in some cases there is a statutory requirement for such a service, for example auditing, then this is an extremely large potential market. If the definition of advisory services is extended to include providers who do not belong to recognised professional bodies, then it is theoretically possible for the number of suppliers of 'professional advice' to be equally large. Service providers with a statutory function like lawyers or accountants, with legally enforceable barriers to entry, are regulated, but there are no such controls over the supply of management consultants or public relations consultants, for example. Therefore, there is potentially a very large set of possible service providers. Corey (1978) suggests that, in general, buyers will seek to expand the choice set when it is perceived to be limited, while conversely Zenz (1981) shows that they will seek to narrow the set when presented with a wide range of alternatives. The traditional response from providers to this situation, as outlined in the previous chapter, is to differentiate the product in some way, which may in fact increase market uncertainty.

A further factor that affects the size of the choice set is the possibility of geographical restrictions. In most cases the advisory service product requires some encounter between advisor and client, a form of personal communication that requires the two parties to meet or 'consult' in order for the problem to be diagnosed. For these reasons the choice set may be limited to a certain geographical area to reduce travel/time costs. Similarly, the local nature of some issues requiring specialist advice may limit the geographical area of the choice set; this is especially apparent in Scotland where differences in law or government practice may require that the choice set is limited.

In addition the service product itself may imply geographical restrictions, e.g., lobbying firms require access to Parliament, which may limit the choice to London based firms. As a result there are likely to be restrictions on the alternatives available according to the geographical location, which has implications for the way that the purchase is approached.

2.3.2.1 Differentiation in Advisory Services

The second aspect of market uncertainty, referred to above, is product differentiation. In the context of advisory services this a difficult concept as it depends on identifying the core service product, which is itself dependent on an understanding of what the purchaser is buying. If the required outcome is a solution to a problem, there may be a difference in the proposed solution between providers, but this is a difficult concept on which to base differentiation as it will depend on the

particular problem to be addressed and is event specific. Even if there is a clearly defined outcome objective, for example, audited accounts, the outcome is difficult to differentiate, the requirements are laid down and there is no scope for altering this core product. There are two responses to this challenge for service firms. Bloom (1984) suggests that the most effective approach is specialisation in particular market segments leading to differentiation by market sector rather than by product, for example, specialisation in a particular type of industry such as the construction sector. Alternatively the service provider can attempt to differentiate the service on the process factors, or how the service is delivered. This separates the outcome and process parts of the service and suggests that if it is not possible to differentiate the outcome, then the major competitive variable will be process.

2.3.2.2 Perceived Buyer Power

The final uncertainty characteristic that has an effect on market uncertainty is perceived buyer power, or the purchasers' perception of their negotiating strength, based on substitutability of the product or service. Porter (1981) suggests that the relative bargaining power is a key competitive force in the battle for market share. However, this 'power' is not necessarily an objective assessment of the purchase situation, but how the purchaser perceives the balance of the relationship (Cooley, Jackson and Ostrom 1977). This is a difficult concept to isolate in advisory services and there has been little research into how purchasers perceive their negotiating strength. There are indications that, in general, purchasers do not perceive themselves to be in a strong position when purchasing advisory services. For example, Mitchell

(1994) and Dale (1987) suggest that purchasers are reluctant to ask professionals about their qualifications, track records or references and an aura of mystery surrounds many professional services. Whilst this type of information is regarded as important, especially in the light of the confidential nature of the service, the professional status of the advisor is seldom established, suggesting that purchasers view their position as weak.

This perceived buyer power is affected by the likely demand for specialist advisors. Demand in the market is, in fact, difficult to predict, as a single event may dramatically change the market. Whereas economic conditions could be hypothesised to affect any business market, it may be that in times of recession there is increased demand for services that assist companies to adjust to recessionary conditions or for insolvency or redundancy services. Given the potential number of suppliers there is the possibility that purchasers perceive themselves to be in a strong negotiating position and thus able to make demands on the potential service providers.

Conversely, if the nature of the problem is such that the need for specialist advice has become critical, then perceived buyer power will be weak. If the advice is concerned with long term strategy, the purchaser is under less pressure to make decisions and may be perceived to be in a stronger negotiating position. This will affect the way that the purchaser views his or her negotiating power.

Services are perishable. Whereas a piece of equipment may last for several years, this year's audit is event specific and the requirement for such services is likely to be

repeated. Services can not be stockpiled or stored, they must be produced as they are consumed; it is not possible to purchase more legal advice when the price is low against a possible need for that advice later. However, if the price of a service is increased to such an extent that the perceived value to the company is not met, then it may be possible to reduce or restrict use of the service. For example, the demand for management consultants will be related to the perceived value of the advice that they give in terms of increased efficiency or profits, compared to the cost of employing them. There is insufficient empirical evidence to form conclusions regarding buyer perceived power in this context and the effect of this balance of power on the market uncertainty. However, it is likely to be both event and situation specific.

2.3.3 Transaction Uncertainty

The introduction of outside consultants to a situation that is already potentially serious, demands a high degree of confidentiality and increases the risk involved in the selection, especially as most consultants require autonomy. Mitchell (1994) suggests that the fact that the purchase of advisory services is not a constant requirement leads to an increase in risk perception for five reasons. Firstly, the purchasers will have little or no past experience; secondly, the personnel with experience are likely to move organisations between purchases; thirdly, the market is constantly changing with new consultancies being established and older ones folding or merging; fourthly, the purchase is almost always a 'new buy' as projects are almost always different in some respects; and finally, purchasing professionals are not usually involved in the purchase of this type of service. It is possible to argue with some of these assumptions, for example, the fact that personnel move between organisations may introduce individuals with experience of purchasing advisory

services in other organisations. However, the combined effect is a perception of a high risk purchase.

Transaction uncertainty is conceptually similar to Bunn's (1993) definition of task uncertainty, based upon perceived lack of information relevant to a decision situation. This is linked to two key factors in the purchase decision, namely novelty and complexity. Anderson et al. (1987) suggest that, in fact, complexity is intertwined with 'newness' or novelty, consistent with the BUYGRID model described above (see also McQuiston 1989). The characteristics of services in general, and advisory service in particular, suggest that this is likely to cause significant problems for purchasers; most importantly, services are heterogeneous and inseparable from both purchaser and provider. The implication is that in the purchase of services each situation is 'new', every service encounter will be different, therefore each service purchase will be characterised by a degree of novelty and there will be no 'straight rebuy' in service purchase. However, conversely purchasers use their experience of other service purchase situations to develop buying approaches generalisable to each situation. For example, a firm which has not purchased legal services may have purchased accountancy services and will therefore adopt similar patterns of decision making. On this basis there is no 'newbuy' situation and all service purchases are within the modified rebuy category of the BUYGRID. This is a complex and under-researched area yet it is important in understanding the buying decision, since if all purchases of services fall into the 'modified rebuy' context,

requirements of the service will be based on some pre-conceived expectations of the encounter and is consistent with the role theory perspective on service encounters.

The nature of the advisory service product is technically complex, the fact that it is delivered by specialists with a particular area of knowledge suggests that the purchaser may not have the skills to carry out the service. What is purchased is a solution to a problem, in some cases it is difficult to assess whether the outcome was the most beneficial solution, or whether a different solution may produce a more satisfactory outcome. The task for the purchaser is to discriminate between different advisors on the basis of which will provide the 'best' advice, without knowing what the 'best' advice is likely to be. This creates a high degree of uncertainty in the transaction and considerable problems for purchasers.

2.4 Responses To Uncertainty

Faced with situations of high uncertainty or perceived risk Roselius (1971) suggests that four strategies are open:

1. Reduce the probability that the purchase will fail or reduce the severity of the perceived loss if it does.

2. Shift from one type of perceived loss to one for which there is more tolerance.

3. The purchase could be postponed or cancelled.

4. The purchase could be made regardless and the risk absorbed.

The response to uncertainty of the first two strategies is to adopt specific risk reduction strategies or risk relievers (Roselius 1971; Bauer 1967). The main risk reliever identified in the literature is increased information search. However, the characteristics of services suggest that there are particular problems in gathering decision relevant information in services which require consideration.

2.4.1 Information in Services

Purchasers have two main problems with regard to information in services, firstly identifying what information is decision relevant, and secondly, identifying sources of that information. There are two sources of information about any product, experience which comes as the result of previous experiences with the product or supplier; and factual information i.e. information that exists about a good or service that can be collected and verified.

If previous service experience is available this is an extremely credible source, even if it is recognised that the experiences which comprise this information are event specific and may not provide any clear indication as to future performance. Cunningham and White (1973) found that the strongest determinant of a buyer's patronage was his past experience. Similarly Wilson (1972) describes previous experience as the single most important criterion in the selection process for professional services.

Where information gained from previous experience is not available to purchasers, or the information already held is considered insufficient to discriminate between different offerings, then the purchaser is motivated to search for information externally. The extent of external search is shown to be dependent upon a number of factors, such as product category experience, product complexity and the degree of buyer uncertainty. The relevance of information available in purchase decisions is related to the nature of services. In order to discuss the information demands of services, Zeithaml (1981) after Nelson (1974) and Darby and Karni (1973) suggests a framework based on the inherent qualities of products. The framework was first applied in the economic regulation literature and uses three categories of product qualities; search qualities which are attributes a purchaser can determine prior to purchase, experience qualities which are attributes which can only be determined after purchase or during consumption, and credence qualities, characteristics which purchasers may find impossible to evaluate even after consumption. All products, it is suggested, can be described in terms of the proportions of the three qualities. Services are characterised as being low in search qualities but high in experience and credence qualities (see Zeithaml 1981).

However, whilst this tripartite conceptualisation of service information demands is useful, there are a number of deficiencies in this framework which have not been adequately addressed to date. Apart from the conceptualisation of products possessing 'qualities' as opposed to attributes or characteristics, the main criticism is associated with buyer response terminology, in particular the term 'search'. This term does not describe information search behaviour as such, but a characteristic of the

information, i.e. that the information is searchable or, as Nelson refers to it, 'inspectable prior to purchase' (p312). In the case of services, searchable qualities are said to be those which are associated with tangible sources of information, for example, a tender or a price list. This searchable information may not necessarily describe the nature of the service experience which remains intangible. A second problem with this framework is the blurred distinction between search and experience qualities. For instance, Zeithaml (1981) argues that purchasers can obtain information about experience qualities in the pre- purchase phase by using the vicarious experience of others. In this sense experience becomes 'searchable', since the source is tangible and can be consulted prior to purchase. Finally, the importance of the credence characteristics and the difficulties in evaluating certain services even after consumption, means that purchasers are likely to find some way of approximating the missing information using information cues or metaphors.

2.4.1.1 Cues

A cue is a piece of available information that is used to imply some other piece of missing information. For example, in consultancy services the need to be able to trust the ability of the advisor may lead the purchaser to use professional qualifications to imply competence or knowledge. As Grove et al. (1992) point out, the use of metaphors as a way of proceeding from the known to the unknown, has been applied by poets, philosophers and socio-linguists for centuries. The concept is based on the idea of man as a symbol user who interacts with others based on interpretations assigned to different features in the behavioural setting (Grove and Fisk 1983). Thus

in absence of experiential information on which to base credence or trust, the purchaser will use information that is available. As such this information is used as cues and is, therefore, searchable. The problem for the purchaser is to find those cues that most accurately predict the service experience.

2.4.1.2 Word of Mouth Sources

Zeithaml (1981) suggests that this need for searchable, experience information prompts a reliance upon word of mouth sources, i.e., recommendations, as they are perceived to be more credible and less biased. Stock and Zinszer (1987) suggest that in industrial decisions, the decision makers rely heavily on information sources with high expertise and credibility and little or no intention to influence (see also Kotler 1991; Lehmann and O'Shaughnessy 1982; Webster 1970). In investigating the sources of business recommendations, Webster (1970) found that informal communication within industrial markets is much less frequent than consumer markets. Whilst buyers may contact counterparts in other firms to check where to buy certain supplies, they seldom asked what to buy. Webster's research found that, in general, companies felt that the specific nature of their problems precluded the possibility of other organisations experience being of great assistance. The evaluation of advisory services is a very subjective matter (Dornstein 1977; Gummesson 1978), the outcome is dependent on the skill of the individual advisor and it is not possible to know ahead of time how the result will turn out. For example, the choice of a planning consultant may be between two equally well qualified consultants, neither of whom can predict the outcome with certainty. As a result there is likely to be a

high reliance on referral networks, see for instance the work of Greenwood (1957) or Dornstein (1977) on referral networks in the professions, Kotler and Bloom (1984) and Rathmell (1974) on the role of referrals in marketing consultants.

The experiential nature of the advisory product suggests that the previous experience of individuals in the buying organisation will be of central importance in determining the nature of the information used in making the decision. Therefore previous experience is important in understanding both the type of information and the sources of information used. The reliance on this type of information suggests that a number of sources of information within the firm may be consulted and that particular attention will be paid to information provided by either individuals who have experienced the service or particular service provider in the past, or to 'experts' who have experience/training in the service area. For example, an engineer may take on the role of 'expert prescriber' in the purchase of maintenance services. Sheth (1974) and Webster and Wind (1972) suggest that in the purchase of industrial products these sources are most effective during the later stages of the adoption process. In advisory services the difficulties in defining need and identifying service suppliers suggests that this reliance on 'experts' in the decision will not be confined to the latter stages of the selection process. Clearly this is an under researched area and this issue of recommendation and its place in selection of advisory services is addressed in this thesis.

Martilla (1971) carried out a similar study on intra-firm communication and found that word of mouth communication within the firms he studied was significant.

Martilla concluded that generalisations regarding the nature of inter firm co-operation were not possible as they vary between industries, with some industries characterised by friendly collaboration with competitors through both personal contacts and trade federations. The amount of experiential information available will therefore differ between organisations and according to the specific service product purchased but is likely to be an important source of decision relevant information.

The final source of information is marketing communication from both marketer controlled and non marketer controlled sources. Due to the characteristics of services the information available from these sources, such as advertising and trade media editorial comment, does not describe the nature of the service itself, but the potential benefits of the service. They provide data about the range of service attributes available and providers of those services, which is useful for providing a set within which to make a choice, but they do not provide adequate grounds for discrimination within that set. Mitchell (1994) suggests that, in general, business purchasers do not rely on advertising to locate professional service suppliers, although this may be more appropriate for other business service suppliers.

2.4.2 Relationship Marketing

These combined information problems in advisory services suggests that information search alone will be insufficient to cope with the uncertainties or risks inherent in the purchase. This suggests that we need to consider an alternative risk reduction

strategy: the reliance on loyalty or repeat purchasing from a supplier with whom the organisation has built up a relationship of confidence and trust. The central tenet of this approach is that by moving from a focus on one off transactions to interactive relationships, the uncertainties in the purchase can be minimised. Hence what Yovovich (1991) calls 'fractious buyer-seller jostling' is reduced and replaced with collaboration.

2.5 The Relationship Approach

The development of relationships is assumed not only to address some of the uncertainty dimensions in the purchase, but also to assist in the information problems described. Hutt and Speh (1992) suggest that organisational buying behaviour should be considered as a process rather than as an isolated act or event; therefore a purchase decision passes critical decision points (see also Cardozo 1983). Gronroos (1980) proposes a three stage model to describe the service choice process:

1. Interest in the supplier organisation and its offerings.

2. Purchase of a service offering to satisfy a particular need.

3. Repeat purchase of the same or similar service offerings.

This may be equated to the new product adoption process described as awareness, interest, evaluation, trial and adoption (Everett 1962). If the purchase is considered in

terms of Gronroos' three stage process, then the first two stages in this model deal with the identification and selection of a service supplier. Once the initial purchase has been made the interaction between purchaser and provider leads to the relationship of the interaction model. This IMP model is useful in stressing the inter-dependence of buyers and sellers and the importance of developing specific skills within the relationship. Whilst the purchaser may be attracted to the supplier's 'offering' by what Yorke (1990) calls 'traditional' marketing techniques, it is the management of the supplier/customer interface that is crucial to the building of long term relationships.

This can be equated to Gronroos third stage in the service cycle. What the service provider aims to achieve is a situation where a successful relationship develops. Yorke (1990) suggests an adaptation of Ford's relationship lifecycle (Ford 1982) to describe the changes in the purchaser provider relationship over time (figure 2.3). In place of inertia both purchasers and providers are aiming for a degree of involvement and integration, with the relationship developing into mutual trust and understanding. This relationship is assumed to be mutually beneficial, purchasers receive the flexible, individualised attention that allows their needs to be appreciated and providers are able to retain clients by integrating themselves into purchaser companies, creating a degree of dependence.

The aim for service providers is to reach the situation where the investment in the relationship and the trust between the parties has been established to such an extent

that militates against arbitrarily changing advisor, unless circumstances force such a

change, for example, the nature of the problem changes.

Figure 2.3
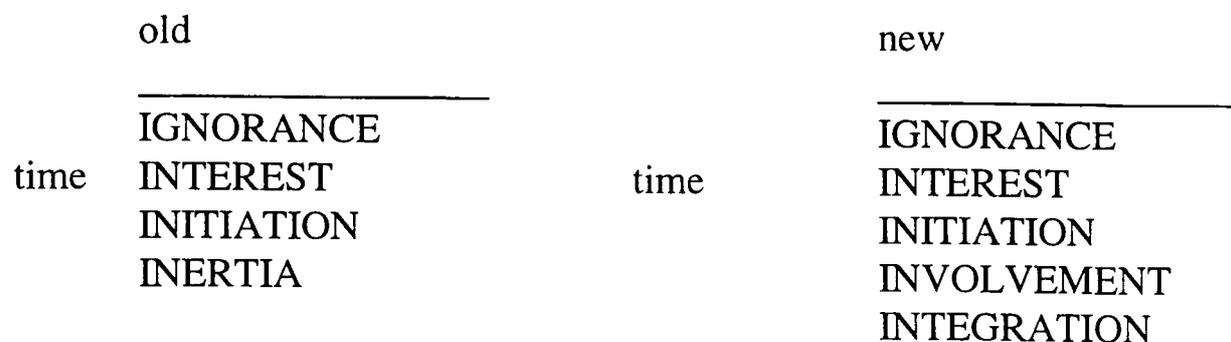
old		new
IGNORANCE		IGNORANCE
time INTEREST	time	INTEREST
INITIATION		INITIATION
INERTIA		INVOLVEMENT
		INTEGRATION

(Yorke D (1990), 'Developing an Interactive Approach to the Marketing of
Professional Services' in *Understanding Business Markets* D. Ford (ed.) Academic
Press, London: p356)

A number of authors use the analogy of a marriage (see for instance: Jackson 1985;

Gummesson 1987) moving from the attraction of partners through courtship, contract

and adaptation, to interdependence.

2.5.1 Advantages For Providers

The benefits of this relationship for the supplier of advisory services are obvious in

terms of stability of client base and secure income. The more an advisor learns about

an organisation the more relevant and customised the advice is likely to be, with all

of the advantages of a history built up over time, leading to the integration stage of

the Yorke (1990) model. The advisor can provide a range of services, based on a knowledge of the organisation's needs and develop in the mind of the purchaser a perception of switching costs, based on the time necessary to brief other advisors on the scope of the organisation and its problems. The aim of the advisor is to develop mutual commitment and to avoid the divorce stage of the marriage analogy. In order to do so advisors must recognise and adapt to the organisation's requirements. Where the marriage analogy fails is in the power relationship: the two parties are not equal, one party has a much greater control over the terms of the relationship than the other, as they are paying for the service and are in control of its continuation.

Maister (1990) provides three reasons why an advisor benefits from this relationship. First, once a client's trust has been established, there is a higher probability of winning new work: secondly, marketing costs are lower because the client and the industry have been researched; and finally, junior staff can be integrated onto an assignment reducing costs and providing an invaluable source of experience for staff.

2.5.2 Advantages for Purchasers

From the purchaser of business advisory services perspective there are a number of advantages in the relationship approach. Firstly, by developing relationships with suppliers based on trust and mutual understanding many of the risk related problems associated with lack of decision relevant information are avoided. Purchaser and provider become known to each other and develop experience and knowledge of each

other in such a way as to maximise the potential benefits. Secondly, as this relationship is assumed to be based on satisfying customer perceptions of service quality, the service delivered is based on their expectations and evaluations and, therefore, product differentiation should be based on customer defined value.

The advisor is assumed to gain a knowledge of the industry and the organisation, reducing the time the purchaser is forced to spend in explaining situations, which further reduces the risk involved in employing new and untested advisors. Finally, the relationship approach recognises that the delivery of most services, and especially business advisory services, are not one off transactions but take place over time, are dependant on the people involved and places a high value on process rather than merely concentrating on outcomes.

Sheaves and Barnes (1996) suggest that one of the problems in discussing relationships in the marketing context is the lack of a clear conceptualisation of when a relationship is in place. They point to a number of issues regarding the need for reciprocity and mutual support that are necessary for a relationship to exist.

> "Clearly for a relationship to be said to exist what is exchanged must go beyond the obvious goods and services on the one hand, money on the other, these are the stuff of transactions, not relationships"

> (Sheaves and Barnes 1996)

For a genuine 'relationship' to exist, with there must be some perceived involvement by both parties, which leads to a form of commitment. Rusbult and Buunk (1993)

identify two key attributes that determine commitment to a relationship, satisfaction level and level of investment. It is the contention of this thesis that if relationships are to exist and the mutually beneficial outcomes to be achieved, then it is necessary to address satisfaction and quality in the interaction, as the basis of commitment.

2.5.3 Developing Relationships

It must be recognised that this type of relationship between purchasers and providers is dynamic, changes over time and involves continuous adaptation to each other's activities. The development of these long term relationships implies that the purchasers and suppliers understand each others needs and requirements, of both the process and outcome of the service. Therefore, product differentiation can take place during service delivery and can be based upon tailoring the service delivered to the individual purchasers.

However, Gummesson (1994) warns against 'services marketing myopia' . When Levitt (1960) first proposed 'marketing myopia' he referred to the concentration on the product instead of the customer. Gummesson suggests that this has now moved to the other extreme and that many managers now:

> "... passively rely on what the customer says. By giving the customers what they want brings no real closeness ... rather it manipulates the customer into an external state of ignorance".

<div align="right">(Gummesson 1994: p.83)</div>

The important feature of the relationship paradigm is that it is a dynamic and mutually beneficial exchange. Whilst acknowledging that not all relationships have, or would benefit from, the same degree of closeness, the aim is to develop the interaction between purchaser and provider. The argument is that when the purchaser can trust the provider, the provider is able to move beyond delivering what the purchaser wants, to a better understanding of fulfilling needs.

2.5.3.1 Trust

This idea of 'trust' in exchange relationships has been addressed by a number of authors (see for instance Anderson and Narus 1990; Anderson and Weitz 1990; Dwyer and Oh 1987; Sheaves and Barnes 1996). A number of definitions are proposed, based around the idea that trust is:

> "the belief that another company will perform actions that will result in positive outcomes ... as well as not take actions that would result in negative outcomes."

> (Anderson and Narus 1990: p 45)

or that the word, promise or statement of another can be relied on. As Luhmann (1979) points out, a fundamental condition of trust is that it can be abused, as, by choosing to trust another party, one becomes vulnerable. This has led to social science research concentrating on the beliefs and motives of another party in developing a relationship; in the marketing literature trust is used to imply a dependence relationship. The relationship between trust and dependence is not clear; Andaleeb (1992) points out that it is possible for a dependent party not to trust the

other but ultimately the relationship will become cognitively intolerable. Trust and dependence have both been shown to be positively related to co-operation, i.e., when a purchaser trusts a provider they are more likely to co-operate.

A recent paper by Andaleeb (1995) showed that when trust between parties is lacking co-operation is likely to be non voluntary, whilst when it is present outcome uncertainty was significantly diminished. He concludes that when a relationship is based on trust there are fewer controls, enabling providers to take initiatives and enhance performance, giving the trusted firm a competitive advantage. There are, therefore, advantages to both parties in building a relationship based on mutual trust.

Duck (1991) suggests that part of the benefit of a relationship is 'personality support', that involvement in a relationship is a means of self evaluation and maintaining esteem. This implies that the relationship is a mechanism by which the individual gauges the reliability and validity of actions, i.e., that by entering into a relationship the buyer and supplier provide each other with mutual support and gain assurance that the correct decisions have been taken. This reduces the post purchase dissonance possible in high risk or difficult to assess decisions and acts as a further risk reduction factor.

2.6 The Role of Quality in Relationships

The keystone of this relationship approach is the delivery of service quality, customer service and marketing, to the mutual benefit of both purchaser and

provider, with the aim of turning a prospective customer into a supporter then advocate for the supplier (Christopher et al. 1991). The purpose of quality in this approach is to create enough customer perceived value in the transaction to make the customer return and to engage in a series of interactions, that form the basis of a relationship. Duck (1991) suggests a number of activities required in a relationship including assessing others needs accurately and adjusting behaviour to the relationship 'tango' (p3). As Sheaves and Barnes (1996) point out, no one has to be in a relationship, therefore it is necessary to attract the other party , i.e., persuade them to stay. The way to do this is by satisfying their perceptions of quality in the interaction. This in turn 'persuades' the purchaser that there are benefits in remaining with the supplier rather than changing. Quality is thus the means by which the firm sustains its position among competing offers (Christopher et al. 1991: p68).

The adoption of this relationship approach to purchaser - supplier interactions in the purchase of advisory services, is to recognise the environment in which service exchanges take place and to recognise that the most efficient way to establish relationships is through the delivery of service quality. However, Tjosvold and Wong (1994) suggest that trust and open communication between parties is not built on the absence of conflict, or even the avoidance of conflict, but by the managing of conflict. As Morgan and Hunt (1994) point out, there is no comparable model of 'pure and perfect co-operation' to match 'pure and perfect competition'. The development of successful relationships, through service quality, is dependant on mutual understanding and co-operation; collaboration to reduce conflict that militates against the development of successful relationships.

However, relationships are not the panacea for all service situations. It is recognised that some relationships are not as valuable as others and it may be necessary to differentiate between customers and market segments according to the value of the relationship and the effort that should be directed to its continuance. Rust et al. (1994) discussing their 'return on quality' model suggest a macro approach to assessing the financial return associated with service quality efforts, which Crumby and Barnes (1995) suggest should be applied to the strategic management of relationships. They propose that business advisors, (specifically Chartered Accountants) should assess the net present value of repeat business in order to evaluate which relationships are worth pursuing and investing in. The difficulties in doing so, especially given the fact that recommendation and word of mouth are so important in this market and that monetary benefits can only be valued on historic and current sales and not on referrals or projections, suggests that it is not feasible to make generalisations about relationship value. The scope of this thesis is to examine how customers perceive quality in advisory services on the assumption that this will lead to the development of relationships, the relative value of different relationships is not discussed.

2.7 Conclusions

The central tenet of the relationship approach is understanding how relationships are formed and maintained. This rests on the three factors described above, how the customer regards the purchase decision in terms of its complexity, degree of risk or uncertainty and the evaluation of alternatives, how the customer assesses both the

outcome and the process of the service, and finally the effect of this assessment on purchase behaviour. It is the contention of this thesis that the key to these in the context of business advisory services is understanding how purchasers evaluate the quality of the service they receive.

CHAPTER 3

SERVICE QUALITY

3.1 Introduction

Having established the benefits of delivering service quality and examined the

specific context of purchasing business advisory services, this chapter considers how

to achieve quality in services, i.e., how do customers assess the quality of a service.

The discussion considers two specific methods of achieving a perception of quality,

so called 'hard' methods which rate service delivery against a pre-determined

standard and 'soft' or subjective quality, which is dependant on customer defined

value.

In this chapter the relationship between satisfaction and quality is discussed and the

literature regarding how purchasers evaluate services reviewed. This review

concludes that quality is a multidimensional variable, closely akin to satisfaction, and

that the gap approach to measuring both quality and satisfaction has a number of

shortcomings. Rather than attempting to measure quality, by whichever means, it is

suggested it is more important to develop an understanding of how the purchaser

arrives at an overall evaluation of the service, based on their expectations and

perceptions of the service encounters. The service provider is then able to respond to this perception by adapting the service to respond to customer values.

3.1.1 Consumers and Organisations

Whilst most of the academic literature in this area is centered around individual consumers, the principles of businesses applying the same techniques can be justified. If quality is a matter of perception, then these perceptions must be held by individuals within the organisation. Organisations are collections of people pursuing common goals, they do not exist as an entity that can hold perceptions or be satisfied (see Huczynski and Buchanan 1991). The views of the 'organisation' are more accurately the views of certain individuals within that organisation. In this context these key individuals, who arrive at a perception of quality of business advisory services, are referred to as the 'purchasers'. This does not imply purchaser in the rather narrow sense of the person fulfilling the role in the buying centre, but the individual, or individuals, who have responsibility for assessing the service on behalf of the organisation and make the decision whether or not to buy the service and from whom.

3.1.2 Approaches to Quality

There are two broad approaches to delivering service quality which can be loosely characterised as 'hard', i.e., objective quality, measured against a standard by a third party in some way, and 'soft', i.e., that the quality is based on subjective perceptions

of the service, operationalised in terms of customer value. The former implies adherence to a code of conduct administered by an organising body. There are two forms of these standards available in this context, professional or trade associations and recognised third party accreditation, such as BS 5750 (now ISO 9000). Subjective quality is a less formalised approach and assumes that the service provider is willing to define and adhere to self imposed standards of service. Before considering these in more detail it is worth considering the history of product quality standard setting as it goes some way to explaining the current situation.

3.2 Historical Perspective

Concern with standard setting and quality assurance is described by Morrison (1990) as part of the process of society adapting to technological change and most of the concern of quality literature until the last ten years has been with the manufacturing of physical goods. The idea that quality should be central to the production of goods can be traced back to the Babylonian Empire when King Hammurabi (c.1800BC) decreed specific standards for certain products by the code of law. These principles of standard setting and quality inspection can be traced through the medieval craft guilds to the industrial revolution, when the principle of the interchangeability of parts became increasingly important. This type of quality control was based on the concepts of feedback, inspection and measurement with the emphasis on precision, standard setting and statistical process control to ensure that the full benefits of the new industrialisation were exploited.

In the twentieth century there have been three main theatres for the development of standards and quality, Europe, America and Japan. The First World War stimulated

mass production and the need for industrial inspection that led to the development of statistical quality control techniques. The first book on quality control was published in 1931 in America (Shewhart 1931) and in 1935 BSI published their first quality standard (Pearson 1935). The Second World War gave a fresh impetus to developing these techniques, However, the statistical advisory unit of the British Ministry of Supply was disbanded after the war. As part of the rebuilding of the Japanese economy in the post-war period Demming, and later Juran, gave the new Japanese managers training in American style quality techniques. As many of the industrial executives had been dismissed after the war, their replacements were drawn from operational areas with production experience. They were able to take the techniques of production quality control and develop their own, highly successful, approach to quality management.

In Britain there has been a less consistent approach to the promotion of quality. Although the British government has always been active in establishing quality standards for defence procurement, it is relatively recently that this interest in quality has been extended to industry generally. Whilst individual firms have been successful in developing their own quality standards, it is only in 1980s that quality became recognised as a major competitive variable for British industry (see, for example, Morrisson 1990 for a detailed discussion of this issue).

3.2.1 Third Party Quality Systems

Clearly the background to the development of these formal quality standards helps to explain their format. The systems that were introduced for the management of product quality were based upon the US derived NATO standards and forced

suppliers to the Ministry of Defence to examine their approach to quality. The defence standards were eventually issued for the general use of industry as a series of guides (BS 5179). Although they were intended as the basis of a complete quality management system they were not widely accepted, so various alternatives were developed by individual companies.

The British Standards Institution (BSI), an independent body working closely with industry and government, was set up to produce technical documents that lay down specifications for particular goods and services. It produced a large number of individual specifications that decree the exact standards that a product must adhere to, for example, BS 1363 is the standard for 13 amp plugs and all 13 amp plugs for sale in Britain are expected to adhere to this standard. However, as manufacturers can show the BS number without outside inspection, it only relates to the firm's claim of meeting the requirements. For this reason BSI developed a series of standards and certification marks which require assessment by either BSI inspectors or their accredited bodies. There are four major certified standards:

- BS 9000 that relates to electronic components.

- The Safety Mark that shows a product has been tested to specific safety standards.

- The Kitemark, which is probably the best known and shows a product has been consistently produced to the relevant standard, this often appears alongside the BS number and verifies the standard has been checked.

- BS 5750, (now revised as an international standard, ISO 9000) which unlike other standards does not relate to a particular product but to the management process of an organisation.

3.2.2 BS 5750

The problems of the wide range of quality systems in operation in British industry were examined in a government report, Standards and Specifications in the Engineering Industries (1977). This report recommended the development of a standard for quality management, operated by third party certification bodies, which would be applicable across a diverse range of industries, manufacturers and customers. The original management standard, widely known as BS 5750, was introduced in 1979 and the updated version in current use was issued in 1994. BS 5750 establishes quality management techniques for a company by setting out how to establish, document and maintain a quality system. This is based on a manual that lists every procedure in detail, although the production and content of the quality manual is left to the individual firm. The logo can be used if the firm has been assessed and consistently meets the standard laid down for quality procedures by BSI. The standard is monitored by a process similar to the auditing of accounts, documentation is prepared to formalise existing procedures and to ensure that new procedures conform to the standards. The documentation involved is both detailed and rigorous covering all aspects of management and reporting procedures and responsibilities. The final outcome is described by BSI in their publication 'Working for Quality' as "fitness for purpose and safety in use".

3.2.3 Limitations of BS 5750

BSI promotes BS 5750/ISO 9000 as the essential pre requisite of quality management and there is evidence that large organisations, including government departments, will attempt to insist that their suppliers have the accreditation. However, the value of the standard in service organisations has still to be proven. BSI list amongst the advantages of the standard strengthened competitiveness,

increased consistency of the product, reduction of waste, confidence for both management and purchaser and sustained good economic performance. However, there is some disquiet that the rush for registration is devaluing the standard and allowing consultants to take advantage by charging large amounts for the assistance necessary for implementation (Public Relations Journal 1993). There has also been criticism that BSI does not accept enough feedback from the various sectors of industry and that there is a wide variation in the consistency of the auditors that are accredited (Hooks 1990; Klock 1990). It is interesting to note that organisations which carry out BS 5750 accreditation do not themselves need to be BS 5750 accredited.

The problems with the implementation of the standard are reflected in the reservations that some sections of industry have regarding the benefits. The standard is not concerned with continuous improvement, Burr (1990) suggests that once the system is in place it may stagnate or have a negative effect by inducing complacency. Once BS 5750 has been awarded it is subject to constant monitoring, but against the previously agreed system. Although Ishikawa (1985) recognised the role played by national standards in Japan's economic recovery, he also cautions against 'self-satisfaction' and stresses the need for continuous improvement; this is not immediately apparent in BS 5750. The amount of documentation and paperwork involved is a disincentive that, in a small firm, may reduce rather than improve efficiency. However, the key reservations regarding the standard, especially in service industries, are related to the value of this type of certification in promoting quality in services.

BS 5750/ISO 9000 does not guarantee the quality of a product, it measures management intent. It is possible to have an ISO quality registered firm that in no

way reflects the customers' needs or requirements of the firm. This is a management based standard, not customer based or product based, and implies that if the management procedures of a firm are documented and controlled this will lead to satisfied customers. Crosby (1979) sums this up by describing quality as 'conformance to requirements', which assumes that the requirements are definable, measurable, articulated in some way and can be assessed in a reasonably objective manner. This approach is a reflection of the roots of quality assurance in manufacturing industry described above and the importance of standardisation for efficiency and effectiveness.

2.3.1 Total Quality Management

A less formalised approach is provided by advocates of Total Quality Management (TQM). Dale et al. (1990) suggest that quality systems have developed through four discrete stages: inspection, quality control, quality assurance and total quality management. Inspection implies that one or more characteristics of a product are measured and tested, it is an 'after the fact' screening process with no prevention content; quality control develops this system to include some self inspection by operators and logging of performance data and feedback. Quality assurance implies a more comprehensive approach with statistical quality control and the auditing of systems and practices by some third party. The fourth and final level, they suggest, applies quality management principles to all aspects of the business and is the responsibility all members of the origination, led by top management: this is TQM.

Total Quality Management is a management technique that involves the commitment to quality of all levels of a company as a way of improving the effectiveness and flexibility of the whole business. How the principles of TQM should be implemented is the subject of a wide range of literature, based chiefly on the writings of Feigenbaum (1956); Juran (1964); Crosby (1979) and Demming (1982). Although these authors appear to be advocating different philosophies, the basic principles of TQM are the same. TQM is described by Oakland (1992) as a holistic concept that can only be achieved by involving all functions at all levels of an organisation: this is extended to include all other organisations supplying and receiving goods and services from the organisation. Oakland's view of the scope of TQM includes a knowledge and understanding of suppliers and their suppliers, customers and their customers, emphasising co-operation to prevent defects. Key features of the TQM approach include teamwork, creating a quality culture throughout the entire organisation and emphasising employee involvement. Dale et al. (1990) suggest that the amount and scope of the advice available to managers about achieving quality caused confusion, a condition Smith (1986) calls 'Total Quality Paralysis'. Whilst there is little doubt that quality management is an essential part of the competitive strategy and the process of differentiation, there is less clarity about how to achieve this goal.

The earlier stages in the quality system proposed by Dale et al. (1990) have the advantage of being prescriptive, they involve the setting up and testing of various parts of the operational process against measurable outcomes and then testing these, frequently by a third party, which leads to the award of a recognisable quality mark. This in effect acts as a cue, it is a tangible indication that some intangible standard has been met. For these reasons the more systematic approaches to quality have proved attractive to both purchasers and providers. They provide purchasers with a certain type of information regarding the product purchased, which reduces the risk

that the product will not meet requirements. The second type of accreditation standard in this context, which also acts as a cue, is provided by professional organisations.

3.2.4 Professional Associations

Freeman and Dart (1993) suggest that the professions have traditionally taken a 'two pronged' approach to quality: rigorous educational requirements, with the effect of restricting entry to practice; and governing bodies with the power to discipline members who do not meet certain standards. For membership of a professional association to carry any weight with purchasers as an indication of quality, there must be some power of sanction that can be used to discipline members who do not adhere to the codes of competence and/or ethics. There are two sources of such authority, force of law or purchaser requirement. Force of law implies that there is a legal requirement for service providers to belong to the professional association and in effect be licensed to practice the profession. Examples of this legally enforceable licensing are found in some of the more traditional business advisory services, such as legal and accountancy services.

The role of professional organisations in controlling entry by adopting occupational licensing has been discussed by a number of authors (see for instance: Fulda 1973; Shimberg 1980). Indeed many of the newer professions have presented a case for licensing as it is seen as a means of achieving professional status. Whilst licensing of a wide range of occupations and crafts is common in many countries, the US for

instance licenses over 100 occupations, there is less tradition of such licensing in the UK.

The most persuasive argument for occupational licensing is that it is in the public interest and as a result most effort has been placed on the licensing of professions in which adequate knowledge and minimum standards of competence are necessary to protect the public from harm, e.g. doctors or pharmacists. The value of licensing as a means of establishing professional status is that by setting minimum educational standards as barriers to entry and imposing a code of conduct on members, occupations gain recognition and status (Jaffe and Corgel 1984).

There is a distinction to be drawn here between licensing, which has the force of law; certification, which implies that the individual has reached certain standards laid down for the profession, but is not a necessary condition of practising; and registration, which simply requires the practitioner to register with a particular authority but which does not imply an educational qualification. In the UK context there has been a move to reduce the powers of certain occupations to restrict the role of non-members, for example, the exclusive right of a solicitor to carry out conveyencing has been abolished. It is unlikely that the government would support any extension to current professional licensing unless specific and urgent need to protect public safety could be demonstrated. Licensing creates barriers to entry that effectively restrict competition and create monopolies for certain professional groups; in fact it has been shown that self preservation is a major incentive for occupations who wish to introduce licensing (Pazderka and Muzondo 1983).

The counter argument, that licensing protects the public by ensuring a high quality of service, is based on the information value of licensing in markets with asymmetric information (Leffler 1978; Leland 1979). The basis of this argument is that in certain services especially, the seller has more information about the quality of the outcome than the buyer, information is costly for buyers to obtain and therefore it is difficult for the purchaser to differentiate between high or low quality suppliers. As a result prices converge towards the middle or average, high quality providers will either not be commercially viable and drop out of the market, or will lower the quality of the services they provide. This argument assumes that there is a price - quality relationship in services and that higher quality services are more expensive to produce. The argument for licensing is, therefore, that by effectively weeding out the lower quality suppliers, the quality of all services is maintained. However, within the arena of free competition, a similar role can be played by certification of professions. This implies that the purchaser recognises the value of the certification process and the information it provides and chooses to purchase or to pay more for those professionals holding the certification. Benham and Lee (1975) refers to this as "optional licensing", placing some of the burden of choice on the purchaser but recognising that there will be a section of the market who are prepared to accept a lower quality service for a lesser fee.

Whether membership of the professional association has the force of law or merely acts as a cue to the quality of the service provided, the implication is that the service provider will meet certain standards. There has been very little research to date on how these standards are set and whether they reflect purchaser views. The

professional association may be in a unique position to assess the ability of the provider to deliver the outcome of a service, i.e., is the provider competent to give advice, and may by acting as a guarantor, decide whether the advice given was within the codes expected of the association. In this way it is an indication of assurance, the ability of the service supplier to deliver the service. However, it is unlikely that this will include other process elements, other than those which could be said to be ethically important. For example, the professional association may intervene if an advisor was not acting in his clients interests, but not if they fail to return telephone calls promptly or make typing errors in documents. This type of quality accreditation is more closely concentrated on outcomes than BS 5750/ISO 9000, it may act as a means of reducing the risk associated with choosing a service provider, a cue to some level of service provision, but it does not describe the process which requires a more specific focus.

3. 3 Service Quality

These two methods of applying quality standards do not take account of two specific issues to be addressed when discussing a service dominant product, firstly, the problems associated with objectively determining quality in industries which are inherently heterogeneous, are inseparable from both purchaser and provider and where the requirements of the product are intangible and, therefore, do not lend themselves to measurement. Secondly, they do not consider the applicability of objective quality control techniques in service delivery. The important factor in the PIMS research carried out by Buzzell and Gale (1987) is the relationship between the *perceived* quality of a good or service and profitability; whether the definition was

the return on sales or on investment, businesses whose quality was perceived to be superior by their customers out performed their rivals. This research concludes that in a competitive environment quality is what the customer says it is, how a customer decides that quality is high or low in his or her judgement, defines behaviour in purchasing the good or service again.

Kathawala and Elmuti (1991) suggest quality in service is a function of what the consumer of the service expects that service to provide, rather than a fixed objective standard that can be assured on the basis of statistical techniques. In services, the quality of what has been received is dependant on the participation of the individual customer, as well as the service provider and is inseparable from both. Therefore it is closer to the concept of perceived quality then objective quality. Despite the amount of academic debate on the subject, service quality remains an elusive construct that is difficult to define and measure (see for instance: Brown and Swartz 1989; Carman 1990; Garvin 1983; Rathmell 1966; Parasuraman, Zeithaml and Berry 1985). The way in which the customer makes judgements about the quality of a product will depend on a number of factors based on the needs of the individual consumers and the way that they value the alternative ways of fulfilling those needs. Holbrook and Corfman (1985) refer to this as humanistic, involving a subjective response and therefore it is a highly relativistic phenomenon, that differs between judges. For this reason perceived quality is much more difficult to measure than objective quality and places the purchaser, rather than the producer, at the centre of the quality evaluation. This approach relies on an understanding of how purchasers develop expectations or attitudes about a service, how they make comparisons between service providers and when and how they evaluate the quality of the service received.

In the case of goods which are tangible, their attributes are concrete, are common to each consumer of the item and can be assessed and compared on the basis of actual physical features. For example, it is comparatively easy to judge whether a washing

machine meets the criteria laid down, its features can be compared with other similar products and the mechanical parts inspected and demonstrated to be in working order. The subjective assessment is made by the purchaser of the machine in deciding whether it washes clothes to the standard that the individual purchaser expects; this will be dependant on how the consumer formed these expectations, including essentiality, technical complexity, value of the purchase both in monetary terms and sacrifice of alternatives, consequence of failure i.e., the degree of perceived risk involved, novelty or frequency of purchase and the knowledge or experience of the individual purchaser (Turnbull 1991). This approach reflects Enis and Reoring's argument that customers do not purchase goods or services but a bundle of benefits that the buyer expects will deliver satisfaction (Enis and Roering 1981). The essential feature is the customers belief that the 'offering' will deliver satisfaction. This is a user based assessment of quality, an evaluation of the benefits of the purchase rather than the technical superiority of the product. The definition of quality in this context relies on knowing what the purchaser expects these benefits to be.

3.3.1 Satisfaction and Quality

This definition of quality is in fact a form of evaluation, quality is used as an evaluative tool, the consumer forms a positive evaluation which implies that he/she perceives it to be high quality. As such quality is conceptually similar to satisfaction and much of the research into operationalising service quality has developed from, and with, research into customer satisfaction. The relationship between satisfaction and quality has been the subject of considerable debate within the academic literature, specifically the direction of causality between the two constructs. Certain authors suggest customer satisfaction is an antecedent to service quality, which is seen as a wider concept related to a general view of a service, i.e., an accumulation of

satisfying or dissatisfying experiences creating an overall assessment of service quality (see Bitner 1990; Bolton and Drew 1991; Holbrook and Corfman 1985; Olshavsky 1985; Zeithaml, Parasuraman and Berry 1988). However, this viewpoint is at odds with models specified by satisfaction researchers, who focus on transaction specific assessments and suggest that high service quality leads to satisfied customers (see for example: Kasper and Lemmink 1988; Lewis and Klein 1987). Cronin and Taylor (1992) argue that the distinction is important because service providers need to know whether their objective should be to deliver satisfied customers, who will then develop a perception of high service quality, or to aim for high service quality as a way of increasing customer satisfaction. However, other researchers treat the two as equal constructs, for example, Gronroos and Gummesson (1985) or Brogowicz et al. (1990), that can be considered together.

It has been suggested that 'quality' is referred to in the service marketing literature whilst 'satisfaction' has been used in the literature on marketing goods and that it is acceptable to consider them as simply different operationalisations of the same construct. An alternative perspective taken by Iacaboucci et al. (1994) and Oliver (1993) is that the concepts are orthogonal, thus a consumer can be asked to evaluate quality or satisfaction for both individual encounters or for long term duration.

Certainly it is possible to imagine circumstances where a consumer can recognise that a service was of high quality, but was not satisfied with what he/she received. This leads to a distinction between cognitive and affective evaluation. Iaobobucci et al. (1994) suggest that quality is a cognitive judgement, essentially external ("was the experience of high quality") whilst satisfaction is more emotional or affective, therefore internal and personal ("did you like it"). Oliver (1993) suggests that satisfaction requires some direct experience, quality might be judged on the basis of external criteria - it is possible to know that a restaurant is of high quality without having eaten there, it is not possible to be satisfied with the meal unless it has been

consumed. As Parasuraman (1993) points out, adding to the complexity of the issue, practitioners and the popular press use the terms interchangeably, with some justification as both concepts have been operationalised using the disconfirmation of expectations paradigm.

The disconfirmation paradigm suggests that satisfaction and quality should be viewed as a function of the disconfirmation arising from expectations and actual performance of a service encounter (Cardozo1965; Oliver 1980; Olshavsky 1985). For the purposes of this discussion it is more useful to consider them both as forms of evaluation and to consider how customers form evaluations of the service they receive on the basis that behavioural intention, i.e., purchase intention, is based on the outcome of current evaluation. In these circumstances the causal relationship between satisfaction and quality is of less importance than an understanding of the way customers arrive at some overall evaluation of the service.

3.3.2 Disconfirmation of Expectations

The predominant conceptualisation of both service quality and service satisfaction is of a gap between what customers expect of a service and what they experience during the service encounter (Zeithaml, Parasuraman and Berry 1990 and 1985; Oliver 1993, 1980 and 1977). When an experience is better than expected there is 'positive disconfirmation' of the expectation and customer satisfaction/good perceived quality is predicted: when an experience is worse than expected there is negative disconfirmation and dissatisfaction or poor perceived quality predicted. There is some ambiguity in the literature about the effect of expectations being simply confirmed (rather than better or worse). It is the current vogue amongst service providers to make claims such as "we aim to 'delight' our customers and to exceed

expectations" as recommended by Peters (1987), However, the basic premise is of a gap between what is expected and what occurs. This relationship between expectations and subsequent evaluation is central to the service quality/satisfaction debate proposed by researchers such as Parasuraman, Zeithaml and Berry (1988); Bitner (1990); Carman (1990); Oliver (1980) and Gronroos (1990). This can be summed up in the words of Parasuraman, Zeithaml and Berry (1988) who define perceived quality as:

"a global judgement, or attitude, relating to the superiority of the service... perceived quality is viewed as the degree and direction of discrepancy between consumers' perceptions and expectations".

(Zeithaml, Parasuraman and Berry 1988: p45)

This is operationalised up in their SERVQUAL scale based on the perception - expectations measurement scale where the higher (more positive) the perceptions - expectations score the higher the level of perceived service quality. In fact Parasuraman, Zeithaml and Berry (1990) go further in their discussions of quality and identify five gaps between expectations and service delivery that affect evaluation. The first gap is between the customers' expectations of superior service and the management's perception of customers' expectations; this gap has been explored in numerous research projects (see for example: Lewis 1991; Saleh and Ryan 1992) and has been proved to be pivotal in ensuring a perception of high service quality. If the service supplier does not understand the customers' expectation of the service then it is unlikely that they will be met.

The second identified gap is between management's correct perception of expectations and the service quality specifications that are set to meet those

expectations, which is a failure to operationalise customer expectations. The third gap is between service quality specifications and service delivery or the ability of the supplier to deliver the quality that is necessary. This relates to the inseparability of services from both purchaser and provider and the high personal contact between service providers and their customers. To meet requirements service providers must be able to provide adequately trained staff and be backed up by appropriate resources. The fourth gap is between service delivery and the way in which the supplier communicates with the customers. This gap between the actual and the promised service will effect quality by raising expectations that cannot be delivered or conversely, by not communicating all that has been achieved to the customer, thereby missing an opportunity to raise customers' perceptions. These gaps are summed up in gap 5, the gap between the customers' expectations of service and the perceived service delivered, that is:

Evaluation of service quality = fn(Experience - Expectations)

(Zeithaml, Parasuraman and Berry 1990: p80)

They suggest that operationalising the concepts of service quality and customer satisfaction depends on examining this central gap, by establishing customer expectations, understanding how these expectations are used to assess their perceptions of the service and finally, and most importantly, how this influences purchase behaviour. However, recently the role of this expectations/(dis)confirmation model in determining either service quality or satisfaction has been challenged.

3.3.2.1 Challenges to the Disconfirmation Model

The main challenge to this model is that expectations are based on only relative evaluations with no consideration of an absolute level of prior standards, i.e., the model predicts customers' evaluation of the service as long as their expectations are met or exceeded, regardless of whether their prior expectations were high or low and regardless of whether actual or absolute performance was high or low. Iacobucci et al. (1994) suggest that this is illogical and use the example of two restaurants, a fine expensive restaurant and a 'greasy spoon diner'; if a customer visits the diner with low expectations of the food and service and in fact receives poor food and indifferent service their expectations have been confirmed, or at least there has been no disconfirmation, but this does not lead to satisfaction or a perception of quality. If the same customer has their expectations of the fine restaurant met, this does not imply that both meals were of similar quality, in fact theoretically in this model it would be easier to please people whose expectations were low. Indeed Peters (1987) suggests "under promise, over deliver " as a way of managing expectations.

This solely relativistic comparison of expectation to experience is adapted by Oliver (1993) and Tse and Wilton (1988) to include some absolute level of quality, so that experience is judged relative to some standard or level. Iacaboucci et al. (1994) propose this as a way of distinguishing between satisfaction and quality. It is possible to be satisfied if low expectations of the diner are met, whilst still acknowledging that the fine restaurant is superior in terms of quality, as quality is relative to an absolute standard, yet satisfaction is relative to expectation.

Identifying this absolute standard causes logistical and conceptual problems and is perhaps analogous to the CL and CLalt standards proposed by Thibaut and Kelley in 1959. CL is the comparison level based on current options and CLalt is the comparison level for alternatives based on accumulated past experiences which

would include an industry standard, and equates to a quality judgement. There is support in the literature for this approach, some form of experience based norms are suggested by Miller and Kahneman (1986); these are formed after the event and used as exemplars in service situations. Woodruff, Cadcotte and Jenkins (1983) also suggested that expectations should be based on experience norms (i.e., what consumers should expect given their previous experience with the type of service organisation) while Cronin and Taylor (1992, 1994) argue for the superiority of simple performance based measures of service quality. However, this does appear to highlight a major flaw in the gap model, if it is not simply a gap between expectations and perceptions then a more complex approach to measurement may be required.

3.3.3 Expectations

This discussion highlights an area of confusion in the literature, the definition of 'expectation'. Olson and Dover (1979) describe expectations as pre-purchase beliefs about a service and number of different expectations have been identified in the literature. Miller (1977) proposed four different types of expectation: ideal, expected, minimum tolerable and deserved; the ideal is the 'wished for' level of performance, expected is an objective calculation of the probability of performance, whilst deserved is the customers subjective opinion of their investment. Minimum tolerable is therefore the bottom level of performance acceptable.

Parasuraman, Berry and Zeithaml (1991) suggest that expectations have two levels, desired and adequate. The desired level is the service the customer hopes to receive, it is a blend of 'can be' and 'should be'. Adequate is based on a prediction of what the

95

service will be. They suggest that separating the desired from the adequate is the

'zone of tolerance' (see figure 3.1) within which service is perceived to be of

reasonable quality. This zone varies from customer to customer and potentially from

one situation to the next, if a service fails the zone of tolerance in which the provider

is perceived to provide a quality service moves up the zone i.e., the service recovery

must be better to achieve satisfaction .

Figure 3.1

Service Level Expectations

Adequate   Desired

Low   Zone of tolerance   High
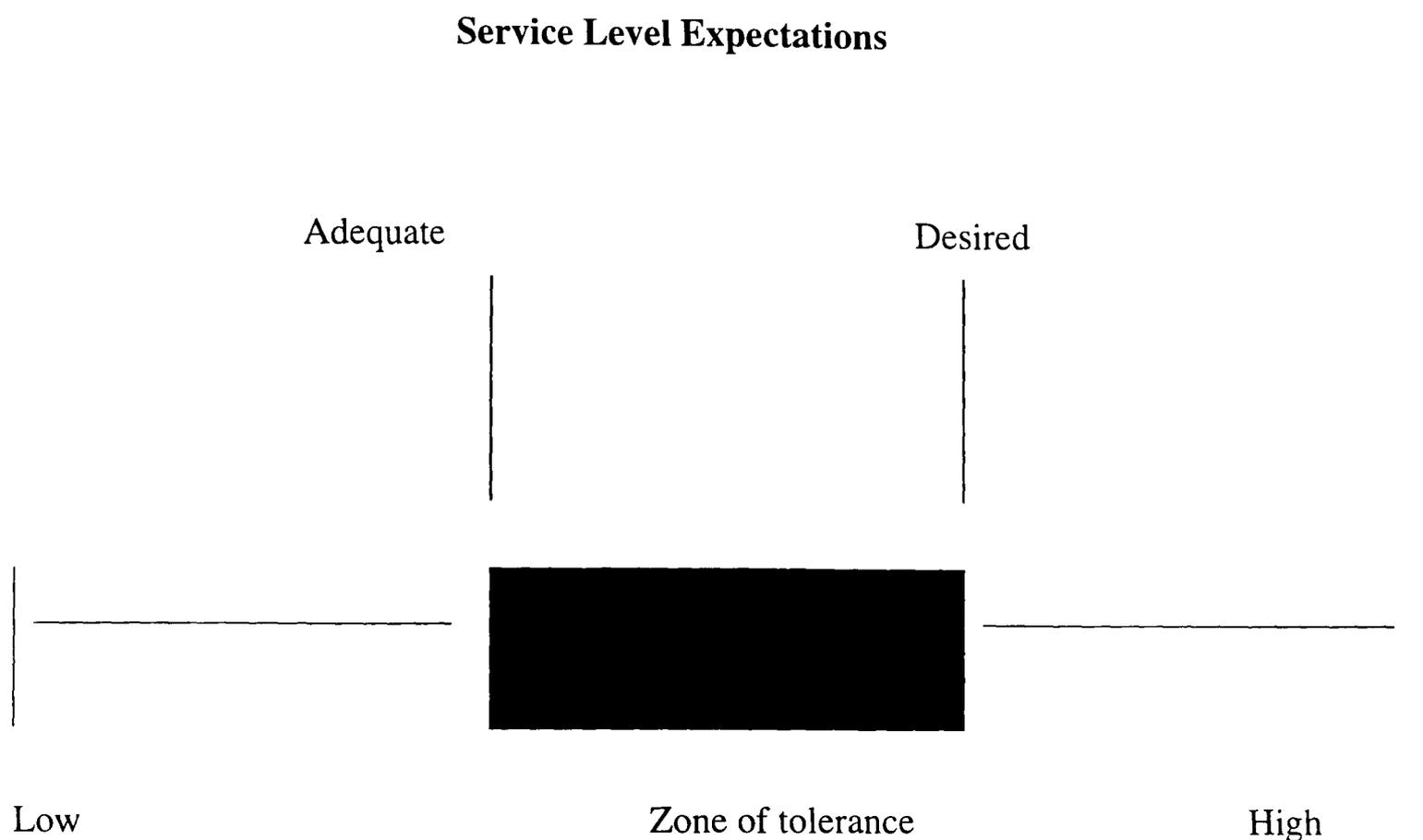
In their research Boulding et al. (1993) discuss ideal expectations and suggest that

they are unrelated to what is reasonable/feasible and/or what the provider tells the

customer to expect. They represent enduring wants and needs that are unaffected by

marketing and as such are more constant over time. In contrast expectations of what

should happen are normative expectations, are more likely to be influenced by

service providers and are a dynamic concept changing over time. When, therefore, researchers refer to the fact that customer expectations of the quality of service they receive are increasing (see for instance: Lewis 1991) this refers to their normative expectations of what will happen in the service encounter, rather that what their ideal expectations are. Rust et al. (1993) suggest that there is a minimum level of service provision which comprises elements which if present do not cause satisfaction but if missing cause dissatisfaction. These items are the bottom line expectations which must be achieved prior to a perception of quality; to these can be added elements in the service which add to the perception of quality because they are either unexpected or fall within the ideal or deserved bands of expectation. To illustrate this point Rust (1993) uses the example of a hotel room, if a guest turns on a light and it works it does not lead to a perception of satisfaction. However, if the light bulb does not work the guest is dissatisfied, as working light bulbs are a minimum expectation. This idea of a 'no dissatisfaction' situation is important and one which the gap model does not address. Inevitably there are certain elements in a service situation that are taken for granted if present and only affect the evaluation if absent. These are important because it is likely that these elements will have a disproportionate effect on dissatisfaction.

Zeithaml, Parasuraman and Berry (1990) identify two comparison norms for quality assessment, desired service i.e., the level of service the customer believes can and should be delivered and adequate service, i.e., the level of service the customer views as acceptable. Zeithaml, Parasuraman and Berry (1988) suggest that in measuring service quality the level of comparison is with what a consumer *should* expect, whereas in measures of satisfaction the appropriate comparison is with what a consumer *would* expect. This has interesting implications for marketers attempting to measure gaps in perceptions.

A third problem with the gap model is that the expectations/perceptions gap fails to consider that expectations are a dynamic concept. The model would predict that as better than expected performance became the norm it would become more difficult to meet, nevertheless exceed, the customers expectations. Eventually taken to logical extremes even near perfect service would fail to exceed expectations. In these circumstances customers would be dissatisfied with a very high level of service, in fact it would be impossible to satisfy them, and expectations would fall again. Expectations do not necessarily rise over time they can fall, for example, in healthcare, patients have come to expect long waits, the gap model would imply that when these expectations are confirmed they are satisfied, in fact the typical reaction to confirmation is dissatisfaction.

3.3.4 Influence of Price on Expectations

Expectations are also affected by price, which may be operationalised as cost or value (Zeithaml 1988). Most purchasers are price sensitive and when evaluating service encounters make simultaneous judgements about value (Crosby and Stephens 1987; Swartz and Brown 1991). Expectations are, therefore, mediated in some way by the price of the service, either actual or anticipated. Within the gap model this would imply that the cheaper the service the lower the expectations of it and consequently the easier to satisfy/deliver quality service. The model must, therefore, incorporate some form of value judgement, what is received for what is given (Bolton and Drew 1991), which is similar to the price-quality relationship which has been identified in goods.

From the purchasers perspective price is what is given up or sacrificed to obtain a product (Zeithaml 1988) and in the purchase of tangible goods by consumers there

has been shown to be a positive relationship between price and quality, i.e., the more a consumer pays, the higher their expectations are of the good. There is little empirical evidence for such a relationship in services. Parasuraman, Zeithaml and Berry (1991) suggest that whilst their general conclusion is that price was positively correlated to expected quality - the more you pay, the more you expect, low price was not seen as an excuse for poor service. The role of cost and value in the formation of expectations is clearly an area where more research is required but it is likely that it is related to both absolute and affective evaluations, (high price = high expectation : high price = high standard).

3.3.5 Multidimensionality of Expectations

The final criticism of the gap model is in the assumption that service expectations can be regarded as a single identifiable factor. In fact the nature of services suggests that there are likely to be innumerable expectations of a service related to both the process of delivering the service and its outcomes. The purchaser has expectations of both what and how a service will be delivered. Zemke and Schaaf (1989) suggest that while consistent high quality is required of the core service, overall satisfaction is frequently found to be dependent on the peripherals. This may be due in part to the difficulties in many services of evaluating the quality of the core service, either relatively or absolutely. The role of these credence qualities in evaluation are discussed in more detail below, However, it has been suggested that in effect these peripherals act as cues to the 'goodness' of the service and thus in effect, function as determinants of quality (Zeithaml 1981; Iacaboucci 1994). Whilst these peripherals do not make up for a bad core service there is an interesting relationship between the two. A good core service may not increase the likelihood of a positive evaluation, poor core service will lead to an increased likelihood of a negative evaluation. For

peripherals the relationship is more symmetric, good peripherals increase positive evaluation, poor peripherals increase negative evaluation. The gap model is consistent across expectations and does not take account of the relative weights of these various expectations in understanding overall evaluation. For example, if asked to assess the importance of safety in evaluating the service of an airline, obviously all consumers would agree that it is vital. However, in forming a judgement about their satisfaction with the airline it is unlikely that it would be considered, unless it was not satisfactory in which case it becomes central. Safety is taken for granted if it is good and does not feature as part of the evaluation.

3.4 Measuring Service Quality

The implication of this is that to understand service quality it is insufficient to merely consider an overall quality/satisfaction rating, it is necessary to understand the components in the judgement and how they weigh against each other. Inevitably some aspects of the service will be more difficult or costly to improve than others and similarly some aspects will more directly effect customer evaluations. The importance of measuring 'attribute level' evaluations rather than simply overall quality has been addressed by LaTour and Peat (1979); Cadcotte, Woodruff and Jenkins (1987) and Boulding et al. (1993) who suggest that in order to understand the trade-offs between the attribute features that consumers make when evaluating a service, either implicitly or explicitly, quality/satisfaction measures must include some micro level assessment.

Several researchers have provided lists of general dimensions which might be considered in such micro level studies, the most well known of which are the Zeithaml, Berry and Parasuaman RATER dimensions. The problem for researchers is

in finding some method of first identifying what these micro level expectations are and then measuring them. One such scale was developed by Zeithaml, Parasuraman and Berry (1988) and is known as SERVQUAL. The SERVQUAL scale attempts to identify the importance of the RATER dimensions, within the context of the disconfirmation gap framework. The SERVQUAL scale, developed 1988 and refined in 1991, is a 22 item instrument in which four or five numbered items are used to measure each of the RATER dimensions. The instrument is issued twice in different forms, first to measure expectations then perceptions. Whilst SERVQUAL has been widely used and applied, recently the scale has been the subject of a number of detailed theoretical and operational criticisms. These draw on the general inherent problems of the 'gap' approach described above, on the dimensionality of the actual scale and on the validity and reliability of the scale itself. Due to the popularity of SERVQUAL, these criticisms justify detailed consideration.

Buttle (1995) suggests that service quality is a second order construct, i.e., it is factorily complex and comprised of a number of first order variables (see also Babkus and Boller 1992), i.e., the five RATER factors. There are, however, several other conceptualisations of quality which use other dimensions, (see for instance: Gronroos 1990 technical/ functional or Hedvall and Paltchik 1989). Zeithaml, Parasuraman and Berry (1988) claim that their SERVQUAL scale has "sound and stable psychometric properties" and in 1991 claimed that the factor structure is consistent and therefore the dimensions are generic over service contexts

> "SERVQUAL's dimensions and items represent core evaluation criteria that transcend specific companies and industries".

> (Parasuraman, Zeithaml and Berry 1991: p. 43)

However, when the SERVQUAL scale has been used in modified form up to nine distinct dimensions of quality have been found according to the sector under investigation (Carman 1990; Saleh and Ryan 1992). One explanation for this proposed by Carman (1990), is that customers are partly context specific in the dimensions they employ to assess quality, different dimensions are more prevalent in certain situations.

The SERVQUAL scale uses differences in scores as the basis of measurement which is notoriously unreliable both statistically, as is demonstrated by Iacobucci et al (1994); Buttle (1995); Lewis (1993), and methodologically in the way that questions are answered. Methodologically there are also difficulties in asking respondents what their expectations are after they have completed the experience. Clowes and Vorhies (1993) note that customers who have negative experiences tend to overstate their expectations, thus creating a larger 'gap' whilst customers who have a positive experience understate their expectations leading to smaller 'gaps'.

Neither does it take account of the core/peripheral problem, especially as an aspect of choice. Returning to the airline example, if respondents are asked to rate the comparative importance of a number of aspects of an airline, it would be irrational to assume that a variable like food, for instance, would be rated of greater importance than safety. However, if passengers are asked how they chose one airline over another, they may indeed make the choice on the quality of the food. The safety dimension is more important in absolute terms but is not a factor in the choice as it is taken for granted. The criteria for a comparative choice are not necessarily the same

as for a one off evaluation, any rating scale must in some way incorporate this to be of value.

The combined effect of these criticisms of the SERVQUAL scale suggest that as a measurement tool it has shortcomings. Therefore, the challenge is to design some other method of assessing service quality which answers these criticisms. Cronin and Taylor (1992) address the first criticism by challenging the disconfirmation paradigm and characterising service quality as an attitude, allowing the development of a performance based scale of service quality (SERVPERF) based on the adequacy-importance model of attitude measurement. This scale, they contend, is supported both by literature and empirical evidence which confirms that a performance only scale predicts service quality more accurately. However, this scale also suffers from the methodological problems inherent in gap -analytic measures.

The question addressed by this thesis is, why measure quality as if it is a concrete structure, is there any value in knowing the standard deviation of satisfaction, or is a more pragmatic approach to service quality, to consider not how satisfied a purchaser is but whether, by attempting to understand purchaser evaluation of quality or satisfaction there are mutual benefits. To reduce such a complex and multi-faceted construct to a 'gap' score appears to over simplify the issue to the extent that it becomes meaningless. Added to this are the problems in arriving at a way of measuring this gap and designing an instrument that can cope with the microprocesses of service performance within which the roles played by individuals play such an important part. It is the aim of this thesis to address some of these shortcomings by viewing service quality within the context of the relationship between purchaser and provider and as a factor in the exchange. As such it is of less interest to measure quality as it is to understand how the evaluation is arrived at.

3.5 Service Quality as a Competitive Variable

The point of service quality/satisfaction research is to attempt to predict, then influence, purchase behaviour. Parasuraman, Zeithaml and Berry (1994) note that their research found that customer satisfaction and service quality have virtually identical correlations with purchase intentions and are themselves highly correlated. It is therefore reasonable to link the concepts into 'evaluation' and assume that it is the evaluation of both that will predict purchase behaviour. This relationship has been shown to be complex, Allen, Machleit and Kleine (1992) demonstrated that attitude is only weakly correlated with behaviour and that evidence for a satisfaction-repurchase relationship is difficult to prove, although both Parasuraman, Zeithaml and Berry (1994) and Cronin and Taylor (1992) found a statistically significant effect. However, if service quality/satisfaction research is seen not as a way of measuring but as an opportunity to respond, to differentiate the service product in such a way that the customer perceives added value, then the theory of competition would suggest that there will be a link between satisfied customers and market share. In other words, if service quality/satisfaction is seen not as an end in itself but a competitive variable in the battle for market share, then an understanding of customer expectations and evaluation is a valid approach. Businesses as, Anderson (1991) points out, are not in business to satisfy customers, they are in business to make money. The creation of satisfied customers must be linked with profitability, the assumption must be that by delivering a high perceived quality of service and satisfied customers, in what ever order, there is likely to be tangible benefits to the service provider. This is based on the assumption that by identifying the purchasers expectations, and the standards they use to mediate these expectations, to make quality assessments, the service provider can differentiate the service product in such a way as to increase the perceived value of the service offering to the purchaser.

This approach to service quality views it as a progression, expectations, moderated by experience, leading to some form of evaluation which in turn feeds back into expectations. It is the nature of these expectations that require consideration. Service products are essentially made up of a series of encounters, which may lead to the development of a relationship between purchaser and provider. Czepiel (1990) suggests that they are in fact the social occasion of economic exchange in which society allows strangers to interact. Therefore, satisfaction and quality perception with the service will depend on how the purchaser assesses that the encounter fitted with some idea or 'expectation' of how this type of encounter should be conducted, as well as what it should achieve.

In chapter 1, the idea of purchasers possessing a set of role expectations for specific circumstances and the functions of roles in the delivery of the service were discussed. The cognitive scripts that purchasers possess that determine how they expect the encounter to take place are developed over time and are a function of the individuals' experience in a wide variety of encounters, both personal and exchange based. The purchaser enters into the encounter with a number of expectations, both conscious and unconscious, which determine what they think is 'appropriate behaviour' (see Solomon et al. 1985). This appropriate behaviour is situation specific, based on expectations about the particular service, but also about the respective roles of the two parties. Expectations are a multifaceted construct, comprising a number of different attributes which vary in importance according to the situational characteristics of the service purchase and the individual purchaser. This would suggest that the relationship between expectations and evaluation, rather than being measured as a 'gap' should be conceptualised as two dependant states. In order to do this, this thesis attempts to identify the antecedents to expectations, how they are formed, what the influences on them are and which could be described as determinant in service evaluation. In doing so it is also necessary to attempt to

establish if certain of these attributes are 'bottom line' i.e., their presence does not cause satisfaction but their absence causes dissatisfaction.

Discussion of these attributes is relatively meaningless outwith the products class, whist generalisations about service quality are useful in providing a framework, the antecedents of evaluation are more clearly understood in context. The following sections will consider the formation of expectations in business advisory services by placing the research on identifying service expectations within clear boundaries. This has the benefit of narrowing the focus of the discussion to both a product class and a type of purchaser, each of which will effect the nature and determinants of expectations and subsequent evaluation.

3.6 Formation of Expectations of Business Advisory Services

The characteristics of business services suggest that expectations about service provision are more complex to identify than expectations of goods or less abstract services. The outcome expectations of window cleaning services are simple, the process expectations are minimal. However, when purchasing advisory services the problems in identifying precise outcome expectations implies that a greater emphasis will be placed on process. This principle, described above, suggests that when faced with a service that is difficult to evaluate in an objective manner, subjective criteria will be used in both the pre-purchase phase i.e., the development of expectations and the post purchase phase i.e., evaluation. However, it is not suggested that this separation of expectations into process and outcome is as deliberate or dichotomous in the mind of the purchaser, who is unlikely to apply such distinctions. Rather that

expectations are generally more easily defined and understood for the purposes of identifying the dimensions that influence service quality, if these distinctions are made.

As a basis for investigating the way that expectations are formed, a model of service delivery is proposed in this thesis that identifies the influence of the various sources and types of information available to purchasers in the formation of expectations. This model, which is illustrated in figure 3.2, is based on the assumption that service expectations can be regarded an antecedent to the delivery of the service. Whereas this is a simplistic view of service delivery it provides a convenient way to structure the discussion about the formation of expectations. The model proposes that expectations of a service encounter are formed as a result of a number of different factors, including the purchaser's previous experience with both the particular type of service (product category) and the specific provider, information search about the service in general and the provider in particular, communication controlled by service providers e.g. advertising and promotion, expert opinion from both within the organisation if it is available and from impartial sources, personal purchaser characteristics related to the organisation and the individuals involved, price of the service and the service product itself, including its essentiality and the importance to the objectives of the organisation.

The following sections consider each of these influences in turn in order to consider how expectations of advisory services are likely to be formed. The first and most important influence on expectations is hypothesised to be previous experience.

Information
Search

Perceived
Alternatives

Previous
Experience

Expectations

Experiences

Evaluation

Service Product

Specific Service

Price
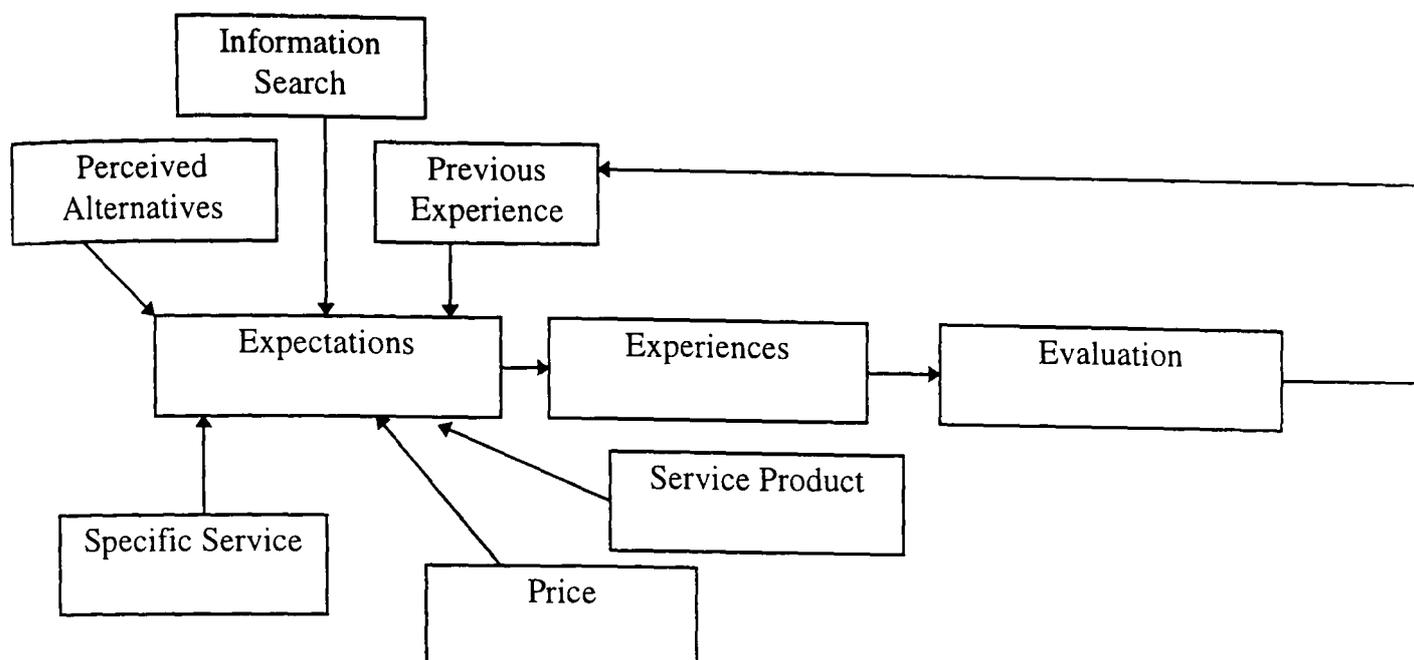
Figure 3.2

Proposed Model for Understanding the Formation of Expectations

3.6.1 Experience as an Influence on Expectations

The role of experience in making service purchases is central to this thesis. However, rather than return to the debate over the role of experiences in determining norms, it is more useful to examine experience as an antecedent to expectations. The way that a purchaser develops expectations of a service encounter determines the roles that are played. Expectations are formed as a result of both product category experiences and specific supplier experiences. Product category experiences in this context may include previous times that purchasers have come into contact with business advisors in general or the particular type of advisor. For example, previous experiences with the accountancy profession may influence expectations about lawyers or management consultants. The use of 'similar service experiences' as norms against which to develop expectations would suggest that all service expectations are related to some prior experience, i.e., if a purchaser does not have experience of using a lawyer they will generalise experiences from similar services to create some expectation on an

abstract level (see for instance: Johnson 1984; Lynch et al. 1988). From this the purchaser develops an expectation of the respective roles that the two parties will play in the encounter and how the social and business aspects of the exchange will take place.

There are a number of implicit assumptions in these expectations which affect the encounter, for example the purchasers cultural and educational background will influence the way that he/she expects both parties to behave. These are difficult to identify and are to a great extent service specific, for example a purchaser may have a respect for the legal profession and regard the lawyer as a social and intellectual equal: this may not apply to an estate agent, the expectation of the relative power relationship in the encounter and the way that the service provider should, or even will, behave is different. This is more likely to influence process expectations, how business advisors behave or dress, but it may also be linked to outcomes, in that the importance and centrality of the advice given may influence how the purchaser regards the role of the provider.

3.6.2 Specific Service Expectations

Purchasers may also have expectations based on experiences with the type of business advice, i.e., previous times that they have required this particular type of service. These expectations may be more outcome centered, based on some idea of what this type of service can achieve, for example if a purchaser has successfully used management consultants in the past they are likely to have positive expectations regarding the value of management consultancy. Purchasers may also have experiences with specific advisors, either at the consultancy/departmental level or at the individual level. At the consultancy level this suggests that the purchaser regards

the organisation as the supplier and that the organisation can be trusted to deliver a certain standard of service by employing competent staff. At the individual level this recognises the importance of the individual as the service provider and suggests that trust is place in individuals rather than the organisation for which they work. Hence if an individual purchaser develops good working and social relationship with a particular advisor, a psychological loyalty can be built up which binds the two together and influences the evaluation of the service (see for instance: Czepiel and Gilmore: 1987 p 74).

3.6.3 Price as an Influence on Expectations

There is no research available to indicate the influence of price on purchasers expectations of advisory services or the role of price in industrial purchasing of services. However, it is likely that, in general, organisations will not be relatively as price sensitive as individuals. In addition the importance of the purchase of advisory services suggests that the organisation may be more concerned to find a supplier who they believe will give the best advice, rather than the cheapest.

The nature of the business advisory service is such that it is not possible to define 'shades' of good advice, it is not possible for a supplier to offer different levels of advice for different prices. They can offer different amounts of time or effort but not to offer 'reasonable advice' as compared to 'excellent advice' for different prices. There is an assumption that the advice given will always be the best they can give. The purchaser may have different expectations of the outcome and validity of the advice given according to what they pay, advisors with a proven track record are likely to be more expensive, but expectations of the advice given may be correspondingly high.

However, there is a much more direct connection between process expectations and price. Purchasers will have different expectations of the way the service is delivered according to price, e.g. that the advisor will be more responsive or produce more/longer reports according to how much is paid.

In this context there are likely to be different expectations of advisors who are employed 'in-house' compared to externally. There is an intuitive logic to the argument that in-house employees provide more services for the same amount of money because they do not have the same overheads to account for. This relates to the range of services and the amount of work undertaken as well as the service process, but not the quality of the advice they give.

3.6.4 Information Search as an Influence on Expectations

The amount and type of impartial information available to form expectations about advisory services is limited. Advertising by business advisors is extremely limited and in general refers to the range of services available from an advisor, rather than the benefits that the advisor can deliver. This is related to the characteristics of services which imply that services are event specific and inseparable from both purchaser and supplier; the nature of business advisory services where the problems to be addressed are extremely wide ranging and to generalise about the benefits of the advice may not be productive. (The exception to this appears to be advisors concerned with the implementation of quality systems who advertise the benefits of quality systems in general and their specific method, e.g. ISO 9000 in particular. The reasons for this are speculative, the relatively recent drive towards quality accreditation which means that management need to recognise the value of the service to their organisation or the intense amount of competition in this sector may be contributory).

Similarly impartial advice as to the value of different advice or advisors is difficult to acquire as many of the problems dealt with are commercially sensitive and organisations are not always happy to have the reasons why they had difficulties that required specialist advice or the advice they received (and paid for) used for the benefit of other organisations.

One response to this lack of impartial information on which to base expectations has been for the various professional associations to set up advice sections issuing information and even referral services for potential clients. This type of service is designed to provide information about the service in general (product category) and may also provide information on members including their specialisms and past/present client lists as a means of educating the purchaser and influencing expectations.

The most effective information about any service is word of mouth, the vicarious experiences of others. However, although there is evidence, described above, that an amount of intra firm communication is apparent in industrial markets this has not been explored in the context of business advisors. Word of mouth information may be valuable in defining expectations of the type of business advice and the specific advisor to be chosen. There is evidence to suggest that interfirm communication, in effect the experiences of other members of an organisation, is an extremely important influence on expectations of outcomes. There is less evidence about the value of this type of information in forming expectations of the process, while colleagues may recommend the outcome of a service provided by an advisor they are less likely to comment on the process factors. In this context the role of expert opinion, the technologist of the buying centre may have an important role. Many organisations in purchasing business advice have an internal specialist whose background makes them an expert advisor in the purchase of a particular type of service e.g. finance director in choice of auditor. This person is likely to have particular outcome expectations

and to influence the outcome expectations of other members of the management team.

3.6.5 Influence of Service Product

Expectations are also influenced by the specific service product purchased. If this service is related to the success of the organisation and its failure could have consequences that affect the continued running of the organisation, then the expectations of the service outcome of the service will be high. In these circumstances the process expectations will not be as important as the outcome e.g. if an organisation is hiring a legal advisor to defend a court action, then the expectations of that advisor will be success in court. The way in which the advisor delivers the service out of court will be of less consequence, as long as the case is won. However, if the advice purchased is management consultancy designed to improve efficiency or public relations to improve image, the clarity of outcome is missing. In these circumstances the purchaser is likely to have much higher expectations of the process, the way in which the service is delivered.

3.6.6 Influence of Perceived Alternatives

A final influence on the expectations of a service is the number of alternatives perceived to be available. Simply, if there are perceived to be several advisors available to tackle a given problem the expectations of the chosen supplier are likely to be different to the supplier of a service who is perceived be unique or a leader in the specific field. An alternative approach to considering this in terms of absolute expectations is to consider the tolerance or trade off that the purchaser is prepared to make for the provider. It can be hypothesised that, in general, purchasers are more

willing to trade off or make concessions on their expectations of process than they are of outcome.

In summary, the expectations of a business advisory service are, therefore, based upon some idea of what will or can be provided by the service and include both the expected outcome of the service and the process by which the service will be delivered. Taking the Zeithaml, Parasuraman and Berry (1990) model, they are likely to fall within a zone of what is acceptable and will alter according to the way in which the service experience develops. Zeithaml, Parasuraman and Berry (1990) suggest that in general customers have greater expectations of the service dimensions that they regard as 'core', what they identify in their research as the reliability of the delivered service, i.e., that it achieves what it sets out to do; the difficulty in some advisory services is identifying what this core expectation is and then evaluating the service that has been received.

3.7 Evaluation

It is suggested that both during and after service delivery the purchaser evaluates the service experience against these expectations to arrive at some perception of satisfaction/quality. Zeithaml, Parasuraman and Berry (1990) suggest that this evaluation occurs on two different basis, the process will be evaluated during delivery and therefore the perception of the process is constantly changing over the service experience. The outcome, what they refer to as the reliability of the delivered service, is evaluated after delivery. It is possible that the overall evaluation will change once the outcome is known, i.e., that a satisfactory process will be reassessed in the light of an unsatisfactory outcome. The problem in advisory services comes when the purchaser does not have the technical knowledge to evaluate the outcome in

an objective manner. The fact that advisory services are purchased in response to a specific problem suggests that management within the organisation do not have the technical ability to solve the problem themselves. Therefore, they are unlikely to be able to objectively evaluate the quality of the advice given. Although this may become apparent in time, i.e., the problem is solved either satisfactorily or unsatisfactorily, it is not always possible for the client to know if it was solved in the most effective or cost efficient manner.

The exception to this generalisation is the circumstance where an internal 'expert' is employed who uses the services of a consultancy, for whatever reason. For example, a finance director who assesses the work of an auditor has specialist knowledge that enables him to evaluate the outcome of the service in a way that would not be possible for a person without accountancy knowledge. As a result an advisory service which is provided to a firm with an internal expert is likely to be evaluated in a different way to an organisation which does not have any internal specialist knowledge.

Whether or not an organisation has the technical competence or specialist skill to objectively evaluate an advisory service, it undoubtedly will be evaluated. In the absence of objective criteria it is likely that this will be a subjective judgement based on an opinion of the success of the outcome and an assessment of the process. This shift of emphasis from outcome to process is documented in a number of services, see for instance, John (1992) on medical care, and implies that when technical or specialist knowledge is required in arriving at evaluations there is an increased reliance on process variables. These process variables include some perception of trust in the advisor, belief in his/her ability to deliver satisfactory solutions which may be based on totally subjective criteria, including a range of cues that are available during the process, for example this person dresses like an accountant, talks like an accountant, acts like an accountant and is qualified as a C.A. - therefore his

advice is sound. As the process of delivering the service continues these cues will alter as the purchaser becomes more aware of which of these variables, or cues, are indicative of the actual service provided and trust is established. These evaluations and the usefulness of the various process variables in predicting satisfactory outcomes will feed back into subsequent purchase decisions and be used in future service interactions as a basis of expectations.

3.8 Conclusions

This chapter has argued that the nature of services results in a number of difficulties for purchasers in making objective quality judgements. As a result service quality is a more subjective concept, based on how the customer perceives the service. The problem with this approach is in finding some method of identifying how this subjective judgement is arrived at. Previous research in this area which has conceptualised this as a 'gap' between purchaser expectations and perceptions have concentrated on finding a means of measuring quality, of arriving at some overall customer driven quality score. However, if quality is viewed as a competitive variable it is more important to understand the way the perceived quality of the service is arrived at an attribute level, in order that specific attributes can be manipulated to improve satisfaction and by implication, market share.

The following chapter considers this attribute level assessment of expectations and subsequent evaluation, in terms of the purchase of a particular business advisory service, public relations. The discussion is based on the premise that in the market for public relations services the complexity of the product and the problems in

evaluating the outcome, lead to a high degree of subjectivity in the assessment of

quality which in turn causes problems for consultancies in competing for clients.

CHAPTER 4

SERVICE QUALITY IN PUBLIC RELATIONS

4.1 Introduction

This chapter considers the issues of service quality in a particular type of business

service, public relations. The distinctive characteristics of this industry imply

decision making problems for purchasers that suggest that the delivery of quality

services, leading to the development of long term relationships, could be extremely

beneficial. However, the nature of the service results in particular problems in

establishing service quality in this context and in particular identifying expectations

and subsequent evaluative criteria. This chapter considers the particular

characteristics of the public relations product and the market in which it operates and

concludes that there are benefits for both parties in developing relationships based on

quality of service.

4.2 Rationale

Public relations was chosen as an example of a business advisory service for a

number of reasons relating to the service product, the nature of the industry and in the

conceptualisation of public relations as a service product class. In terms of the good -

service continuum it is an example of a relatively 'pure' service with very few tangible elements to the service delivery. It is a very complex product, difficult to define even within the industry, and comprises a number of inter-related functions that together make up the public relations service that an organisation purchases. As such it poses a number of problems for purchasers both in the pre-purchase and post-purchase phase that implies it will be a high risk purchase for organisations. In terms of the nature of the relationship between purchaser and provider it is purchased in a number of ways, from retainer fees implying a long-term relationship, through project work which may span a number of weeks or months, to the purchase of a number of discrete transactions on an item of service basis, which gives the opportunity to examine whether the purchase type affects the expectations of the quality of service. In addition the service may be delivered by consultancies or by employing in-house specialists, allowing the effect of the technologist or expert in the buying centre to be investigated. There are also a number of issues regarding the identifications of a need for public relations and the encroachment of marketers and other departments in to the public relations fields that affects demand and the role of quality in this market.

In terms of the public relations industry, it is a highly competitive business with very few barriers to entry, resulting in a large number of consultancies. However, there has been a recognition by practitioners that professional status would be of benefit and a number of initiatives are underway to attempt to improve the image of public relations. These include a drive for occupational certification or the enhanced role of the professional body, the adaptation of ISO 9000 for the industry and a recognition

of the benefits of quality in the management of competition. From an academic point of view there is also a body of knowledge, which attempts to address a number of the service issues with regard to public relations and provides a conceptual foundation for discussing the product characteristics. Public relations, therefore, appears to provide a platform for investigating a number of the issues raised about the delivery of quality in business advisory services, whilst at the same time being a coherent industry within which purchasers and providers can be identified.

4.3 The Public Relations Product

Public relations academics trace the development of public relations techniques back as far as the ancient Greeks and Romans. Edward Bernays (1952), in his review of the development of public relations techniques, describes the effects of the introduction of the printing press in 1456 and the place of the printed word in the dissemination of new ideas through the Renaissance, via the removal of censorship, to the American revolution. The term 'public relations' was apparently first used in 1882 by a lawyer who used the term in the sense of public welfare, the use of the term to describe communications professionals was coined by Bernays in the 1920s. This era saw the wide scale growth of public relations agencies in the US coinciding with the advent of radio, the improved distribution of newsprint and the development of cine-news. By the Second World War both government and private sector organisations had recognised the potential of the mass media as a means of

influencing public opinion, the success of which was demonstrated by the rise of Nazi Germany and the propaganda organised by Goebbels.

The difference between 'public relations' and 'propaganda' has been discussed by a number of authors (see for example: O'Donnel and Jowett 1986; IPRA Gold Paper no.6). O'Donnel and Jowett (1986) suggest that public relations is a form of 'white propaganda', i.e., in public relations sources of communications are identified correctly and the information in the message tends to be accurate. In this definition 'black propaganda' is defined as when a false source is given and the messages are essentially lies, fabrications and deceptions. However, as Black (1990) points out, one man's public relations is another man's propaganda. Before examining the market for public relations therefore, it is important to attempt to define what public relations actually involves.

4.3.1 Defining Public Relations

In a similar vein to 'quality' and 'services' there have been numerous attempt to provide a definition of public relations, in fact Harlow (1976) counted 472 separate definitions. One set of definitions concentrates on the conceptual aspects of what public relations seeks to achieve, others are operationally based concerned with the types of activities that make up the practice. The IPR definition, currently being revised, describes public relations as

> "The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics".

The key words in this definition are 'mutual understanding', the aim of public relations should ideally be a two way dialogue, described by Grunig and Hunt (1984) as a two way symmetric approach, and it is this dialogue that distinguishes public relations from propaganda. In 1978 a World Forum of Public Relations took a rather different approach and defined public relations as

> "the art and science of analysing trends, predicting their consequences, counselling organisation leaders and implementing planned programmes of action which will serve both the organisation's and the public interest"

The key theme to emerge from any definition is that public relations provides a service to organisations by managing communication between the organisation and its publics, both internal and external. However, defining where the role of senior management stops and the practice of public relations starts is difficult. It is the CEO's responsibility to manage the relationships between an organisation and its various publics, therefore the function of public relations is a delegated task and only part of these definitions.

This problem of arriving at a cohesive definition of public relations is more than a semantic argument, it reflects a much wider problem within the public relations industry. Public relations is not a homogeneous product, the term 'public relations' covers a range of functions and tasks reflecting different aspects of the services provided and different ways in which the organisation regards the role of public relations. Black (1990) identifies ten broad groups of activity with which public

relations is concerned, public opinion; public affairs; government relations; community affairs; industrial relations; financial affairs; international relations; consumer affairs; research and statistics and media communications. These spheres of activity provide an indication of the scope of public relations activities that are reflected in the range of titles of public relations departments and public relations practitioners. However, none of these assist in promoting an understanding of what public relations actually is: common names for public relations departments include public affairs, communications, corporate relations or external relations.

The apparent reluctance of many practitioners to use the term public relations is a reflection of the fact that the industry has, ironically, had a poor public image. To refer to an activity as 'a public relations exercise' is derogatory, implying that it does not have an extrinsic value. Understandably a profession dedicated to the promotion of such activities will have difficulties positioning itself. Ehling et al. (1992) suggest that the mass media have contributed to the creation of a stereo typed view of public relations as deception and that, unfortunately for the industry, there are enough bogus operations in existence to give credence to the view. Ehling et al. (1992) point out that public relations is used as a noun (who does your public relations?) a verb (they PRed that situation) and as a modifier (it was a public relations triumph/disaster), which illustrates the problems in arriving at a clear definition of the discipline, especially because of its close conceptual and practical links with marketing practice.

4.3.1.1 Public Relations and Marketing

The differences and similarities between public relations and marketing have been argued over at length, hampered by definitional problems on both sides of the equation. Marketing is concerned with managing the exchange of goods and services with customers and trade intermediaries, acknowledging that not all exchanges are simply based on financial transactions. All organisations are involved in some form of exchange process and if marketing is viewed in its widest sense as a social philosophy, then it is about facilitating effective exchanges. Ehling et al. (1992) argue that if an organisation's environment is benign then it is reasonable that most attention will be directed towards marketing activities. If, however, it is turbulent and the organisation faces a array of problems, then a wider view is required which can tackle non-marketing problems, for example, labour relations, lobbying for or against legislation or responding to pressure groups.

Marketing textbooks have tended to portray public relations as publicity, one element in the promotional mix, along with advertising, personal selling and sales promotion (see for instance: Kotler 1982). However public relations academics view the scope of public relations activities as much wider as it includes communication with a wide range of publics: whilst it does contribute to the marketing mix it has other roles within the organisation's wider environment, in the breadth of publics it addresses and the types of objectives it seeks to achieve. Ehling et al. (1992) suggest that a

more productive way to understand the differences between public relations and marketing is to look at the roots of public relations in a social context. Public relations rests on social psychology and sociology using the terms 'publics': marketing rests on economics and refers to 'markets'. The essential difference is that organisations create markets by identifying the most likely consumers for their products, whereas publics are social in nature, they arise out of the decisions made by management and the consequences of those decisions. Organisations must monitor the environment in which they operate and the interdependencies which occur between the publics and the organisation: this is the role of public relations.

4.3.2 The Role and Scope of Public Relations

Before considering the role and scope of public relations within organisations it is necessary to draw attention to four models of the way in which public relations operates, described by Grunig and Hunt (1984) as press agentry, public information, two way asymmetrical and two way symmetrical. The first three of these models attempt to change the behaviour of publics without changing the behaviour of the organisation; press agentry and public information are based on the one way flow of favourable information from the organisation to the media. In the two way asymmetric model the organisation uses research to develop messages that will persuade the public to behave as required. The symmetric model uses research and dialogue to manage conflict, improve understanding and build relationships with publics: both the organisation and the public can change behaviour. Grunig (1989) · argues that asymmetric public relations is unethical, socially irresponsible and

ineffective as it manipulates the use of communication for the benefit of the organisation. However, Miller (1989) argues that control over the environment and communication is the goal of all people and organisations and "an inevitable aspect of being alive" (p. 46).

As Grunig and White (1992) point out, public relations alone can not be held accountable for the culture of an organisation and the approach taken to communication, however much this affects the way that public relations is carried out.

In an attempt to demonstrate the affect of communication philosophy, Grunig (1989) identifies the internal characteristics of different organisations which adopt different views of symmetrical and asymmetrical communications, which mirror Pauchant and Mitroff's (1988) comparison of healthy and unhealthy organisations. They conclude that organisations can mix competition and co-operation, which leads Grunig and White (1992) to conclude that a realistic approach is to acknowledge that organisations have mixed motives in their communication policy. In fact organisations want public relations to act in their interest, they are not charitable institutions, but the concept of reciprocity suggests that organisations get more of what they want if they give their publics some of what they want. Dozier (1992) concluded from a survey of public relations practitioners carried out in 1987 that the two way symmetric model of public relations "has not emerged as an observable model in contemporary practice" (p.182). Whereas the ideal may be a symmetric, two way form of communication the reality is more likely to be either a two way asymmetric model or even a one way press agentry approach.

4.3.2.1 Public Relations Roles

The model of communication that the organisation adopts is reflected in the functions that public relations practitioners are asked to fulfil; in effect what an organisation expects of its public relations service is dependant on how it defines what the public relations role should be. Public relations is generally referred to as a management function in that it contributes to the effective running of the organisation. Authors such as Broom and Dozier(1986) and Cutlip, Center and Broom (1985) have defined different roles played by public relations practitioners, reflecting the way that the public relations function operates at different levels of the management hierarchy.

In terms of the roles of practitioners it has been suggested that there are two main roles played by public relations professionals:

- communications technicians who carry out the mechanics of implementing public relations programmes

- communications managers involved in the formulation of public relations strategy and policy.

The communications manager role has been further broken down into expert prescriber, where the public relations practitioner is identified as the 'expert' with responsibility for problem definition, identifying solutions and takes major

127

responsibility for implementation; communications facilitator concerned with information brokerage or the quantity and quality of information flow, and problem solving process facilitator involved in the development of planned and co-ordinated public relations activities by identifying the public relations implications of management strategy. These are rarely distinct categories and any individual is likely to be involved in a combination of these activities i.e. managers involved in the formulation of policy are also called upon to implement the programmes (Broom and Smith 1979).

It has been suggested that it is the relative importance of the roles that defines the level of the organisation at which public relations is viewed; communications technicians are assumed to be prominent in organisations adopting the press agentry/public information model of public relations, whilst the problem solving facilitator role is viewed as essential to the two way symmetric model (Grunig and Hunt 1984). There has been research to demonstrate that there is a positive correlation between participation in management and the manager role but not the practitioner role (Dozier 1992). Other research in this area has identified a relationship between the type of organisation and the role played (Dozier 1992), gender and roles enacted (Broom and Dozier 1986) and the possession of creative/artistic beliefs and roles (Dozier 1992).

In fact the roles played by the public relations practitioners are dependent on how the organisation views the public relations function. The service that the public relations practitioner provides to the organisation will reflect how the management, as

purchasers of the service, view the contribution of the public relations professional.

As Johnson (1989) points out:

> The implicit assumption in [public relations role] studies is that roles reside *within* the individual ... roles are a function of the social system made up of role senders and role receivers. In other words, the role performed , at least in part, depends on others' expectations.
>
> (Johnson 1989: p 244)

Therefore, in order to understand the role that public relations plays within an organisation, it is necessary to understand how the management of the organisation views the importance of the public relations function and where it fits into the management decision making process. Organisational behaviour literature suggests that hierarchical positioning within an organisation is often decided according to a staff/line structure where product - profit - production functions are line functions and staff functions advise and support the executive (Mullins 1993). Public relations is usually seen as a staff function, a key consideration given that line functions set ground rules, determine policy and make final decisions (Cutlip et al. 1985). As a result, public relations practitioners are often excluded from the 'dominant coalition' of organisational decision makers. As Cutlip et al. (1985) point out:

> "When all is said and done, a public relations office will only be as useful to management as management wants it to be. If management thinks of public relations operation in a small way then it will occupy a small place in the scheme of things and its contribution will be small. If management thinks it is important, then it will occupy a prominent place, and its contribution will be significant."
>
> Cutlip, Center and Broom 1985 p 80

The crucial point about all of this research is that it has been carried out using in-house practitioners. In fact, Dozier's (1984) research into practitioner roles concluded that consultants carry out different roles from in-house practitioners and that consultants are likely to change their role for different clients. It could hardly be expected that external consultants would form part of the dominant coalition within an organisation in the same way as internal members of staff.

4.3.3 In-house V Consultancy Services

The 'make or buy' decision is a common problem faced by organisations and a number of factors have been identifed that affect the decision (see for instance: Ford et al. (1993). In this context the decision is whether an organisation employs in-house or consultancy services: each option has advantages and disadvantages for different organisations. For example, Black (1990) suggests that the principle strength of in-house operations is that the staff are employed full time by the organisation so they are aware of its culture, tradition, mission statement and their activities are shaped by this awareness. According to Black (1990) the advantages of in-house public relations can be summed up as firstly, the organisation has immediate access to knowledge and can give a speedy response to queries; secondly, employees are trusted by colleagues within the organisation when they seek information: thirdly, in-house employees are full time salaried staff, so the relationship between public

relations tasks and hours worked is not an influencing factor and finally confidentiality can be guaranteed, which is particularly important in publicly quoted companies. However, on the negative side Black (1990) comments that whilst in house departments have a loyalty to their employers they may lack objectivity and there is a danger that staff who have been on the pay-roll of a company for a number of years may become stale as they do not have the breadth of work or stimulation of working in other sectors.

The benefits of using consultancy services are perceived to be that consultants are likely to have broad experience of different industries and sectors, although they may develop expertise in a particular sector, which enables the consultancy to bring objective advice. In addition, consultants have access to a wide range of resources and contacts and there is a simple correlation between tasks performed and hours worked, if the organisation does not require public relations on a permanent or constant basis it may be cheaper to employ consultancies rather than full time staff. Consultancies may be more expensive on an hourly basis, but if the number of hours required is not high then the actual cost may be lower. However, on the downside, consultancies may not be as responsive as in-house departments or able to react as quickly in the event of a crisis, as account executives must handle a number of clients at once. Black (1990) points out that whilst an in-house employee's first loyalty is to the organisation, a consultants first loyalty is to the consultancy. They are characterised by high personnel turnover and although senior executives are involved in winning accounts, the day to day work may be carried out by relatively inexperienced members of staff. If the service is required on a permanent or regular

basis then employing internal practitioners allows a service provider to acquire detailed knowledge of the business and the response to the problem and may be a less expensive alternative than employing consultancies. Purchasers may perceive that they have more control over an internal department that is dedicated to the particular organisation with better continuity of staff. However, it can be difficult to remove employees who are not performing satisfactorily, whereas it is relatively easy to terminate a relationship with a consultancy. An alternative is for an organisation to employ an internal specialist who is able to call on the services of agency or consultancies when necessary. This provides the organisation with a basis of knowledge within the company that can be used to assist in the decision making process when choosing external specialists. In these circumstances public relations practitioners within the organisation play different roles from the consultants and the public relations purchased from the consultancy is likely to be different.

4.3.4 Communications Policies and Consultancy Services

What researchers have not previously addressed is the relationship between the public relations service chosen and the organisation's communication philosophy. Public relations academics and practitioners argue that for public relations to function effectively and to achieve all of the possible benefits for an organisation, it must be part of management decision making (White and Dozier 1992). This theory explicitly states that:

"excellent public relations requires that the top public relations practitioner in an organisation participate in management decision making."

(White and Dozier 1992: p137)

There is an inherent assumption in this statement that the public relations practitioner is within the organisation, that public relations is in some way an in-house operation; however, in reality, not all organisations have in-house practitioners. The basic premise of Grunig's (1992) argument regarding public relations excellence, is the idea that excellent organisations require public relations input at a managerial level. This is based on the assumption that managed communication makes organisations more effective. Organisations are defined as being 'effective' when they achieve their goals, however, the goals must be appropriate for the environment in which the organisation operates. The identification of these goals is based upon the managed interdependence of an organisation and the various publics with which it interacts, in order to achieve autonomy from outside influences. This is the responsibility of all members of the strategic decision making coalition; it is suggested that public relations plays a strategic role in building long term relationships with key constituencies and reconciling the organisational goals with the expectations of these constituencies thus improving organisational effectiveness (Ehling, White and Grunig 1992). There is no evidence, however, that this can only be carried out from within the organisation.

For public relations to extend its role as a vital strategic management function it must be perceived by the purchasers as such. In reality the ability of public relations to

position itself is dependant on the value placed on the service by purchasers - the utility of the service and its perceived benefits. This requires an understanding by purchasers of what public relations can achieve, what it can contribute to the organisation, which in turn leads to the establishment of the public relations policy and the purchase of a public relations 'product', however that is provided.

4.3.5 Public Relations Functions

To examine what public relations practitioners actually do to achieve the organisation's communication objectives requires a closer examination of the functions carried out by public relations practitioner. Black (1990) suggests that the practical applications of public relations activities can be divided into three areas, positive steps to achieve goodwill, action to safeguard reputation and internal relationships, whilst acknowledging that the 'connecting alleyways' mean that it is difficult to consider these areas separately. In discussing the activities of public relations consultancies it is useful to look at what practitioners actually do, i.e. what functions make up the public relations product 'mix'.

The roots of public relations in press agentry and the influence of the mass media in modern society, results in an emphasis on media relations and press liaison as an important feature of public relations. However, media relations are not an end in themselves, more an indication that a process of opinion exchange is underway. The central place of media relations and the importance of this area of public relations work is challenged by the industry who regard the media as a channel, a means of

communicating with a wider audience, rather than an end in itself; as White (1991) states, "communication is only part of the public relations process: the visible, action phase" (p27). Black and Moss (1991) suggest that it is more useful to regard public relations programmes as "contact and convince", most public relations is ultimately concerned with either bringing about a change in behaviour or with reinforcing existing patterns of behaviour. In order to achieve this publics must be convinced of the arguments and the merits of the advocated action. The media provide a useful and effective way of achieving these objectives, by using media publics can be made aware of the message which is the first step in the process of adoption. In fact the media may also be considered as a public, acting as gatekeepers and opinion formers rather than solely as a channel. Media relations is therefore a crucial, but not exclusive, part of public relations.

There are a number of other techniques available to the organisation in order to achieve awareness, for example, sponsorship programmes, employee newsletters, exhibitions, events and functions, each of which has its strengths and weaknesses. The common theme of these activities are that they involve the carrying out of some preconceived and agreed programme and as such they can be regarded as the primary or 'task' level of public relations.

At the higher level the public relations practitioner has an input in to this programme formulation, i.e. he/she is involved in deciding the way in which the campaign will be carried out and how and when to create awareness. This is a managerial, decision making level of public relations, rather than simply carrying out previously agreed

objectives. This managerial approach to public relations would include, for instance, corporate and financial public relations, audience determination, crisis management, international public relations etc. The key to defining this type of product variant is that it involves managerial decision making, rather than only implementation. This may involve public relations consultancies in an advisory only capacity, where practitioners advise on a given situation and how the organisation's actions will be seen in the public arena which may involve no 'task variant ' input at all.

Doolan (1994) suggests that in their zeal for parsimony, public relations role theorists have failed to acknowledge a third type of public relations in-put into organisations: the broader strategic role. This variant of public relations implies practitioners have an input into wider business decision making, i.e. rather than the implementation of public relations programmes they have a place within the dominant coalition. This raises the role of public relations consultant to the strategic, policy formulation level and recognises that there is a difference between public relations managerial roles and the wider organisational management. However, no empirical research has been carried out to establish the validity of this argument, either for in-house or consultancy practitioners. To some extent, at this level it may be argued that the division between public relations consultancy and other forms of business advisory services become blurred. For example a management consultant advising on a quality programme is likely to include some form of communications excellence as part of its objectives and communications functions as part of the practice of implementation.

The implication of this discussion about public relations product, which is linked to the roles played by the practitioners is that there are a number of dimensions or attributes of public relations product purchased by organisations. The type of product purchased from consultancies is likely to be affected by a number of factors including the communication objectives of the organisation, the presence or absence of in-house practitioners and situational factors in the purchase. In order to understand the purchase decision and the way that quality will be evaluated these factors must all be taken into consideration.

4.4 The Professional Status of Public Relations

Before considering the particular features of the market in which public relations operates it is necessary to consider the status of public relations as a 'professional' service. Taking the five criteria for professional status described in chapter 2, public relations is advisory, based on problem solving and is usually centred on an assignment requested by the client. It is not necessarily provided by a professional who is independent, but then as discussed above this criteria is not sustainable if applied to a number of professions. Independence in this context is more correctly autonomy and the right to make decisions for which the individual assumes responsibility and accountability. This then leaves two considerations, whether or not it is necessary for the service to be carried out by someone known for a specific skill or body of knowledge and whether or not it is necessary to be a member of a supervisory association.

There has been considerable debate within the public relations discipline, especially in the US, regarding the need for, and attainment of, professional status. These discussions have also been centred around sets of criteria which define professional status (see for instance: Cutlip, Center and Broom 1985; Grunig and Hunt 1984). These criteria are essentially the same as those discussed above, with the inclusion of the requirement for a degree of social responsibility, or values based on serving a 'public good' above profit. It is difficult to test the validity of such a statement in a commercial environment where 'public good' may be defined differently by different groups. The idea that in order to achieve professionalism public relations practitioners need to over - ride the organisations profit motive, is a complex one and outwith the bounds of this research. We are left therefore, with two central themes to define professional status, the attainment of educational standards based on a body of theory and the existence and status of a governing body.

Both of these issues have been actively addressed by the public relations industry in the UK in their drive towards professional status. There are two professional bodies centrally associated with public relations, the Institute of Public Relations (IPR) for individual practitioners and the Public Relations Consultants Association (PRCA) for consultancies. These associations have a common purpose of attempting to raise the standards of professionalism in public relations by imposing codes of behaviour and standards for entry on their members. In terms of occupational licensing the IPR is in effect a system of certification, not licensing. There is no requirement for public relations practitioners to be a member of the IPR and it is highly unlikely that such a

requirement would ever be introduced on a statutory basis - there is no public safety aspect to public relations that would justify such a move.

The key to certification is that potential purchasers perceive a value in practitioners holding membership of the IPR and are willing to choose, or pay more for, the services of members. This would in turn bestow a power of sanction on the Institute, as there would be a perceived benefit in membership, therefore an incentive to comply with the conditions. In order to attempt to create a perception of the value of IPR membership to both practitioners and purchasers, the IPR have introduced educational and experience qualifications as condition of membership. This also addresses the other criteria, a recognised body of knowledge or skill; there are now four postgraduate public relations courses in the UK and a number of undergraduate and certificate courses that lead to membership of the IPR. This acknowledges that a major element in a 'profession' is professional education and that the meeting of certain standards of competence or education is a vital part of professionalism.

Hainsworth (1993) acknowledges that the emphasis on professional educational standards is a key factor in attaining professional status:

> "How can there be any kind of professional control over the practice of public relations if those of us in the profession constantly fail to fully appreciate formal, professional education as the major - if not the only - route in to the profession....who among us would seriously consider a doctor or a lawyer for our medical or legal needs who met such inadequate and naive requirements?"

(Hainsworth 1993: p312)

139

However, the value of specific educational qualifications is still not universally accepted by the public relations industry. One of the largest consultancies in the UK has a policy of employing a quota of trainees who specifically do not have public relations qualifications, in order to broaden the experience base of their practitioners. There are also a large number of public relations practitioners still entering the industry through the apprenticeship, or even secretarial route, who do not have any tertiary education. There is no requirement for these practitioners to be members of the IPR or to receive any formal education in public relations. This implies that they are joining a profession which rests not so much on a body of knowledge, but rather a set of skills or techniques that can be acquired through experience. This view of public relations as a technique is described by Grunig and White (1992) as a 'worldview' of the discipline associated with the press agentry model of public relations and the underlying assumption of authors such as Kotler and Andreason (1987), who argue that marketing is strategic and public relations is not. This relates back to the discussion about the roles that public relations practitioners play within organisations; if it is perceived that this role is at a task level, i.e. the carrying out of previously agreed tasks, then the perceived value of specific educational requirements is likely to be less than a managerial or strategic role where the practitioner would be more likely to be regarded as a professional member of the team.

Grunig and Hunt (1984) suggest that professionalism is a set of attributes associated with individuals, not with an occupation; individuals within a specific occupation may be regarded as professionals according to the level of their performance.

Professional status for an occupation is achieved when a majority of practitioners qualify as professionals, the implication being that when the majority of practitioners are operating at a managerial level and carrying out public relations on a two way, preferably symmetric, model then professional status will be attained.

An alternative to individuals belonging to a governing organisation is the idea of a body to oversee the businesses. The PRCA draws its membership from consultancies, not individuals, and is therefore in a different position as regards professional status. However, it has similar objectives in establishing its role as a regulatory or standard setting body, with all of the implications for prospective purchasers. Unless purchasers perceive that there is a value in belonging to the association and this can be demonstrated to be an indication of some standard of ethics, quality or professionalism, then the power of sanction against members who fail to comply with the codes of the association is limited. Purchasers must perceive it to be a valuable informational cue, a form of service guarantee that does not necessarily imply satisfaction, but that certain conditions will be met. This relies on the association being able to demonstrate that their members meet defined criteria and that those who fail to do so are removed from membership.

There is a lack of empirical data in this area to allow definitive conclusions to be drawn about purchasers' views of professional associations in public relations. However a number of factors indicate that the value of membership, of either professional association, is not recognised by purchasers. For example, there are approximately 100 consultancies in Scotland of which only 10 are members of the

PRCA, similarly there are an estimated 1,000 public relations practitioners working in Scotland, of whom 350 are members of the IPR - this would appear to imply that membership of either organisation is not seen as a necessary condition for employment.

Wylie (1994) suggests that public relations should be regarded as a profession, but acknowledges that this can not be achieved by 'self-anointment'. Rather professional status is achieved through the perception of purchasers, which is linked to the quality of service that they receive. In the absence of occupational licensing, the public relations profession must set and adhere to standards of service that both reflect purchaser requirements and can be seen to represent a level of professionalism in service delivery. The argument is, therefore, that membership of the professional association is indicative of a higher level of service quality which will be associated with customer satisfaction, acting as a cue to reduce the risk associated with the purchase and compensating for the asymmetric information problem (Leland 1979; Jaffe and Corgel 1984). In the absence of statutory licensing this must be brought about by market forces, the recognition that service quality is a competitive variable; it is therefore in the interests of the public relations associations to be driving the initiative towards establishing service quality standards.

4.5 The Market for Public Relations

In order to discuss service quality as a competitive variable in the market for public relations services, it is necessary to consider the characteristics of purchase decisions

in this market. Three specific 'uncertainties' in the market for business advisory services were identified above that require consideration in this context, need uncertainty, market uncertainty and transaction uncertainty. These suggest that whilst public relations displays many similar attributes to other business advisory services, there are a number of distinct issues that require consideration.

4.5.1 Need Uncertainty.

Public relations is concerned with the management of reputation, which is of central importance to any organisation regardless of the business that they are in. However, the perceived need for public relations, as opposed to some other form of marketing communication may not be as obvious. Whilst the need for legal or financial advice may be in response to a specific situation, the need for public relations advice is not as clear. The difficulties in defining public relations described above, point to a confusion about what purchasers can expect the benefits of public relations to be, and consequently the role of public relations in a given situation may be viewed in terms of press relations only.

Reputation is a fragile and easily damaged commodity, however, it is not entirely the responsibility of public relations. Public relations can not make an inherently poor or unpopular business decision acceptable, it can only present it in the most effective way or attempt to limit the damage. The risk is, therefore, not only in the selection of public relations consultancy, it is in the general management decision making. For example, no amount of post hoc public relations could have made the community

charge or poll tax, a popularly acceptable policy. There is, therefore, a risk in not taking public relations advice, or failing to carry out public relations research before making business decisions. The uncertainty associated with the need for public relations is a complex issue, whilst the importance of the service may be clear in specific situations, most examples of which involve damage limitation, (for example, Ratners and Brent Spar) it is much harder to define the need for proactive public relations.

However, as Hakansson (1982) points out, the need uncertainty alters in subsequent transactions as factors not previously considered are involved or the supplying firm develops a closer interpretation of the purchasers needs. For example, an organisation may purchase a basic task public relations product from a consultancy, like the writing of a press release, but during the interaction become aware of other public relations services that may be of benefit to the organisation. The perceived need for public relations therefore alters as the purchaser becomes more familiar with the range of benefits that public relations can provide.

4.5.2 Market Uncertainty

There are three aspects to market uncertainty, the extensiveness of the choice set, the availability of alternatives and the amount of differentiation within the alternatives. The extensiveness of the choice set has two dimensions, firstly whether to employ in house practitioners or use consultancies (discussed above) and secondly, if

consultancies are to be used either exclusively or in conjunction with in-house practitioners, the choice of consultancies available. Although Clark (1991) suggests that there has been a trend towards consultancies in recent years, both of these options have advantages and disadvantages. Wilson (1972) describes the purchase of a service as 'not dissimilar' to buying people, the objective is to obtain the best person to do the job. What the purchaser receives is the benefit of specialist advice, unless there is a legal requirement that this must be independent of the organisation then the decision as to whether to employ internal or external specialists will be made on practical grounds.

The second factor in defining the extensiveness of the choice set is the nature of the public relations industry. A range of different sizes of public relations consultancies is available from large international firms to small one person businesses, many of whom claim expertise in specific areas. As already discussed, there are no barriers to entry - in effect anyone can call themselves a public relations practitioner and set up a consultancy. Indeed very little capital outlay is required and a number of small one person consultancies are run from individual's homes. Potentially, therefore, the choice set is very large indeed.

4.5.2.1 Availability of Alternatives

Wheiler (1987) suggests that there are geographical constraints on choosing many advisors and this is applicable to public relations in two ways; firstly the need for knowledge of local media, communities etc. often restricts the choice set to those

145

consultancies based in the same area as the purchaser. This is especially true in Scotland, where the separate legal and governmental organisations require particular recognition. Secondly much public relations work is concerned with financial and national government organisations based in London, which require a degree of specialist knowledge and convenience of access to Parliament or the City; organisations requiring this type of public relations are more likely to choose consultancies with offices in London.

4.5.2.2 Differentiation in Public Relations Services

The nature of the public relations service is such that it is very difficult to differentiate the outcome. What the purchaser is buying is advice, solutions to problems; although it is possible to differentiate the tangible products, e.g. the Annual Report may look different, it is very difficult for a public relations consultancy to differentiate their offering from other advisors in a meaningful manner.

There are a number of responses to this challenge, the first is to specialise in certain industry sectors, or problems, and to develop specific expertise. This has the advantage of differentiating the consultancies service, but may restrict the customer base. The second response is to differentiate the consultancy from competing firms by using informational cues like membership of professional organisations, size or location, to present an image of the consultancy which can be used to distinguish it

from competitors. This response relies on understanding which cues the purchaser is likely to use in making decisions.

The final response to product differentiation is to differentiate on the process factors or how the service is delivered. This implies that the public relations product can be differentiated on quality of service; how the service is delivered, rather than what is delivered. This emphasis on service quality as a differentiating variable is the basis of relationship marketing - by understanding how the purchaser assesses quality it is possible to adapt and differentiate the service in such a way as to retain existing clients and attract new ones.

4.5.3 Transaction Uncertainty

Information regarding public relations services is difficult to obtain in advance of purchase, not only does it have all the characteristics of a service product in terms of its intangibility, heterogeneity, inseparability and perishability, but there are very few sources of information available about public relations services. In common with other professional organisations, the PRCA provides a 'marriage' service where by potential purchasers of public relations are able to describe their requirements and receive information about members of the PRCA who provide appropriate services. The information given about particular consultancies is limited, by implication, to membership of the PRCA and adherence to its code of practice implies that consultancies meet certain professional standards, albeit on a voluntary basis.

The nature of the industry means that there are very few sources of impartial information about the merits of public relations consultancies. P.R. Week publishes an annual league table of the Top 200 Consultancies using a number of criteria, for example, fee income, number and size of clients, number of fee earning staff. However, as with any service, this type of factual information does not describe the service received by clients, but provides some cues as to the type of consultancy.

4.5.3.1 Experiential Information

In terms of experiential information, public relations like other services, relies on recommendation, i.e. that satisfied clients will recommend their services to prospective clients. There are two sources of experiential information, within and outwith the organisation. Within the organisation assumes that there are members of staff who have used public relations services in the past, either in their current organisation or in previous employment. This type of information works at two levels, information about public relations services in general and the benefits to organisations in using public relations, and secondly, experience of specific consultancies or practitioners. However as with all experiential information this assumes that a) the person making the recommendation has the same requirements, expectations and standards and that b) the service will be comparable in different circumstances.

A particular feature of public relations services is the use of the pitch. Purchase behaviour associated with public relations is frequently a two stage process. The first

stage involves drawing up a short list of potential suppliers: in the second stage competing consultancies 'pitch' for business by presenting their ideas about the specific brief to the purchaser. A recent MORI poll for the IABC suggested that 71% of purchasers include a pitching element of two or more consultancies in the purchase decision. The purpose of a competitive pitch is to allow potential purchasers to meet the representatives of the consultancy, hear the account team outline their ideas and, therefore, form an opinion about the ability of the consultancy to deliver a satisfactory service.

Pitching has been described by Bowman (1991) as a piece of theatre, a skill which can be learned and as such of limited value to the client. Fearnley (1991) suggests that clients and consultants are both aware of this limitation, but that it remains the best alternative available. In terms of the information acquisition process it is an important source of information about this type of service. Whilst it does not guarantee that the public relations service purchased will be satisfactory, it gives an indication of the likely service experience in a way not usually open to service purchasers. This has the advantage of allowing purchasers to assess aspects of the potential service supplier, which can be equated to a form of pre-purchase trial for goods. However, whilst this may be interesting and useful, in that it enables the parties to meet and for the prospective consultant to demonstrate that they can talk the correct language, the service itself remains intangible, perishable and heterogeneous and the pitch is not an indication of the consultant's ability to do the job.

4.5.4 Response to Uncertainty - Developing Relationships

It was suggested above that one way for both purchasers and providers to respond to these perceived uncertainties in the purchase is to develop relationships. This would appear to be particularly relevant in the purchase of public relations because of the nature of the product. There are three main ways that public relations is purchased, retainer fees which imply a relationship akin to membership where the purchaser and the consultancy have a formalised commitment to each other, payment for specific projects or campaigns which usually extend over weeks or months, even years and finally, payment for specific one-off tasks. The type of payment adopted is a function of both the communications policy of the organisation and their view of the role of public relations as well as practical issues, for example, whether or not they also have in-house public relations personnel. In fact most organisations probably adopted a mixture of payment methods according to the situation. However, the payment method does have implications for the development of relationships. If the consultant is retained, by its very nature this implies a long term commitment on both sides, the consultant builds up a knowledge of the organisation and the issues, and the organisation gains the benefits of advice based on an understanding of the organisation built up over time. The consultancy is able to tailor the public relations service to meet the needs of the organisation, rather than expect the organisation to be able to define all aspects of those needs. By implication this type of relationship is more common in the delivery of managerial public relations rather than task.

However, the benefits of relationship building are also applicable in task public relations. From the consultancy's point of view there are obvious advantages in

obtaining repeat business and building a knowledge base in the area: from the purchasing organisations point of view they are able to cope with some of the uncertainties in the purchase decision by using the same supplier. Procedures can become standardised and briefing time reduced once the two parties have become familiar. Hakansson et al. (1976) also suggest that in situations characterised by high uncertainty purchasers tend to become relatively more concerned with functional and quality aspects than price. The implication is that by establishing a mutually beneficial relationship the consultancy is able to charge more for its services. There are therefore, competitive and economic benefits in developing relationships.

4.6 Public Relations and Quality

In the past five years there has been a growing recognition amongst public relations consultancies that in order to compete they must consider the quality of service that they provide to their clients. This discussion has taken two main themes, the need for, or applicability of, public relations consultancies adopting quality accreditation, for example ISO 9000, and the development and delivery of excellence in public relations (see Grunig 1992). Whilst much of the research carried out in the US has concentrated on the excellence approach and the ways in which public relations can contribute to the effective management of organisations, the European approach has been to examine quality in terms of standard setting and customer satisfaction based on the actual service delivered. This recognition of the value of service quality and

customer satisfaction as a competitive variable, demonstrates a realisation within the industry of the importance of quality, not least in the drive towards professionalism.

4.6.1 The ISO 9000 Approach to Quality in Public Relations

The introduction of quality accreditation in the public relations industry has been the subject for debate led by the PRCA and the International Public Relations Association (IPRA). By working with an organisation experienced in implementing the standard in the marketing sector, an interpretation of the standard has been developed for public relations consultancies and similar initiatives have been developed in Denmark and Sweden. The first public relations consultancy in the UK was awarded the BS 5750/ISO 9000 certification in 1993.

There are two stated reasons in the public relations press for applying for ISO 9000 registration,

- to improve the quality of service to customers
- that customers will, or may, expect firms to have it.

Writing in the PRCA Year Book (1992), Felicity Guy suggests that in the tight economic climate and increasingly competitive market, clients are expecting more for their money. She suggests that quality standards give a competitive advantage in gaining and retaining clients, and

"...probably the most significant aspect of the quality movement for consultancies is the impact it will have on our operations as businesses... A well run efficient business will not just result in happier clients, better results and motivated staff but will make a significant difference on the bottom line."

(Guy 1994: p8)

The argument is that not only does the disciplines of a quality standard increase efficiency leading to growth, but increasingly clients will only consider suppliers who have attained the standard. Despite the implications of restraint of trade, since December 1993 the Ministry of Defence will not award contracts to suppliers who lack 'appropriate certification'. Whether this is restricted to ISO 9000 is unclear. A 1994 IPRA Gold Paper on Service Quality quotes a survey of ISO certified companies which found that 26% became ISO accredited because of demands from customers and a further 12% because they believed it improved competitiveness.

The most persuasive argument for ISO 9000, above other ways of considering quality, is that clients recognise the logo and associate it with a particular way of conducting business, it, therefore, acts as an informational cue in the decision process. However, it must be recognised that certification does not imply a quality product, as the IPR Journal pointed out in November 1992, the Titanic could have been built to BS 5750. In service industries in particular, the nature of the product and the customers response to the product, are not necessarily influenced by logical and pragmatic procedures. In fact the IPRA Gold Paper (1994) acknowledges that many public relations consultancies do not see the value in such a systematised and 'delivery' orientated approach to quality. Rather quality in public relations must take

153

account of the particular characteristics of public relations and the relationship between process and outcome.

4.6.2 Service Quality in Public Relations

The model of service quality advanced in chapter 3 suggested that due to the deficiencies in the gap approach, service quality should be considered as a progression where purchasers have certain expectations or norms that they apply in the purchase situation. These relate to both the process and outcome of the service and can be divided in to three distinct stages, the pre-purchase stage, i.e. what they expect before the service is purchased, the experience stage, i.e. how they expect the process of delivery to take place and finally the evaluative stage or the identification of criteria by which purchasers assess what the service achieved, as well as how it was delivered. It is acknowledged that these three stages are not distinct, pre-purchase expectations have a direct impact on experience and evaluative stages, and that at each stage certain expectations are more important than others, but that this three stage model allows discussion of a number of pertinent issues. The following sections will identify the particular aspects of public relations services that raise questions regarding the determination of expectations, of both the outcome and process of the service product. Using the model of expectation formation, described in the previous chapter a research agenda for understanding service quality in public relations services is proposed which will take account of the particular situational characteristics of the purchase of public relations services.

4.6.2.1 Expectations of Public Relations

The model of expectation formation suggested that expectations are formed as a result of a number of factors about the product which are either available or are sought about the service. These were identified as previous experience (of what ever kind), price, information search, number of perceived alternatives and the influence of the specific product to be purchased. In the public relations context this last variable is crucial. An organisation with an in-house public relations practitioner, who is purchasing the services of a consultancy to assist in the writing of press releases, may have vastly different expectations of the process and outcome of the service than an organisation which has no in-house specialist and is purchasing strategic public relations advice from the consultancy. Generalisations about expectations of public relations services must, therefore, take account of this diversity in the product.

The second issue with regard to identifying expectations of public relations is that these are likely to change during the process, for convenience it is necessary to discuss this as a two stage process, pre-purchase expectations i.e. expectations about the service formed before the service is delivered and experience expectations, i.e. how the service will be delivered or the experience of using public relations consultancies. It is recognised that these are not distinct and that pre-purchase expectations have a direct impact on experience expectations, but in terms of the information available they represent phases of the service delivery which can be managed by consultancies.

4.6.2.2 Pre-purchase Expectations of Public Relations Outcomes

It was suggested above that the reliability of what is delivered, the technical dimension or the outcome, is paramount (Zeithaml, Parasuraman and Berry 1990; Gronroos 1991). This depends on some understanding of what the client views as the public relations product, i.e. what does the client expect public relations to achieve. If public relations is not a homogeneous product and operates at a range of levels within organisations, then the outcome objectives will be product specific, i.e. the outcome of the task variant of public relations will not be viewed in the same way as strategic public relations advice. Task outcomes expectations are relatively easy to define and subsequently evaluate. For example, it is comparatively easy to measure the amount of coverage a press release received and even to rate the favourability of that coverage against some expectation of what it was designed to achieve. Strategic advice is a much more abstract concept, even after delivery the client does not know whether he has received the best advice possible, or whether another public relations approach would have been more successful. In the prepurchase phase, therefore, expectations are based on a subjective judgement of what the outcome may be. This is particularly true of negative outcome expectations, for example damage limitation is impossible to quantify, because it is not possible to know what the damage may have been without the specific intervention.

The second problem with identifying outcome expectations in the pre-purchase phase is clients' understanding of the purpose of public relations. Although there are a number of academic models of public relations and definitions which regard it as a two way communication process between an organisation and its publics, there is less

evidence that purchasers regard it as such. In fact for many marketers it is assumed to be one element of the marketing communications mix along with advertising, sales promotion and personal selling (Kotler 1991). Kitchen (1993), examining the use of public relations by fmcg firms, suggests that these aspects of the communications mix are mutually interactive and synergistic. He suggests from his particular research evidence can be found for an increase in public relations activities within organisations at the expense of advertising. In this research respondents appear to consider that there is a direct link between the cost of advertising and the perceived benefits of public relations in improving company image, over a range of brands and to a variety of audiences. Public relations is seen as an alternative to advertising, part of a broader activity which includes a number of marketing communication techniques, amongst which public relations is playing an increasingly important part. This has been recognised by the IPR and PRCA who see themselves as having an educational role in informing clients what public relations can do for their organisation in general and in relation to marketing activities in particular. This points to two important sources of expectation about public relations outcomes, the view of public relations within the marketing communication strategy and the efforts of the professional bodies to influence these perceptions.

Another source of pre-purchase expectation of public relations outcomes is what Fearnley (1991) calls 'me too-ism', that purchasers see competing organisations receiving favourable press coverage and want similar coverage for their organisation. Outcome expectations in these circumstances may be based on very little knowledge of the actual public relations provided, but rather on the visible signs of the service.

In other words, their views of public relations services are entirely drawn from seeing the results of press coverage etc., without having any idea of what the public relations programme was designed to achieve.

As with other advisory service the most important pre-purchase influence on outcome expectations is previous experience. Purchasers who have used public relations services before, either in their current or previous organisations are likely to have clearer outcome expectations. However, this too may be product specific, a purchaser who has only ever had experience of task variant public relations does not necessarily have expectations of any other type of service.

4.6.2.3 Pre-purchase Expectations of Public Relations Process

In discussing pre-purchase expectations of the process of delivering the public relations service there are fewer specific sources to draw upon. It was suggested above that purchasers are influenced by product category experiences, i.e. using different types of advisory service. This implies that there are a set of recognisable behaviours associated with business advisors in general that can be used to make assumptions about the way that the public relations service will be delivered. These behaviours could relate to both the manner and style of approach of the advisor, including the way they dress and act, and to the way that they deliver the service, for example, responsiveness to requests, returning telephone calls, meeting deadlines or the accuracy of the work they deliver. These dimensions relate to the empathy,

assurance, responsiveness and tangible dimensions of the Zeithaml, Parasuraman and Berry (1990) framework. In the pre-purchase phase these behaviours are almost impossible to assess, although the pitch allows purchasers to meet the account team and draw certain inferences about the personalities or competencies of the staff, it is not possible to know in advance how the service delivery will operate. In these circumstances the information that is available is used as a cue to imply missing information. In the pre-purchase phase a number of information cues are available that may be used about public relations services, the value of which has yet to be empirically proven. These related to both the consultancy in general and the individuals who will actually deliver the service as the two are directly related.

The first cue that could be used about the public relations consultancy in one instance and the individual practitioner on another, is membership of a professional body, the value of which was discussed above. As so few consultancies or individual practitioners are members of these professional bodies it may be assumed that this is not viewed within the public relations industry as a particularly valuable cue. However if public relations services are viewed as part of a product category along with lawyers, engineers or accountants, it may be that purchasers would regard this as an important feature, especially if it could be shown that membership of either of the professional bodies is indicative of a level of service or quality standard.

A similar case may be made for third party quality accreditation or ISO 9000, that it provides information about the consultancy which is indicative of a certain level of quality. However there is very little evidence that this is the case, Seddon (1994)

suggests that ISO 9000 has very little relevance in today's business environment and there is no evidence that purchasers of public relations services view it as a valuable cue.

The third cue that is available is price: this is a complex issue in advisory services in general and public relations in particular. Without clearly defined outcome expectations the purchase may be unclear exactly what is being purchased, or what constitutes value for money in these circumstances. The identification of expectations based on price is complicated by the different charging structures operated by public relations consultancies including retainer fees, payment for specific projects, payments for one off items of service or a combination of different payments. The affect of cost on expectations of public relations has not been empirically tested, but by implication may have a direct impact on process expectations: if it is not possible to purchase shades of good advice, it is possible to purchase different amounts of time and commitment from the consultancy. However, this may not be viewed in the same way by both sides in the transaction, with purchasers expecting more for their money than consultancies believe is due. In these circumstances price may have a direct impact on perceived quality.

4.6.2.4 Expectations of the Experience of using Public Relations Services

The experience of using public relations refers to the on-going relationship between the consultancy and its clients, or how the service is delivered. It is during this process that the pre-purchase cues are gradually replaced with experiences, that lead

to a reassessment of expectations of both outcome and process. These experiences are the core of service evaluation and their relative importance determines how satisfied the purchase is with the service that is delivered. These experiences relate to both what is delivered and how the service process is managed and once again can be related to the responsiveness, tangibles, assurance and empathy dimensions identified by Zeithaml, Parasuraman and Berry(1990).

The key to understanding service quality perceptions in this phase of service delivery is identifying which service dimensions are 'core' and which could be said to be peripheral to the core (Iacobucci et al. 1994). Peripheral in this context does not imply less important, but rather that these service dimensions have a more symmetrical effect on satisfaction and quality. Core service aspects are those which if present do not necessarily lead to satisfaction but if missing lead to dissatisfaction. Identifying these core service dimensions is essential as they are not always the most visible or obvious parts of the service but reflect a 'bottom line' without which clients will be dissatisfied.

Public relations literature suggests a number of dimensions that may comprise these core aspects, including accuracy of written materials, confidentiality, knowledge of the media and of target audiences (White 1990). However, taking public relations as belonging to the product category of business advisory services, this may also include management of budgets, responsiveness to queries, adequacy of the consultancies resources or even the 'chemistry' between the account team and the organisations management, all of which affect the experience of using the service.

4.6.2.5 Evaluation of Public Relations Services

The need for identifying methods of evaluation for public relations outcomes has been recognised by both academics and practitioners; there is less agreement about how to go about evaluating public relations. White (1991) identifies four obstacles to evaluation of public relations, lack of time and resources, lack of understanding of the scope of public relations, lack of understanding on the part of purchasers of the need for evaluation and lack of understanding on the part of practitioners of the role of evaluation and the techniques. Each of these implies an educational role for the profession in conveying the formal techniques that are available. In an attempt to come to terms with the complexity of evaluating public relations programmes, Dozier and Ehling (1992) identify levels of evaluation linked to public relations objectives by separating evaluation into output evaluation and impact evaluation. Output evaluation counts public relations activities executed and moves through levels of sophistication to impact evaluation, where attempts are made to evaluate social or cultural change. In this way output evaluation could be said to relate to the task activities which are relatively easy to measure, numbers who attend, number of press releases, accuracy of press releases, budget management etc. Dozier and Ehling (1992) suggest that although it is relatively easy to count messages sent or public relations activities executed, this is of no particular value to the organisation. Impact evaluation is more complex as it depends on a measure of the effectiveness of the service and suggests that the objectives can be clearly defined and that it is possible to measure their achievement.

There is an increasing recognition that if public relations is to establish its worth as a separate function it must be able to provide some means of measurement of the success or otherwise of any activities. As Shrinkle (1994) points out, there are a number of commercial agencies providing clipping and electronic analysis of media reports. However, these are a very limited way of evaluating a public relations programme. Whilst public relations tasks may be relatively easily evaluated, the evaluation of advice is a much more subjective and difficult concept. In discussing the expert prescriber role in public relations Dozier (1992) suggests that this can be equated to the doctor - patient relationship, where the expert prescribes and the management obeys. Steele (1969) suggests that this relationship is 'seductive' as it is assuring for management to have an expert take decisions and leads to what Agris (1961) describes as management regarding the public relations programme as 'belonging' to the consultant. This implies that the two are linked in such a way that the evaluation of one is dependent on the other, i.e. if the public relations advice itself can not be evaluated then the individual or consultancy delivering the advice will be evaluated. What is certain is that some evaluation will take place, the purchaser will in some way decide if the service has delivered satisfaction by using some form of judgement: it is in the interests of the industry to understand what this evaluation is based on and to be able to manage the evidence.

The second factor in identifying the evaluative criteria used in public relations is the degree to which particular outcomes can be ascribed to public relations alone. As public relations activities are related to the wider functioning of the business, it may not be possible to isolate the impact of public relations from other factors. Public

relations alone cannot be held responsible for the entire management decision making, it is a delegated task and therefore can only be judged against the boundaries of the objectives set for it. Awareness or attitude changes may equally be brought about by advertising, personal selling or sales promotion as the public relations campaign and conversely, public relations can not make an inherently unpopular business decision popular.

The implication of these problems with objectively evaluating the outcome of public relations leads to an emphasis on process and in particular the relationship of confidence and trust that is built up between an organisation and its advisor. In these circumstances the purchaser has an investment in believing in the advice given by the 'expert', rather like the doctor - patient relationship and this in turn militates against arbitrarily changing advisor. The public relations consultant builds a repertoire of knowledge of the client's business and the background to problems, which suggests significant switching costs would be incurred if another advisor were to be employed. It is this confidence in the advisor that leads to the involvement and integration stages of the relationship lifecycle proposed by Yorke (1990) (see figure 2.1 above).

4.7 Conclusions

Public relations services are a distinctive type of business advisory service. Although academics trace the development of the craft back to the Roman Empire it is only relatively recently that they have been regarded as a management discipline. Indeed the roots of the profession in press agentry and the seeming reluctance of

practitioners to embrace the benefits of professional organisations, has hampered the development of professional status. Public relations practitioners are therefore faced with a public relations problem in addressing their own image as a profession, before they can effectively promote their services. One approach to this is to adopt service quality standards that raise the opinion of purchasers towards public relations as a business advisory service, whilst at the same time providing the benefits of developing customer relationships and competing on the basis of customer defined quality standards.

The problem with adopting this approach for the public relations industry is the lack of any empirical data as to how purchasers view their services, what purchasers view as the public relations product, what the core and peripheral parts of the service are and whether these are affected by the product being purchased and finally what evaluative criteria are employed. This provides a clear research agenda, before making any attempt to measure or record the quality of service they deliver, public relations practitioners must understand more about how their service is regarded by their purchasers and attempt to consider the relative importance of a number of dimensions of both the service product and the public relations product in evaluating the service received and therefore a perception of quality.

CHAPTER 5

METHODOLOGY

5.1 Introduction

The aim of this thesis is to identify the attributes of public relations services that lead to a perception of quality by purchasers. Quality in this context has been defined as a function of the purchasers' expectations of the various aspects of the service, both outcome and process, which influence the evaluation that the client makes, i.e. whether or not the client perceives that he/she has received a quality service. In order to achieve this it is necessary to understand what expectations purchasers have of public relations services, how those expectations are formed and their effect on the evaluative process. The first part of this chapter outlines the methodological considerations in conducting such research and the broader philosophical framework on which this thesis is based; the second part of the chapter describes the specific method used in this research.

5.2 Philosophical Foundations

Traditionally there have been two approaches to the study of social phenomena, the 'naturalist' or positivist and the 'anti naturalist' or 'humanist' (Martin and McIntyre 1994). The naturalist or positivist approach maintains that the social sciences should

adopt the same methods as the natural sciences; this is based on an assumption that the social world exists externally and should be measured through explanation. The positivist view, therefore, attempts to arrive at a set of generalised statements or laws to explain and predict the relationship between events in the natural world. The French philosopher Comte (1853) was an early proponent of this view, he stated

> "all good intellects have repeated ... that there can be no real knowledge but that which is based on observed facts"

Advocates of this approach admit that the search for social scientific laws may be more difficult than in the natural sciences and that the laws produced may be more general, statistical or less well supported. However, these differences are not seen as representing any fundamental differences in the explanatory goals across natural and social science. The positivist approach makes certain assumptions in order to develop these laws, the most crucial of which is that it is not the purpose of science to determine the mechanisms behind observable relationships, in the belief that there are no logical or necessary connections in nature. Thus positivism limits its conception of valid knowledge, i.e., science, to what is observable, it is concerned with the testing of theories in what Gill and Johnson (1991) refer to as a 'hypothetico - deductive' fashion. As Hindless (1977) points out, this makes possible a very precise conception of the testing of theory against observation, if theory and the real world fail to correspond then the theory is false and may be rejected. In this way doxa (what we believe to be true) becomes episteme (what we know to be true). Therefore, in this context a positivist approach would entail the development of a theory concerning the elements of a public relations service that are critical in delivering

167

service quality and then the testing of this theory against the delivery of quality services in practice.

There are a number of criticisms of the positivist approach to social science research, see for instance: Williams (1981); Sayer (1984); Allen (1984); Keat (1981); Hindless (1977) and Habermas (1970). These criticisms centre around three assumptions of positivism, first, that social science can be reduced to general laws, second, that the only knowledge of significance is derived from objective measures, and third, that it is possible for any method to be truly independent of the interests and values of the researcher. The assumption that social science can be reduced to general laws is challenged by Williams (1981) on the basis that social structures do not operate independently of the systems which they govern, nor do they exist independently of individuals' conception of what they are doing. It is not possible, therefore, to separate 'subject' from 'object'. Often the same event or set of sensations is perceived differently by different people, especially in the subjective assessment of satisfaction or quality. Individuals are not passive receivers of stimuli, but apply inferences and assumptions which mediate what is 'seen' (Spinelli 1989). The positivist assumption that only knowledge of significance is derived from objective measures, has lead to a reliance on enumerate judgement or statistical aggregation which, according to Sayer (1984) and Keat (1981), means that events are added up with little consideration to the underlying relationships. However, as Fay and Moon (1994) point out, in social science it is not enough to know that a phenomena is happening, we need to know why, which necessitates more than attention to numbers but an interpretation of meaning. This is particularly important in conducting

168

research into a subjective phenomena like service quality, which rests almost entirely on the interpretation of events or aspects of the service.

The final point relates to the way in which knowledge can be separate from both the researcher and the researched. Positivism assumes that 'truth' is to be found in the observers passive registration of facts that constitute reality (Mattrick 1986), i.e., that science is neutral, value free and disinterested. However, in reality researchers do not provide passive reflections, but influence and interpret what is seen. Even the use of the term 'quality' will be used to imply different connotations, according to the experiences, values and expectations of the various people involved, both researcher and respondent.

An alternative point of view, the 'humanist', 'interpretavist' or 'phenomenological', is founded upon a number of basic flaws in the positivist approach. This paradigm stems from the view that the social world and 'reality' are not objective and exterior, in this approach reality is seen as socially constructed, rather than objectively determined, and is given meaning by people (Husserl 1927). In this approach individuals do not neutrally and passively register the various sensory inputs, human action arises from the sense that people make of different situations. This 'phenomenology' has many different variants, each taking a slightly different stance according to which facets of positivism they most object to (see for instance: Lincoln and Guba 1986; Berger and Luckman 1966; Sayer 1984). Each of these has as a central tenet - the idea that reality is socially constructed rather than objectively determined, hence the role of the researcher is to attempt to understand the

constructions and meanings that people put on their experiences. As there is no

independent or neutral point from which to observe the world, all knowledge is from

particular points of view (Burrell and Morgan 1979).

5.2.1 Deductive and Inductive Research

This debate between the two philosophical positions is important because it dictates

the approach to research adopted and whether the approach taken is inductive or

deductive. Deductive research methods in the positivist tradition entail the

development of a conceptual and theoretical structure, which is tested through

empirical observation. Popper (1967) states that the source of this theory is

insignificant, what is important is the logic of deduction and the operationalisation

process, i.e., the testing of theory by confronting it with the real world. Essentially

the process of deductive research involves the identification of concepts, i.e.,

abstractions that allow impressions of the world to be compared. Two or more

concepts are then linked by the formation of a theory, or hypothesis, in a causal chain

in order to be tested. However, as these concepts and the relationship between them

are abstract they must be operationalised or turned into observable indicators. This

process of 'operationalising' requires clear rules to be laid down for what is to be

observed and allows some 'reliable' measure of the relevant concept, enabling some

testing of the hypotheses or theories against the real world. The outcome of this

process is the development of 'facts' or laws to explain those phenomena associated

with the theory which not only explain past relationships between the variables, but

also predict future observations. In practice it is the statistical probability of the

theory being replicated that is adopted, as it is not possible to be certain that in some future circumstances the theory will not hold. Popper (1967) addresses this by suggesting that no theory can ever be proved by a finite number of observations, therefore, while theories can not be proved to be true, they can be falsified. In this 'post positivist' approach it is the purpose of deductive research to attempt to falsify theories through empirical testing to leave a core body of theory which has not been disproved, thus advancing knowledge.

The alternative point of view, associated with the non-positivist, phenomenological paradigm, is inductive research. This involves the construction of explanations and theories about what has been observed. In contrast to the deductive approach, theory is the outcome of observation, not the starting point. Glaser and Strauss (1967) support this point of view in their grounded theory approach to research which argues that explanations of social phenomena are worthless unless they are 'grounded' in observation and experience. The inductive approach rejects the causal model of positivism as inappropriate for social sciences, due to the fundamental difference between the subject matter of social sciences (human beings) compared to natural sciences (animals and physical objects). Laing (1967) draws attention to the internal logic of humans which must be understood to make action intelligible. Relationships between concepts are mediated by the individuals interpretation of events, social meanings, intentions, motives attitudes and beliefs. Research must, therefore, access this subjective dimension which requires an understanding of the frames of reference out of which behaviour arises, referred to as "verstehen" or "fidelity to the phenomena under study" (Hammersley and Atkinson 1983: p.7). The methodological

implications of this perspective are a rejection of the testing of highly structured models and a reliance on unstructured approaches.

The chief criticism of the inductive approach is that it is not replicable and, therefore, 'unreliable'. In fact Giddens (1976: p,19) suggests that "intuitive or empathic grasp of consciousness" is not a method for research, merely a possible source of hypothesis. This idea of reliability will be discussed in more detail later, but in this context it is taken to mean both that the data will stand up to outside scrutiny and testing over time and secondly, that it has internal consistency. This by its very nature is a positive position, and as Kirk and Miller (1986) point out, the language and procedures for assessing reliability have been developed from the positivist approach and imply acceptance of an absolute reality. However, this does not deny the fact that phenomenological research is required to be 'reliable' in terms of the observations being capable of observed again on a different occasion (Easterby Smith et al. 1991).

It is possible, as Gill and Johnson (1991) point out, to construct continuums of research methods and their underlying philosophies in terms of the various logics they propose (see for instance: Morgan and Smircich 1980). However, the choice for the researcher is to adopt a methodology which fits with the way that he or she regards the nature of human action. Burrell and Morgan (1979) suggest that the set of philosophical assumptions adopted, either implicitly or explicitly, is a matter of personal belief not necessarily a choice between incommensurable alternatives. In fact the combination of inductive and deductive techniques within the same methodological approach is recommended by a number of researchers (see for

instance: Sieber 1973; Whyte 1976; Webb et al. 1966). This implies not competing methodologies but a multi method approach which Denzin (1970) argues may, in fact, have greater validity than a single method approach. This approach referred to by Trow (1957) as 'methodological pluralism' implies the possibility of rapprochement between the two paradigms. From this stance it is suggested that the different methods adopted are judged according to their reliability, internal and external validity and appropriateness to the research topic (McCall and Simmns1969; Zelditch 1962). One benefit of the multimethod approach, described as triangulation or convergent validation (Jick 1979; Fielding and Fielding 1986; Miller and Friesen 1982), is that it allows the strengths and weaknesses of each approach to be addressed and produces more convincing findings (Smith 1975). Fay and Moon (1994) suggest that the term 'social science' requires a synthesis of philosophy, social implies intentional phenomena that must be understood in terms of their meaning, science implies an attempt to develop systematic theories to explain underlying interconnections. They conclude that neither positivism or phenomenology provide an adequate account of social science alone and therefore they must be combined in some way.

Gill and Johnson (1991) point to a number of reasons why the multi-method approach is used infrequently, most prominent of which is the time and cost involved in conducting the research. Martin (1982) also points out that journals tend to have methodological preferences and multi-methods are frequently discouraged. However, the main reason for this unpopularity in management research is the difficulties in comparing the two results. As Jick (1979: p 607) observes, "it is a delicate exercise

to decide whether or not results have converged ...". However, data, whether

convergent or discrepant, is equally valuable and indeed discrepant findings may

enrich the research by challenging simple explanations.

A more pragmatic approach is proposed by Kolb et al. (1979) who suggest a research

design based on how human beings learn and is diagrammatically represented below:

Figure 5.1

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              ──→ Concrete experiences ⌐
            /                            \
          /                                \
         /                                   ↓
Testing implications              Observations and
of concepts                       Reflections
         ↑                              /
          \                            /
           \    Formation of Abstract concepts ←⌐
                   and Generalisation
```
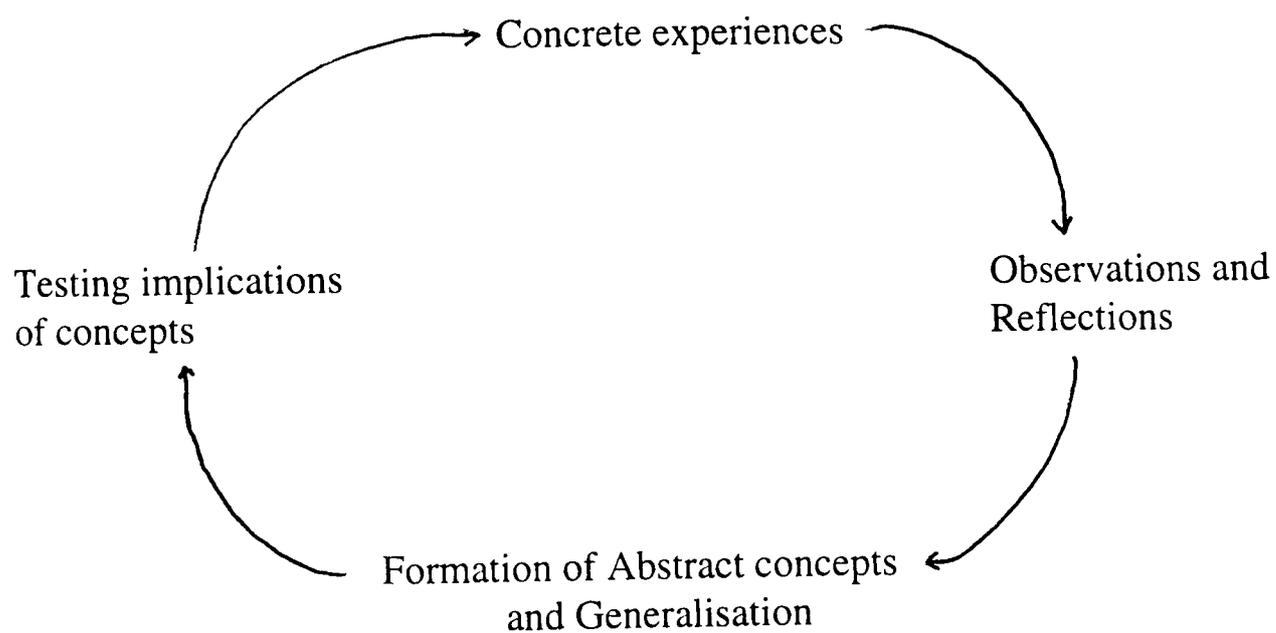
Kolb's Experiential Learning Cycle

(Kolb, Rubin and Mc Intyre (1979), *Organisational Psychology : An Experiential Approach* Prentice Hall, London: p. 38)

On the right hand side of this cycle is the observation of a stimulus, which will be

influenced by previous learning, events and theories, then through induction

formulating concepts and theories that may explain past and future events. This leads

into the right hand side of the cycle in which the theory is applied and tested and

becomes the basis of the concrete experiences, that will be used in the observation

and reflection in the future. Kolb et al. (1979) imply that it is socialised predilections

in the individual researcher that leads to particular emphasis in the learning cycle, not

any methodological constraint. This way of incorporating methodological pluralism

into a research design allows ethnography to have a place within a version of

'variable analysis' (Blumer 1967) in a way that they complement each other, adding

to the credibility of the study by providing an internal cross check (see for instance:

Godsland and Fielding 1985; Denzin 1970).

The main criticism of methodological pluralism is that it implicitly accepts a

positivist position by operationalising theoretical concepts and assigns explanatory or

independent variables, even if they have been developed from through inductive

methods. It can be argued that once the subjectivity of the phenomenological

approach is acknowledged, then any methodology that involves hypothesis testing is

irrelevant. However, by including a deductive phase in the research design it is

possible to counter any claims that the research is not generalisable or reliable as it

can not be replicated. The quantitative testing of the variables developed in the

qualitative phase allows conclusions to be drawn about the wider applicability of the

study and for the triangulation of data collected in the two phases to enhance the

validity of the findings. This validity can be considered in terms of the internal

validity of the conclusions, the population validity or generalisability of the findings

and possibly the ecological validity of applying the conclusions to other situations (Gill and Johnson 1991).

Methodologically this research adopts a pluralist approach, in an attempt to capitalise on the advantages of both inductive and deductive methods, whilst avoiding the pitfalls of each. The encompassing philosophical foundation, however, remains non- positivist, the research is based upon a belief that social sciences demand an understanding of the inter-relationships between phenomena. The aim is not to prove or disprove theories, but to search for explanations and indications that may assist in developing future strategies. Theories of service quality are subjective concepts which, as was argued above, do not lend themselves to objective testing. In fact the use of the term 'theory' is problematic, it implies a causal explanation which rests on some general law. However, if the term is used in the sense suggested by Glaser and Strauss (1967), then what is sought is interpretation of patterns of behaviour that illuminates plausible relationships between concepts, which can be expressed as propositions and then tested to see if they 'fit' the situation. In this context these propositions relate to the aspects of public relations services which will lead to a perception of quality with its subsequent implications. These propositions may have some ecological validity and applicability to other business advisory services, as they comprise "systematic statements of plausible relationships" (Strauss and Corbin 1994: p 279). They do not attempt to verify or falsify a 'law' that will lead to a guarantee of service quality. Rather the research method adopted attempts to explore the nature of service quality in public relations services and to arrive at

conclusions as to how public relations consultancies can use quality to deliver customer values and improve market share.

The research methodology is based on the Kolb Experiential Learning Cycle which places the development of theory in the inductive phase of the research and then leads to a more deductive approach to testing the theory. In the context of public relations quality, this is complicated by the fact that public relations itself requires definition. As a result to advance a theory based entirely upon literature is unlikely to adequately reflect how purchasers view the quality of public relations services delivered. It requires a more interpretative, exploratory starting point that will allow for the construction of a framework based on the perceptions of those involved.

5.3 Research Design

In accordance with the pluralist approach to research design there are two distinct phases in the research design, an inductive exploratory phase, leading to the development of a framework for service quality, which is then tested in a deductive fashion to attempt to ascertain its reliability, i.e., the consistency of the framework in explaining how purchasers of public relations in Scotland rate the quality of the service they receive. If service quality is a user defined concept, then it is logical to commence any research by exploring the dimensions that the users consider to be important and to attempt to understand the basis up on which these important aspects of the service are formed. This will allow a user defined theory of service quality to be developed, which can then be tested in a deductive fashion to establish if can it be

reliably adopted by public relations consultancies who wish to improve the quality of the service that they provide.

This dichotomy of approach is complicated by the traditional assumption that deductive methodologies are exclusively associated with quantitative methods, whilst inductive methodologies are based on qualitative methods. Quantitative methods are typically exemplified by surveys and experimental investigation in a statistically rigorous manner and are therefore assumed to be deductive and positivist. Qualitative research is associated with observation and unstructured in-depth interviewing techniques and, therefore, inductive and ethnographic or phenomenological (Bryman 1990). This indicates an important distinction to be made between qualitative and quantitative methods and qualitative and quantitative data. In fact as Bryman(1990) points out, some data associated with ethnography may be presented in a quantified form and a variety of ways of coding qualitative data in order to undertake some forms of statistical analysis have been designed, e.g., content analysis (see for instance: Kassarjain 1984). Similarly quantitative surveys may produce a considerable amount of qualitative data. What is important is that the method adopted is appropriate for the particular situation. For example, Glaser and Strauss (1967) discussing grounded theory, an inductive ethnographic approach, state:

> "We believe that each from of data is useful for both verification and generation of theory, whatever the primacy of emphasis. Primacy depends on the circumstances of the research, on the interests and training of the researcher and on the kinds of material needed for theory ... in many instances both forms of data are necessary"

> (Glaser and Strauss 1967: p. 17-18)

Similarly Lincoln and Guba (1985) in advocating the 'constructivist' approach to qualitative research state their belief that qualitative and quantitative methods are appropriate in any research paradigm, questions of method are second to the 'worldview' that guides the researcher.

In designing this research first consideration was the difficulties in defining either public relations or quality. The literature review has pointed to a number of definitional problems with both terms and concludes that in order to understand the concepts we must look to purchasers to provide definitions. As a result the initial inductive phase of this research involved an attempt to understand how public relations services are viewed by both clients and practitioners and, therefore, was considered appropriate for qualitative methods of data collection. The specific aim of this phase was to explore expectations of public relations services in an attempt to understand what expectations clients have of both the outcome and process of service delivery, how these expectations are formed and how the service is evaluated. In parallel with this it was also necessary to explore how public relations practitioners view client expectations and how they both evaluated their own service and view the way that clients evaluate them.

Van Maanen (1983) defines qualitative methods as

> "an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency of...phenomena"

<div align="right">(Van Maanen 1983: p.9)</div>

According to Polkinghorne (1991) qualitative methods are particularly useful in the generation of categories for understanding human phenomena and the investigation of the interpretation and meaning that people give to events they experience. The value of qualitative research is that it allows the researcher to gain insights into how respondents view their world. This is particularly important when attempting to define a subjective construct such as service quality, which is dependent on how clients understand a variety of aspects of the service experience. This allowed the development of a number of aspects of the service which could be operationalised as variables that appeared to be important in quality perceptions.

The second phase of the research involved the testing of the applicability of these variables in a quantitative survey of public relations practitioners and clients in Scotland. The purpose of the analytic survey is to attempt to test theories against reality in a statistically rigorous manner, which permits conclusions to be drawn about the applicability of the research to the relevant population. The research design is represented in terms of the Experiential Learning Cycle below.

Figure 5.2

Quality of service in P.R.

Quantitative testing of
variables in survey

Interview with purchasers
and practitioners of P.R.

Theoretical Identifications of Factors
Affecting Service Quality
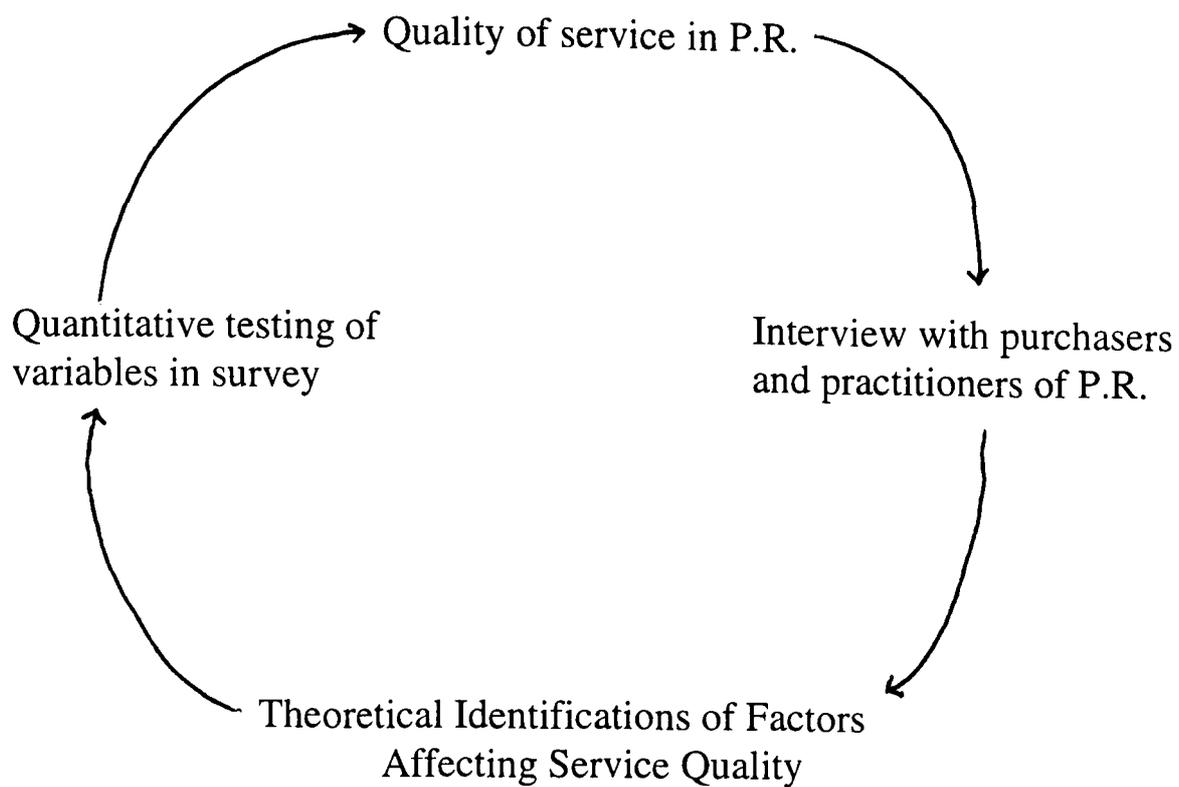
5.4 Research Method

5.4.1 Context

The context for this research is the public relations industry in Scotland. Public

relations services in Scotland operate within an identifiable micro-market, which has

a number of characteristics that make it an appropriate area for this type of research.

Firstly, there is a distinct geographical boundary to the area, within which there is a

high level of parochialism; Scottish based companies tend to purchase public

relations from Scottish based consultancies. The exception to this is the particular

cases of financial public relations and political lobbying where there is an advantage

to use organisations based in London. Conversely Scottish consultancies have found

it difficult to break into the English market, therefore, the potential purchasers can be

identified with reasonable accuracy. There are four groups of potential purchasers which can be identified in Scotland, commercial companies, the National Health Service, Local Government and the charitable sector.

The Scottish business community is relatively small, there are only approximately 1200 active companies in Scotland with a turnover of more than 2 million, the majority of which are concentrated in the central belt (Glasgow/Edinburgh) or Aberdeen. However, they are all potential purchasers of public relations services. The market for public relations services within the NHS was greatly inflated by the introduction of self governing trusts. Pre the reforms of the service in 1991, which created an internal market for healthcare, only the 15 Scottish Health Boards purchased public relations acting on behalf of their hospitals. Since the advent of trusts responsible for their own budgets, who have now to compete for patients, the value of public relations has been realised, expanding the potential market for public relations services considerably. Within the local government sector the abolition of the Regions may have the opposite effect of contracting the market, however there is still considerable scope for development. At present only 17 of the 36 Local Authorities in Scotland currently use public relations services, suggesting an untapped market.

The final large customer for public relations services is the charitable sector, who have become increasingly aware of the value of public relations in fund-raising. A recent Charities Aid Foundation survey found that smaller, less well known charities are losing out in their share of aid to larger more recognisable charitable institutions

(Glasgow Herald November 1993). Therefore, there is considerable value to charities in publicising their activities, as increased levels of awareness are essential to maintain income. In UK terms all Scottish charities fall into the small or medium bracket, of an estimated 17,000 indigenous voluntary organisations in the UK, only nine Scottish based charities feature in the top 200 Charitable income generators. Although it is not necessary to register charitable status in Scotland as it is in England, the Charities Aid Foundation estimates that there are approximately 500 Scottish based charities. Whilst many of these are low budget voluntary organisations, a sizeable number are estimated to use public relations services as a means of income generation.

On the provider side, the market is highly competitive, there are a approximately 100 public relations consultancies in Scotland (SPRCA estimates) These include 'home grown' Scottish consultancies, Scottish based offices of international consultancies and a large number of small consultancies or single practitioners. However, as there are no barriers to entry - in effect anyone can call themselves a public relations practitioner - the potential number of suppliers of public relations services is even greater. It is estimated that the Scottish market is worth about £12 million in fees, of which £8 million is spent with the largest 25 consultancies (ranked in order of fee income). This leaves 75 firms to share the remaining £4 million worth of business.

In addition to the consultancy business it has been estimated that there may be as many as 200 'in-house' departments in Scotland. These departments vary in size according to the policy of the organisation. However, the majority comprise a small

number of specialist practitioners, e.g., a public relations manager and/or a press officer, who use the services of a consultancy when necessary. No definitive figures are available concerning the number of public relations practitioners working in the industry. The professional body for public relations practitioners, Institute of Public Relations (IPR) has 4,864 current members worldwide, of whom 350 work in Scotland. Although membership is not necessary to work as a public relations practitioner, it provides a basis for estimating the number of practitioners working in Scotland at approximately 700. This estimate is complicated by the way that the term 'public relations practitioner' is interpreted. The IPR provide an informal definition for membership purposes which stated that the practitioner is a person who works 'almost exclusively' on public relations activities. However, a number of organisations include secretarial or administrative staff in the definition, and similarly, a number of marketing executives carry out a public relations role. There are also a number of occupations related to public relations, for example, working in press cuttings agencies, who may regard themselves as within the definition. The estimate of 700 practitioners in Scotland is, therefore, rather arbitrary.

The final consideration in the research method is the distinction between in-house and consultancy services. This research is specifically aimed at identifying service quality as a way of gaining market share, which in theory would exclude in-house departments as they are not competing for business. However, in the current climate of contracting out and market testing, in-house departments must be able to justify the service they provide to their internal customers in much the same way, the difference is that they are not competing on a regular basis. They provide what is, in

effect, a control group, providing public relations services without the element of competition and for this reason they were not excluded from the study. In addition a large number of in-house departments act as purchasers of public relations, buying in consultancy services, if and when necessary. As such they act as expert prescribers in the buying models and provide an interesting basis for comparison.

The advantages of conducting this research in Scotland are a clearly defined set of market players and a high degree of competition between providers which makes product differentiation and provision of a high quality service very important. The research method adopted was, therefore, designed to take account of the views of as many aspects of this market as possible. Both the qualitative and quantitative phases of the research included representatives from the various purchasing groups and from in-house and consultancy based practitioners.

5.4.2 Phase 1 Qualitative Research

The first phase in the research design was inductive entailing the use of qualitative research methods. Qualitative data arises as words, statements or commentary about attitudes, opinions or beliefs based on open ended questions and the most widely used qualitative data collection techniques are in-depth interviews and focus or discussion groups. Both techniques were adopted in this research .

The first stage in the research was to hold a series of in-depth interviews with both purchasers and providers of public relations in Scotland. The advantage of individual

interviews in this study was that it was possible to obtain the views of senior executives who it would be difficult to gain access to in any other way. As it is concerned with understanding and exploring reasons for participants views it is not necessary that the sample is representative of a larger population although an attempt was made to include representatives of the various constituent groups.

A key consideration in the sample selection was gaining access to a senior executive with responsibility for making decisions about public relations policy including the way in which the service is purchased. Approaches were made to the CEO or Managing Director of 15 organisations and in the event seven senior executives with responsibility for public relations policy agreed to be interviewed. However, as a number of organisations employ a public relations specialist who is responsible for purchasing public relations services on behalf of the organisation, the scope of the purchaser interviews was extended by the inclusion of a further 3 interviews with public relations professionals who have responsibility for purchasing public relations services from consultancies on behalf of their organisation.

Interviews with public relations practitioners were comparatively easy to arrange and a total of 8 interviews were conducted (excluding the 3 who also have primary responsibility for purchasing). Interviewees were chosen to represent both consultancy and in-house practice and were generally senior officers in their organisation with responsibility for determining quality policies. Further interviews were held with the Director of the PRCA based in London who has responsibility for promoting quality standards within the profession and a director of a consultancy

active in promoting the ISO 9000 standard within the public relations industry. A total of 21 interviews were held throughout 1992

The interview format provided the opportunity for an informal exploration of views which included disclosure of some confidential information and as such is particularly appropriate for this type of research. Jones (1985) highlights a number of issues that require consideration for successful interview, the most important of which is the degree of structure. Whilst a structured or semi-structured interview helps to ensure some consistency across interviews with different people, it restricts the usefulness of the interview as means of understanding "how individuals construct meaning and significance...." (Burgess 1982: p. 45). Selltiz et al. (1964) are suspicious of unstructured interviews, although they concede they are more flexible they inhibit comparability. However, allowing an interviewee to speak freely without intervention or direction is just as likely to result in no clear picture. This problem is compounded in conducting research into service quality due to the emotive associations of the word 'quality'. Quality has a variety of meanings according to the context and it is unlikely that any participant would take the view that they did not wish to either purchase or provide a quality service. This problem in conducting research in the social sciences, (referred to as the Hawthorne effect after the experiments at the Hawthorne plant of the Western Electric Company in 1924), necessitates finding a form of discussion that enables the research to discover the participants underlying assumptions about quality without using value laden terms. To address these problems of semantics and structure the interviews were based around the original ten dimensions of service quality developed by Zeithaml et al.

(1990). Although the gap approach to measuring service quality was considered inappropriate as a basis for some measurement of service quality in this thesis, it is accepted that the service quality dimensions proposed by Zeithaml, Parasuraman and Berry are a useful starting point for discussion. These dimensions, reliability, responsiveness, competence, courtesy, credibility, security, tangibles, access, communication and customer understanding, provide an agenda for discussion of the multi-dimensional aspects of service quality in public relations without pre-empting the response. However, the interview format allowed for participants to express their own views and no rigid structure was imposed.

On completion of the interviews it was apparent that some of the views of public relations practitioners about the service they provide did not coincide with the perceptions that purchasers have of the service. Prior to the development of a theoretical framework it was decided that further exploration of public relations services was required, especially with regard to the outcome evaluation of clients and its relationship to the process of service delivery.

The decision to use group interviews for this part of the research was taken because the advantage of practitioners sharing views and reacting to each others experiences was felt to be of particular value. This is especially important as the purpose of the groups was to discuss client perceptions and the interpretation of these perceptions mat be influenced by the experiences of others. One of the disadvantages of this type of group interview is that the group will arrive at a consensus or be pressurised into conforming to a group opinion (Morgan and Krueger 1993). In order to avoid this the

groups were conducted by a skilled independent moderator with experience in conducting this type of group and a considerable amount of time at the beginning of the groups was spent informally discussing the format and purpose of the discussions.

A total of four focus groups were conducted, one within a large in-house department, one within a major public relations consultancy and two groups where the views of both in-house and consultancy based practitioners could be shared.

The participants for the first 2 focus groups were drawn from two organisations, one a major public relations consultancy the other a large in-house department of an international corporation. The organisations were estimated to be leaders in their field, both having received IPR Sword of Excellence Awards for their work.

In order to ensure a wide range of views were represented in the focus groups a mailing was sent to all members of the IPR in Scotland describing the research project and requesting interested practitioners to participate in focus groups. A total of 63 members indicated their interest and in the event 38 practitioners attended 2 lunch time focus groups held in Edinburgh and Glasgow.

5.4.3 Phase 2 Quantitative Survey.

Two postal surveys were conducted, one sent to purchasers of public relations and one to practitioners. Whilst the primary purpose of the questionnaire was to test the theory concerning purchaser expectations and subsequent evaluation, the second questionnaire provided a means of comparing purchaser responses with what

practitioners see as happening in practice and how they perceive purchaser expectations.

The decision to use a mailed questionnaire for this part of the survey was taken in order to reach as many purchasers as possible and to allow the views of the respondents to be compared in using statistical analysis techniques. Selltiz (1965) lists a number of advantages of mail questionnaires, not least they are relatively cheap and they do not require numbers of trained interviewers. However, there are also a number of disadvantages, the most serious of which are the importance of questionnaire design and the effect of non response.

As a mail questionnaire is a self completion document is must be meaningful to respondents, both in respect of concept and language. The question must be given careful consideration regarding type, sequence and wording, especially as there are no opportunities for the respondent to clarify or discuss meaning. As a result the questionnaire was designed after careful consideration of the language and terminology used by purchasers in the interview phase and was extensively piloted amongst users and non users of public relations.

The problem of non response bias involves the researcher in assessing if the non-respondent are in some way different from the respondents, which would in some way inhibit the generalisation of the findings. Obviously non respondents differ from the respondents in their willingness to complete and return the questionnaire, but within the business research area there is little known about the nature of non respondents. In this particular survey the issue was further complicated by the fact

that there are very few sources of information regarding who purchases public relations and non was proven to be accurate in a test survey. As a result the effects of non response in this questionnaire were viewed as less important than assessing whether the respondents were in any way representative of the population. This was checked by calculating the declared public relations expenditure of the respondents (using the mean for the range) and comparing it against estimated total public relations expenditure in Scotland.

Survey research may have two objectives, analytical testing of a theory or description of the variance between phenomena. The objective of this survey is to test a framework of service quality by gathering attitudinal data regarding the importance of a number of aspects of public relations services which may affect perceptions of service quality. It does not so much test a theory as attempt to establish the validity of propositions regarding service quality. The emphasis in the questionnaire is therefore on the relative importance of a number of variables in the quality evaluation and the subsequent analysis attempts to describe and explain any variance in the response according to a framework of service quality and situational factors in the respondent organisations. In addition factual data regarding organisations' current public relations practice, data was collected regarding expenditure and internal decision making processes to attempt to ascertain whether these extraneous variables have any affect on expectations or perceptions. The questionnaire used therefore includes questions of fact and of opinion (Easterby Smith et al. 1993).

5.4.3.1 Purchasers' Questionnaire

A total of 1500 questionnaires were sent out to potential purchasers of public relations services in Scotland. As there is no complete record of who purchases public relations, either in-house or consultancy, it was agreed that the questionnaire should be sent to companies who might, in the opinion of a number of senior public relations practitioners, reasonably be expected to use specialist public relations services in some way. The sample was divided into four areas, commercial companies, Local Authorities, NHS and Scottish based Charitable Organisations.

a) Commercial Companies

Companies were chosen on the following criteria:-

1)   registered in Scotland

2)   a turnover of at least £2 million p.a.

3)   more than 25 employees

4)   trading at 31st March 1991

It was felt that these companies would be large enough to be able to afford or to have a use for specialist public relations services. The cut off date of 31.3.91 was used to

ensure that they were likely to be still trading. Companies meeting these criteria are

obliged to file their accounts with Companies House in Edinburgh. In order to access

these companies the Financial Accounting Made Easy (FAME) database was used.

This database is prepared by Jordon consultants, from records filed at Companies

House in Cardiff, London and Edinburgh. Jordons endeavour to give information on

as many companies as possible with a turnover in excess of £1 million p.a., however

many companies who fall into this category are not required by law to declare a

turnover, (see Disclosure Requirements - The Companies Act 1989). The exemptions

that allow a company to file only abbreviated accounts are complex and based on a

definition of 'small' and 'medium' sized companies in terms of turnover, balance

sheet and number of employees. In the circumstances it was felt that due to their size

and limited turnover these companies were unlikely to be users of public relations to

such an extent that they would adversely affect the sample selection. It was also

acknowledged that not all small, and especially medium sized, companies choose not

to disclose turnover and the final sample includes a proportion of companies who

apparently fall into the small or medium bracket. Whilst this is a limitation of the

sample it was felt that the database was likely to include the major purchasers of

public relations in Scotland . Using a Boolean search technique 1159 companies were

identified as meeting the chosen criteria who had filed accounts as at 31st March

1991.

The sample was then cross referenced with the Scottish Business Insider magazine

ranking of the top 200 Scottish Companies on the basis of turnover (Scottish

Business Insider 1992). This listing, whilst not necessarily definitive, provided a

convenient way of cross referencing the sample to ensure that the major players in the business community in Scotland were included. As a result a further 10 companies were added to the sample who, whilst trading in Scotland and carrying out a large part of their business in Scotland, have registered offices elsewhere. A total of 1169 questionnaires were sent to companies in November 1992.

The use of a commercially prepared data base is reliant on the accuracy and comprehensiveness of the data base used. The cross checking of the sample with the Business Insider Magazine's Top 200 Scottish Companies similarly assumes that the way in which their assessment of the companies was made was accurate. However, the magazine used a number of criteria to arrive at an overall assessment and the purpose of this cross check was as a crude validation that sample included high profile Scottish companies. There is an intuitive logic in the idea that to be regarded as one of the Top 200 companies in Scotland organisations are likely to be large, profitable, have a high profile and therefore be more likely to be purchasers of public relations services

b) Government Organisations

A total of 65 questionnaires were sent to all local authorities in Scotland, both Regions and Districts, the Scottish Office addressed to 'The Chief Executive' in March 1993. Questionnaires were also sent to a number of Scottish based Quangos e.g. the Countryside Commission. The use of public relations by local authorities to deal with the press and inform the public has been prevalent since 1947 (Gyford 1991). The Patterson Report in particular commended the use of public relations as

being "... of prime importance in bridging the gap between the local authority and members of the public". Evidence of this acceptance lies in the fact that in 1992 all regional councils and 27 district councils in Scotland used public relations to varying degrees. However, like all officers they must remain politically neutral, the use of public relations to promote political views is expressly forbidden in the Local Government Act 1988, section 27 which prohibits publication of material that ".. in whole or in part appears to be designed to affect public support for a political party". Their role is in communicating the councils decisions and policies, not promoting political views.

c) National Health Service

Whilst a recognition of the value of public relations to the NHS does not have the same tradition as local authorities the political environment in which the NHS operates has led to a more recent adoption of the discipline. The health service underwent its third management reorganisation in less than 10 years in 1990. Butler (1993) suggests that the policy reforms proposed in the white paper 'Working for Patients' were brought about as a response to a funding crisis rather than a commitment to restructuring the NHS. By considering ways in which the output of services could be improved and concentrating on making services more efficient and responsive, attention could be deflected from a severe resourcing problem. What was proposed was in line with the government's policy of controlling public spending and the privatisation of state owned industries which it had pursued throughout the 1980's. The political philosophy behind these policies was based on a belief that

social policy should be subservient to economic policy and that individuals are the best judges of their own welfare and should therefore be given the maximum opportunity to exercise choice. This belief in the market mechanism as a way of ensuring consumer choice implied that providers should be able to communicate with their potential 'customers' in a much more direct and effective manner than had previously been the case. Although the emphasis in the reforms was on the development of independent Trusts the role of the health authority was very much the focus for attention at the time this research was conducted. Although the first trust hospitals in Scotland had received trust status when this research was conducted, they were still in the early stages and responsibility for public relations still rested with the Health Boards. As a result questionnaires were sent to all 15 Health Boards as well as the Common Services Agency for the Scottish Health Service in March 1993.

d) Charitable Organisations

A random sample of 250 charities with offices in Scotland were selected from the 1990 edition of the Directory of National Organisations for Scotland published by the Scottish Council for Voluntary Organisations. This directory contains the names and addresses of 496 national organisations within the voluntary sector in Scotland listed and numbered in alphabetical order. The sample was selected using random number tables.

5.4.3.2 Questionnaire Design

The design of the questionnaire presented problems of structure for two reasons, first there is no way of identifying in advance who purchases in-house services and who purchases consultancy services and it had also to take into account that many organisations may use both. Second it had to take into account the potential respondents who do not purchase specialist public relations and their reasons. The first question was therefore a filter question to divide purchasers and non purchasers. Non purchasers were asked to return the questionnaire indicating their chief reasons for not using public relations.

The first section of the main questionnaire was a common section to profile respondents both personally by job title, experience in purchasing public relations and professional qualifications and organisationally by budget. Following the factual information regarding respondents, questions for users were divided into three sections:

Section A to be completed by employers of in-house public relations departments,

Section B to be completed by purchasers of public relations consultancies

Section C a common section on evaluation to be completed by all respondents.

Organisations who both employ in-house and buy in consultancy were asked to complete all three sections. A diagrammatic representation of the questionnaire format is shown in figure 5.3. In order to make the three sections distinctive and to

make the questionnaire more noticeable, sections A and B were printed on different coloured paper. The common section C and the factual questions were printed on white paper.

Questions were designed to follow a logical path to establish purchaser expectations of both the process and the outcome of public relations services. A number of questions used a multiple response format with respondents asked to indicate more than one response from a given list. Wherever appropriate likert type scales were used where respondents were asked to indicate the relative importance of a number of variables on a scale of 1 - 5, where 1 = very important and 5 = not important.

Section A

This section was aimed at organisations who have in-house public relations practitioners, either full departments or in some cases as few as one pr specialist. The questions were designed to establish why the organisation had an in-house department, what they saw as the objectives of their public relations and which particular functions were purchased.

Section B

This section represents the main focus of the research and as such was the longest. The initial questions in this section were as close to section A as possible, in order to compare the two types of service provision. However, as the purpose of the research is specifically about consultancies questions were included concerning purchasers expectations with their consultancy operationaised by three sets of variables, pre-

Figure 5.3

PURCHASERS QUESTIONNAIRE

| Do you purchase specialist PR services? | No | Why Not? | Terminate |

Yes

Information
concerning
respondents

Do you use in-house
and/or consultancy
services

Section A
In-house

Section B
Consultancy

Section C
Evaluation
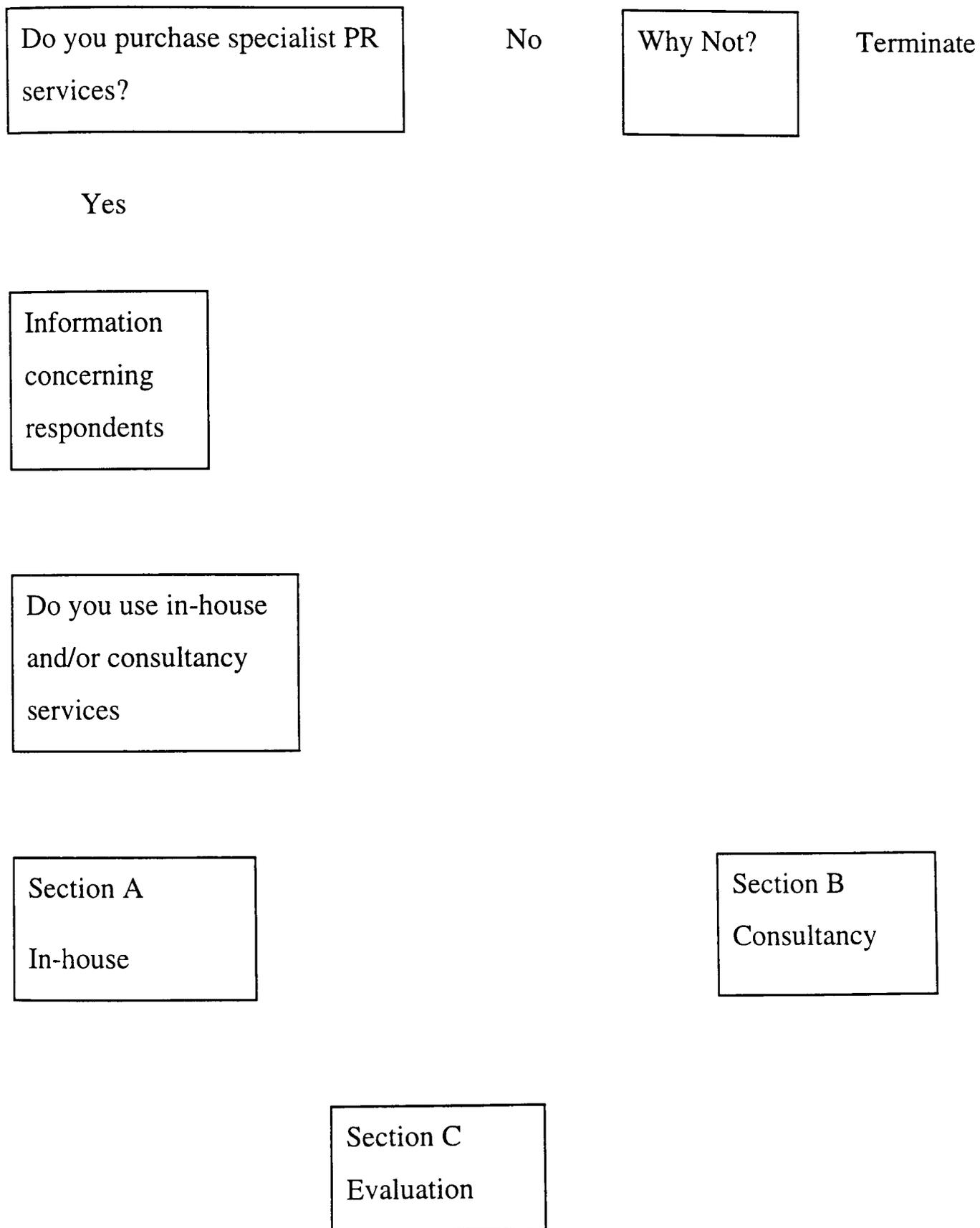
END

purchase expectations, functional expectations and process expectations both from the point of view of what contributes to a successful relationship and what causes a breakdown in the relationship.

Section C

This was answered by both in-house and consultancy purchasers. The section commenced with a filter question to establish if respondents carried out formal evaluation of their public relations service and if not, why not. Those who do carry out formal evaluations were then asked their reasons and methods. The largest area of confusion was in this section with several respondents indicating that they did not carry out formal evaluation and then going on to complete sections on methods used.

The entire questionnaire extended to 5 double sided pages. It was addressed to 'The Chief Executive' of the organisation with a covering letter explaining the background to the research and requesting that it should be completed by purchasers of public relations as practitioners would receive a separate questionnaire. Confidentiality was guarantied although all questionnaires were coded in order to categorise respondents by SIC category for descriptive purposes.

5.4.3.3 Practitioners Questionnaire

As there is no precise, easily accessible record of which organisations use public relations services identifying practitioners for the sample proved problematic.

Although the membership of the IPR does not reflect the number of practitioners working in Scotland it does represent a cross section of the roles and functions carried out by public relations practitioners. It was agreed therefore that the practitioners sample should include all members of the IPR in Scotland currently in employment, i.e. excluding student and retired members. In addition an approach was made to public relations practitioners on the Department of Marketing Public Relations Steering Committee to identify any other practitioners working in Scotland who were not members of the IPR. A total of 302 questionnaires were sent out in May 1993.

5.4.3.4 Questionnaire Design

As part of the purpose of this questionnaire was to establish whether there are any differences in the expectations of purchasers and how practitioners perceive these expectations, the questions posed in this questionnaire were as close as possible to the purchasers questionnaire. However, whilst it is possible for purchasers to use both in-house and consultancy services, practitioners can only be actually employed by one sector at any time, which simplified the questionnaire design. As it was not possible to identify in advance who works in in-house departments and who works in consultancy, the questionnaire was divided into two sections. It was not necessary to have a separate section on evaluation and therefore the evaluation questions are within their respective sections. A diagrammatic representation of the questionnaire format is shown in figure 5.4.

The first part of the questionnaire is a common section to be completed by all respondents to establish the experience and membership of professional organisations of respondents. A filter question then directed in-house and consultancy practitioners to separate sections.

Section A

Completed by in-house practitioners. This section attempted to ask similar questions to in-house practitioners as had been asked of in-house purchasers. After establishing the title of the department and the level at which the practitioner works within the department the questions followed the expectations of both outcome and process framework of the purchasers questionnaire. Questions on the evaluation of in-house practitioners also asked about appraisal schemes where promotion/remuneration is linked to the evaluation of public relations activities.

Section B

Completed by consultancy staff. This section, as with the in-house section was closely based on the purchasers questionnaire. However, it was not felt to be of values asking consultancy purchasers the functional expectations of their clients as these are different for each client and are specifically purchased according to the brief. Generalisations about these would therefore have been meaningless.

As with purchasers of consultancy services practitioners were asked to indicate what they saw as the ingredients of a successful consultant/client experience and what caused a breakdown in that relationship.

Figure 5.4

PRACTITIONERS QUESTIONNAIRE

```
+------------------+
| Information      |
|                  |
| regarding        |
|                  |
| respondents      |
+------------------+


+------------------+
| Do you work:     |
|                  |
| in-house         |
|                  |
| consultancy      |
+------------------+
```

```
+------------------+                                      +------------------+
| Section A        |                                      | Section B        |
|                  |                                      |                  |
| in-house         |                                      | consultancy      |
+------------------+                                      +------------------+
```

END

The questionnaire extended to 5 double sided pages with no respondent asked to complete more than half of this. It was dispatched with a covering letter and a prepaid return envelope in May 1993. All replies were received by 31st August 1993. In order to maximise the return rate the questionnaire was preceded by a letter to all IPR members distributed through the IPR general mailing This letter described the research projects aims and requested co-operation.

5.4.4 Limitations of the Quantitative Research

Wells (1993) draws attention to a common assumption in marketing research, that mentioning limitations makes then go away. This is patently untrue, however it is necessary to consider a number of limitations in this phase of the research. Whilst it is comparatively straightforward to define the area in which this research is based in terms of geography, identifying the individuals within this area is not so simple. The research method is, therefore, limited by they way in which the sample was chosen which could not be described as 'random' in terms of probability. However, this does not detract from its validity in this context, in fact the use of a purposive sample in this type of research is justified because of the nature of public relations services (see for instance: Kent 1993). Although any organisation may benefit from the purchase of public relations services it is likely in practice that not all will do so. In reality the most frequent purchasers of public relations services are large organisations which have a high public profile or have identified a specific benefit from this kind of specialised advice, for example charities (see Stone 1990). As a result rather than the

sample being representative of Scottish business in general, it was important it represented the purchasers of public relations and the range of public relations services purchased.

Secondly, it is not the aim of this research to statistically prove or disprove a theory of quality, only to establish whether a number of 'propositions' about purchasers and providers views of quality have any generalisable value to the purchasers of public relations in Scotland. Full details of the respondents are given in Chapter 7, however in justifying the representativeness of the sample and therefore the respondents it is important to note that the respondents appear to represent over half or the public relations spend in Scotland. Respondents were asked to indicate how much they spent on public relations services each year, within a number of ranges. Taking the mid point of the ranges it is possible to calculate that the approximate spend of the respondents is £13 million: the estimated total public relations expenditure in Scotland is between £20 and £25 million (figures provided independently by PRCA, IPR and Scotmedia). The respondents would therefore appear to be reasonably representative of public relations purchasers in Scotland.

The use of a questionnaire implies a number of inherent limitations, especially when the variables are attempting to measure subjective, behavioural and personal concepts inherent in a perception of quality. Whilst the questionnaire was extensively piloted inevitably some wording or phrasing is open to interpretation. As the purpose of the questionnaire was to test propositions developed from extensive interviews most questions were closed. The strength of closed questions is that they are easy to

complete, thus increasing the return rate, however this may be at the expense of obtaining unanticipated perspectives. The use of a qualitative phase in the research minimises the possibility of missing important aspects and balances the limitations of the use of a quantitative survey.

5.5 Conclusion

The encompassing philosophical approach of the research design is based on a belief that service quality is a subjective concept that requires an interpretative, non-positivist research design. This allows the exploration of underlying meaning and relationships between the various aspects of the service that make up the perception of quality. However, the rationale for the research is to propose a general framework for service quality that providers can use to differentiate their service provision. As such the framework requires a wider application and therefore it was tested using a survey of the purchasers of public relations in Scotland.

The use of a two phase design including both qualitative and quantitative methods is intended to exploit the advantages of both methods whilst minimising the limitations of both methods. It does not, however, imply the abandonment of the interpretative approach and the purpose of the survey is not intended to provide a prescription for service quality in public relations.

CHAPTER 6

RESULTS OF QUALITATIVE RESEARCH

6.1 Introduction

Following the research design the first stage in the data collection was qualitative involving two types of qualitative methods, individual interviews and focus groups. This chapter presents the results of the qualitative phase in two sections, purchaser interviews and practitioner interviews and focus groups. This allowed the formation of five 'propositions' about service quality as a competitive variable public relations in Scotland to be developed.

6.2 Sample Selection

Gill and Johnson (1991) suggest that the "persuasive, positivist traditions of our culture die hard" (p. 150), especially in relation to sample size and the generalisability of research findings. This is a particular issue in qualitative research methods, particularly the scale and scope of interviews. As the purpose of qualitative research is to obtain an understanding of the situation, there is no requirement for statistical rigour in the sample selection. Rather it is important to ensure that informants are selected who will be able to address the research issue. Gummesson (1993) suggests that the actual

number of participants should be decided by saturation, i.e., the diminishing marginal contribution of each additional case. Patton (1990) refers to this as purposive sampling, suggesting that the numbers of people interviewed is governed by the additional contribution to be made by conducting further interviews. In this study it was considered important that participants for the interviews covered the views of as wide a range of Scottish industry as possible, including commercial companies and not-for-profit organisations, therefore the sample size took account of these. However, the sample was restricted by the need to gain access to a senior executive within these organisations who has responsibility for making decisions about public relations policy and were willing to participate.

Approaches were made to the Chief Executive Officer of 15 organisations and 7 senior executives agreed to be interviewed. However, as a number of organisations employ an in-house public relations specialist who purchases consultancy services on behalf of their organisation, the scope of the purchaser interviews was widened to include 3 public relations practitioners with primary responsibility for purchasing consultancy services. In addition one interview was held with the CEO of an organisation which did not purchase specialist public relations services. It was felt that the sample adequately represented the views of the different types of possible purchaser of public relations in Scotland, especially as it quickly apparent that there was very little diversity in these views - in effect saturation was reached. A full list of participating organisations appears in Appendix 1.

6.3 Fieldwork Method

Whilst the interview format is convenient and allows an in-depth exploration of the views of the participants, there are a number of issues to be taken into account in relation to the conduct of interview and the analysis of the data. Baker (1982) questions the idea that interview questions and answers are passive filters towards some 'truths'. Rather, she suggests, interviewer and interviewee actively construct some version of the world appropriate to the situation.

> "When we talk with someone else about the world we take into account who the other is, what the other person can be assumed to know, 'where' that person is in relation to ourself in the world we talk about."

(Baker 1982: p 109)

Taking into account the problems of discussing an emotive terms such as 'quality' described above, it was important to ensure that the conduct of the interviews and interpretation of the findings were as objective as possible. An interview involves some form of focused interaction between interviewer and interviewee, in fact they are social events; they must therefore be interpreted against the background in which they were produced (Denzin 1970; Hammersley and Atkinson 1983).

In this research all interviews were held in participants' own offices and, to encourage as free a discussion as possible, confidentiality was guaranteed. In order to allow the interview to take the form of a conversation the interviews were taped which freed the researcher from the problems of accurate note taking. However, inevitably the taping of

an interview does affect what is said and alters the degree of empathy in the encounter and the form of 'self-presentation' by both parties (Slilverman 1993). Each interview lasted between 1 and 2 hours and transcripts were prepared as soon as possible thereafter. In addition the researcher made notes on the interview immediately after which could be used in the interpretation of the transcripts.

6.3.1 Analysis of Data

Patton (1980) notes that qualitative data collection techniques generate voluminous amounts of information and the task of making sense of pages of interviews and fieldnotes can be "overwhelming". As such it is necessary to approach the task of analysis within a logical framework. Essentially the purpose is data reduction and interpretation, the reduction of information to patterns, categories or themes and the interpretation of these themes in the specific context (Marshall and Rossman 1989). As qualitative data arises as words, phrases or opinions it does not lend itself to simple coding frameworks. In this context the purpose of the qualitative phase was to provide the basis of propositions that could be tested in a wider setting, not to provide a definitive analysis. Tesch (1980) suggests an eight step procedure for process of analysis, however, in this context coding frameworks were judged to be of less importance than the interpretation of meaning. As a result a five step procedure was adopted:

1. A sense of the whole - as an initial stage all transcripts were read carefully whilst listening to the original tapes

2. Each interview was carefully consider in terms of meaning

3. After reading several interviews a list of all topics was made which were then clustered according to major topics, unique topics and 'leftovers'

4. The topics were turned into categories by organising and grouping those that related to each other

5. Material was allocated to categories and the key quotations identified

There is an assumption in some of the literature on qualitative analysis that data bias is a problem, specifically the untrustworthiness of respondents and their lack of comprehension of language (Brenner 1981). This is assumed to affect the data and present problems in analysis of qualitative data. However, this is largely a positivist approach to research, an assumption that reliability is in some way linked to true or false statements. In this research what was sought were opinions, subjective assessments of how purchasers view a number of aspects of public relations, as such there is no 'true' or 'false' answer. The issue is whether they gave accurate accounts of their opinions. Whyte (1980) points out that "ambivelance is a fairly common condition of man" (p117). He argues that it is not necessary to treat opinions as scientific statements, what is sought is an understanding of why people behave as they do, in this case evaluate public relations services, which demands access to what Garfinkel (1967) calls their 'cultural universe'. The only way for a researcher to gain access to this universe is through the words and actions of its inhabitants, as such the analysis of the interviews must assume that the participants are willing, by their agreement to participate in the research, to give access and that the opinions they express are indicative of their attitudes. As such content analysis of interview text is a valid analysis method.

6.3.1.1 Data Validity

It is important that the data analysis can be demonstrated to have some validity. In this context there are two issues of validity, internal, i.e., is the analysis reflective of what the interviewees said, and or, meant?, and external validity, i.e., can the result be repeated or extended to other similar situations? As it is the purpose of this phase of the research to generate ideas which will then be tested in a broader context external validity is not a problem. To ensure internal validity two approaches were adopted. Firstly notes of the interviews were then returned to the interviewees summarising the main points discussed with a letter of thanks for participating and a request that any inaccuracies in the notes be reported. Secondly when analysing the texts of the interviews the tapes were also played to ensure that tone and voice inflexion were consistent with the interpretation of the text.

6.4 Purchaser Views

After careful analysis of the text of the interviews four main themes emerged that form the basis of this part of the analysis. These are:

- the way that purchasers view the public relations product, i.e., what are they buying,

- the differences between in-house and consultancy services,

- how public relations consultancies are chosen,

- how purchasers evaluate the relationship with a public relations consultancy.

The following sections considers these points in detail, using where appropriate the words of the participants themselves to illustrate these views.

6.4.1 Purchasers' View of the Public Relations Product

Not surprisingly, the purchasers who were also public relations practitioners themselves had a much clearer and more specific view of what public relations actually is. While these interviewees replied in line with the IPR definition of mutual understanding, two-way communication etc. the other purchasers had a much more one-sided view of public relations. "Getting our message across", "educating our customers" or "influencing public opinion" suggested that public relations is viewed as an asymmetric activity by which the purchasing organisation delivers the communication to the relevant publics. This is in direct conflict with the view of public relations as a symmetric relationship with communication flowing in both directions. The clear indication from the interviews was that purchasers in Scotland are adopting the press agentry approach to public relations, with very little public relations research being conducted, other than in some large in-house departments.

This one-directional view was echoed by the non-purchaser, who viewed public relations as "spin doctoring", taking an unpalatable or unacceptable message and:

> "giving it a gloss so that poor old Joe Public will swallow it - but it
> doesn't work, it underestimates the intelligence of your average 'man in
> the street' and makes a bad situation worse".

Only one non-practitioner purchaser saw public relations as a two-way function but he was sceptical of the extent to which this worked. He referred specifically to the poll tax as a public relations disaster that could have been avoided if there had indeed been a flow of communication from the public to the government before the policy was introduced.

One interviewee drew particular attention to the role of the public relations profession in fostering a poor image of the function. Whilst he had the "highest regard" for the value of what public relations did for his organisation, he was less impressed with the way that the profession promoted its own activities:

> "As long as public relations means Max Clifford and the velvet headband brigade it will have difficulty establishing its professional status as a management activity. I've met some really professional, competent public relations consultants who know their stuff - and I've met some self-opinionated idiots who try to tell me how to run my business".

This raises an interesting point about the professional status of public relations practitioners. Although most purchasers used the word 'professional' they did not appear to view it as a profession with the same status as lawyers or accountants. One participant suggested two reasons for this, firstly that the educational credentials of lawyers and accountants were well accepted, "everyone has some idea of the amount of learning and effort that goes into a law degree", there was less understanding of the qualifications of public relations practitioners. In fact an interviewee was surprised that public relations was regarded as an academic subject. The second reason that was suggested was to do with the essentiality of the service, although accountants were not

necessarily seen as a benefit, the need for them was clearly acknowledged, similarly the need for lawyers in certain situations was clear. There was less clarity about the need for public relations as a specific type of business advice, something that could be 'lived without', not a vital necessity. This appeared to devalue the status of the advisor in some way, public relations consultants were most definitely seen as service providers, at the call of the purchaser. This is important in terms of identifying the expectations of the role to be played by public relations practitioners in the encounter. The covert expectation implicit in these discussions is that public relations consultants play a rather more subservient role than the lawyer, for example. One respondent seemed surprised that the question of him visiting the offices of his consultancy arose, there was an assumption that the public relations consultant would come to him, he did not go to them. He did, however, admit that he would go to the offices of this lawyer on occasion. Accountants are in a slightly different position as the need for them to physically carry out the audit on sight makes the location of meetings irrelevant. However, it does point to an interesting perception of the roles played by the parties, public relations practitioners and management consultants come to the client, the client goes to the lawyer.

In order to move the focus from the status of public relations practitioners to the actual purpose of public relations, the service was discussed in terms of outcome, i.e., what do purchasers expect public relations to achieve and process or how the service will be delivered.

6.4.1.1   Expectations of Public Relations Outcomes

All of those interviewed could be described as "experienced" purchasers of public relations, either in terms of the length of time they have been involved in purchasing or the number of consultancies they have employed: the only exception to this was one newly appointed CEO of a health service organisation. However, only this CEO attempted to describe outcomes in terms of performance indicators and meeting pre-determined targets.

There was a general consensus that the main outcome of public relations is related to organisational image or profile and that this is achieved through the media, generally the mass media with its ability to influence public opinion. Commercial organisations were also concerned with their image with investors and the financial world, but this was assumed to be separate from public opinion. Public opinion was viewed as central, not only as customers or potential customers but as constituents and voters, who have power to influence government policy at national and local level. One participant stated:

> "We do not sell directly to the public but it would be a brave organisation that suggested that a favourable public image isn't important: all purchasers are also members of the public, they have wives, friends, children who influence them".

Another participant, representing an organisation involved in what could be called a politically sensitive product said quite simply:

"If we don't convince the public we are finished - maybe not tomorrow, but by the next government".

The exception to this view was the CEO of a company which provides a specialised technical service to industry. This CEO said that they were not concerned with public image and for that reason their public relations activity was directed almost entirely towards trade media and influencing a narrow section of business purchasers. Interestingly, since that interview a feature profile of the company has appeared in The Scotsman newspaper.

Out of this main outcome objective arises the second, a higher media profile. There was an implicit assumption that improved image arises, directly or indirectly, out of a higher media profile. The emphasis given to this media coverage was that it should be proactive rather than reactive, participants appeared to view the purpose of public relations as getting them in the papers when they wanted to be in and keeping them out when something went wrong. This, it was generally concluded, led to an improved image with all its constituent benefits.

Questions regarding communication with other constituent groups revealed a more diverse range of opinion within the respondent group. Certain organisations have no need to influence financial investors, e.g. local authorities, NHS, and were much more concerned about local communities. Interestingly, it was not these organisations who expected public relations to influence government policy, one local authority purchaser pointed out that it would be "inappropriate" and is specifically prohibited by the Local

Government and Finance Act 1984 which forbids any public relations activity on behalf of a local authority being politically motivated.

6.4.1.2 What are Purchasers Buying

The difficulties of purchasers in articulating outcome objectives for their public relations activities other than in general terms, led to a more detailed examination of the public relations product, i.e., what do purchasers buy? Here again a clear distinction must be made between practitioner purchasers and general purchasers. Practitioner purchasers were very clear about both their own role in the organisation and what they were buying. For this reason this section will be divided into two parts, the first will look at how 'non-expert' purchasers view the public relations product, the second will contrast these views with practitioner purchasers.

The purpose of these discussions is to establish which functions are purchased and why, i.e., what do purchasers buy and what do they expect it to achieve for their organisation. The first function mentioned by all participants was press/media relations and the writing and dissemination of press releases. This is in keeping with the outcome objectives described above of improving image or reputation of the organisation. Developing from this most participants laid stress on the ability of their public relations to identify and target appropriate media. One participant specifically quoted an incident when a consultancy was asked to draw up a list of appropriate media targets for a construction company. The list included a number of totally inappropriate titles but with the word 'construction' in the title. As the CEO stated:

"I could have sent my secretary to punch the key word into a library computer and generated the same list - I had expected a public relations company to use a bit more intelligence than that, especially for what they charge".

A general theme of these responses was that the amount of coverage is less important than where it is printed. The CEO of a Trust Hospital stated:

"Quite frankly I am much more concerned about what they print in the local rag than The Scotsman. We are part of the local community and we need to be seen in our best light by them, not the Edinburgh middle class".

Another CEO commented that positive press coverage was very important for employees, it was, therefore, necessary to appear in tabloid newspapers. He explained that their customers came from a wide range of backgrounds but their employees were mostly blue collar workers who wanted to read about the company in their daily paper. This helps to generate a sense of company pride and belonging which encouraged morale. A third interviewee stated that his technical staff liked to read about the company in specialist journals which gave them confidence that they were working for a prestigious organisation.

These discussions illustrate the point that press relations is not a simple task, it extends beyond the writing of a press release and includes an element understanding of the objective of the organisation in using the media. What is being purchased is not a

typed piece of paper bearing the message but a wider product which includes some decision making. The source of this decision making will be discussed below

The second common expectation of the public relations product is corporate public relations, which almost by definition includes media relations. In terms of the task/managerial/strategic roles discussed in Chapter 4, corporate public relations is a managerial role and as such it incorporates a number of specific tasks. The fact that every purchaser interviewed made specific reference to it, is indicative of the way that the service is viewed as a role in itself. Even the purchaser who did not see corporate public relations as of particular relevance to his organisation, due to the size and specialism of his company, referred to the role.

Other managerial level public relations activities were organisation specific, i.e., not all organisations require international or financial public relations. Almost exclusively those who require lobbying services used a London based consultancy or a Scottish office of a larger organisation with contacts in London.

Most participants, with a notable exception, perceived public relations as a useful management tool, however, the role of public relations in management decision making is less clear. It appears that even when organisations employ in-house practitioners they are outwith the dominant coalition when decisions are made. One particular organisation was clear that the management team decided public relations policy and used a consultancy to implement that previously agreed policy. There was no role within that organisation for a public relations input into problem definition,

audience determination or wider business decisions. In contrast a second organisation expected the public relations manager to contribute to formation of public relations policy as well as implementation. A third CEO was uncertain as to the appropriate role for his newly appointed public relations manager, but felt that his past experience in other organisations indicated that it should be central. He described an incident when a public relations department had been told to "put a gloss" on a policy decision which had they been consulted first, would probably never have been made. His view was that the real value of public relations advice was when decisions were being made, not in making them palatable afterwards. This indicates a distinct difference in the way that the public relations product is viewed among different purchasers. Public relations is not a homogeneous product and the expectations of purchasers as to the way that the service fits into overall organisational goals affects which functions are expected.

In this respect there is a clear difference between organisations who have an in-house specialist and those who rely entirely on consultancies. The former organisations, not surprisingly, viewed public relations as a more strategic function than those who only employed consultancies. Although only one participant described their in-house public relations practitioner as part of the management team, all said that the public relations manager reported directly to a member of the management team. Those organisations who used exclusively the services of consultancies appeared to view public relations as a more managerial function, consultants were expected to have an input into the public relations campaign, even the public relations strategy, but did not have an input into the wider decision making of the organisation.

The third dimension to this is those organisations who use both in-house practitioners and consultancies. The CEOs of those organisations appeared to view the employment and management of consultancy services as the responsibility of their public relations departments and, when describing their expectations of public relations, phrased them entirely in terms of their internal staff. As one CEO put it:

> "I leave the consultancy bit to my public relations manager - that's his pigeon - he knows how to get the best from them. It's his responsibility to get the job done, he's got his budget and within that he knows what has to be achieved - it's basic line management as far as I'm concerned".

The views of in-house public relations practitioners as purchasers were represented by three participants, each of whom was responsible for the selection and management of public relations consultancies. The view of the public relations product described by these three participants was clearly divided into what they did, i.e., the in-house function, and what they expected from consultancies. Only one of these participants believed that he had a role in the wider business strategy; the others saw their role as design and implementation of public relations strategy but conceded that they did not have a place on the Board of Directors or, in the case of the local authority participant, the Council's Senior Management Team. It is this place on the Board, or within the dominant coalition, that places public relations at a strategic level. The participant who believed he fulfilled this role, felt that this described the success of his department:

> "That is how we know we are doing a good job - it's the seat at the table - if we are seen to have something to contribute we keep that seat, if not we go back to being handed the job to do".

When purchasing consultancy services these participants were clear what they expected the product to be. Consultancies were used to supplement and complement in-house services and were therefore given specific briefs to fulfil, which do not necessarily equate to task only public relations. One participant stated:

> "Mostly we know what we want done and we employ a consultant to do it. However, let's face it, we aren't all experts in everything. I hope I know when to ask for advice from a specialist. The advantage I have as a public relations man myself is knowing what advice I need and how to take it".

This would appear to imply that organisations with in-house practitioners do not employ consultancies merely for lower level tasks but also for advice and planning assistance. Therefore there is not a simple equation between the employment of in-house services and the type of service expected from consultancies. This suggests that the public relations product purchased from consultancies is difficult to define in simple terms and is a function of a number of factors not simply the presence or absence of an in-house function.

6.4.2 In-house and Consultancy Services

The differences in the public relations product in terms of in-house v consultancy services leads to a discussion as to why purchasers choose to employ the different types of service. For consultancy only purchasers there was a diversity of views, one participant said that their organisation was simply not large enough to generate enough

public relations work to justify the employment of an in-house practitioner and the option had never been seriously considered. Another said that although the organisation generated a substantial amount of public relations work, the advantages of a consultancy were such that they had chosen what they acknowledged to be a more expensive alternative.

These advantages were perceived to be flexibility (the option to change whenever they felt there were more appealing options), keen, enthusiastic staff who wanted to keep the business and were therefore 'hungry' to respond, and finally, the constant import of new ideas from staff removed from the everyday politics of the company.

For the in-house purchasers the advantages of this type of service were clearer. One CEO called it "the best of both worlds", specialist knowledge within the organisation that could be called upon with the ability to buy in consultancy services as and when required. Two specific advantages of in-house services were cited, as a source of advice as to what public relations can achieve and how to use it properly, and secondly, as an "expert prescriber" who could choose which consultancy to use.

This role of public relations practitioner as a gatekeeper between organisation and consultancy is reflective of the difficulties experienced by purchasers in defining what public relations is about and what their expectations of the product are. In this role the in-house practitioner directs the expectations of the senior management by providing them with grounds for discrimination between alternative consultancies and influencing the expectations of both process and outcome. The implication is that organisations

who employ in-house practitioners will have different expectations than those who do not.

An alternative interpretation is that it is not the presence or absence of the in-house function that is important but the conceptualisation of the product being purchased. This would be affected not only by the `in-house' expert but other factors within the organisation, including the level of public relations service purchased, the size or amount of expenditure, the previous experience of the management of public relations services in general both in terms of the number of times they have been involved in making purchase decisions and the length of time they have been involved with public relations services.

6.4.3 Choosing a Consultancy

Support for this multidimensional view of the formation of expectations was found in examining how organisations discriminate between the available alternatives when choosing a consultancy. Here it is clear that choosing a public relations consultancy is a 2 stage operation. In the first stage the problem is defined or the need recognised and an evoked set of alternatives identified. In the second stage a small number of consultancies are asked to pitch or to make a presentation of credentials before a decision is made. In subsequent decisions the evoked set may be initially restricted to the present or incumbent consultancy, who will be given "first option" and only if the organisation is dissatisfied will alternatives be found. However, in most cases it would appear that the incumbent consultancy will be asked to compete for business with other

consultancies. This is particularly important when discussing the role of service quality and developing long term relationships. The incumbent consultancy has a number of advantages in entering the competition phase which were clearly understood by purchasers. However, there was also a view that it is necessary, if not advantageous, to review the service and examine alternatives if only to prevent the development of inertia in the relationship.

In describing the decision process for the employment of a consultancy the product variant of the public relations service was evident. CEOs who viewed public relations as having a strategic role were conscious of the need to employ practitioners, whether in-house or consultancy, who understood the business that they were in and did not require extensive briefing to understand the issues. Purchasers of a managerial role were more likely to be looking for ideas, a fresh approach and enthusiasm. However, when purchasing public relations tasks the key words which recurred were accuracy, responsiveness ("being at the end of the telephone") and skills.

The interesting feature of these requirements/expectations is that they are all experiential, i.e., they must be experienced to be assessed. It is possible to establish factual information about a consultancy in advance of purchase but the service as an experience, in real time, in which purchaser and provider co-operate, means that it is impossible to establish certain features of the service in advance of purchase. Purchasers have three responses to this decision making problem, the first is to remain loyal to the incumbent service provider which implied that if the quality of service

received has been good then they will be re-employed. This strategy was described by a couple of purchasers. One said:

> "I would much rather just stick to the consultancy we've got - they know us and we know them. Okay, they may not be the best - but then they may and at least we haven't to keep explaining things to them".

A second said:

> "It's a learning curve, like all relationships, a marriage except we pay the bill and I expect when I snap my fingers they jump - I'd never train my wife to do that - but I have made my expectations clear to them and the most important one is Return My Calls".

The implication is that consultancies have the opportunity to enter the integration stage of the cycle where the switching costs are such that the purchaser remains loyal. This is a vital competitive advantage for incumbent consultancies which relies on them understanding customer expectations and meeting them. This view of the purchaser - consultant interaction as a relationship was a common theme, most interviewees referred to the 'good relationship' they had with their present consultants and to the importance of that relationship.

The advantages of remaining with the same public relations consultancy were expressed in terms of the knowledge gained of both the sector and the purchasing organisation. One participant suggested he could measure the value of the relationship in terms of the time he would personally have to spend briefing a new consultancy and checking on what they were doing. However, there was also a feeling, expressed by all

of the non-practitioner purchasers, that there was a value in changing consultancies, or at least reviewing the contracts on a regular basis. One respondent suggested that the danger of 'stagnation' was very real when employing creative talent:

> "It becomes very comfortable, cosy, you get to know each other and there is definitely a friendship of a type, but then you realise that there are no new ideas, no fresh thinking and the price has been creeping up. It's just as well to review the situation on a regular basis, keep them hungry and on their toes - nobody is indispensable, we must all realise that, and the advantage of using a consultancy is that you can change, sack them and employ someone else without having to worry about unfair dismissal"

The second response to the experiential characteristics of services is to use word of mouth recommendation or the vicarious experiences of others. Two sources of word of mouth were mentioned, business contacts, i.e., recommendation of contacts in businesses within the same sector or line of business and personal contacts, i.e., friends and acquaintances who have used public relations services.

The usefulness of business contacts was described by one respondent from the construction industry who explained that, although his particular sector is extremely competitive, a number of CEOs met regularly to discuss issues of common concern and at that forum he had heard the merits of different agencies discussed, including public relations consultancies. He did not feel that this was unusual and suggested that if he was thinking of changing consultancy he may well ask colleagues from competitive firms their opinion. His view was that competition in the construction industry works on two levels, within the new home sector and between new homes and the second hand market. His colleagues in competing firms had an interest in promoting the new

home sector as a whole, as well as their individual firms. Therefore, there was a joint interest in the sector receiving good public relations. The value to individual organisations is in finding public relations consultancies with some knowledge of the industry and the problems of the particular sector which "lessens the slope on the learning curve".

The other source of word of mouth recommendation is friends or colleagues from other sectors who have used public relations services. Interestingly, participants who mentioned these sources appeared to be more concerned with why they use public relations, rather than which public relations consultancy they chose. One participant said:

> "It's real dinner party stuff, you start talking business and mention the write up about the company and before you know it you're extolling the virtues of public relations for free publicity".

Another said that she had attended a meeting of a Business Women's Club where she had met colleagues from other organisations in a similar role to herself who had recommended an all-female public relations consultancy - she described this as the female equivalent of the golf course.

> "In the end we didn't use the consultancy but it did give me the idea that we could use public relations in our organisation. When I went back to the office I discovered our Personnel Director knew quite a bit about public relations so we worked up a brief and took it from there".

This appears to suggest that recommendations fulfil different roles according to the nature of the source, personal contacts recommend public relations in general terms, business contacts are more useful as a source of information when deciding which consultancy to choose.

The final response to lack of experiential information is to use cues. A number of these cues were mentioned by purchasers in discussing the purchase decision, none of which describe the service that they will receive. The most important information required by purchasers appears to be knowledge of the business and this is established by experience in the sector, the past and present client list and recommendations by business contacts. Other cues which were mentioned were location and size both of which were used to approximate responsiveness. One Edinburgh based firm stated:

> "I want to be able to pick up the phone and say come over, you can't do that if they're based in London - Okay, I know we are in the information technology age, but I like to see who I'm talking to".

However, another participant who employs consultancies for tasks only (design services etc.) said that location was least important to them - "We want the best people for the task, they can be in Timbuktu for all I care".

'Hard' quality accreditation was also viewed differently according to the product purchased. Qualifications of the staff, membership of the IPR or PRCA, and BS 5750 were all regarded as less important by managerial purchasers than by task purchasers. It was clear across all purchasers, even those who were themselves members of the

IPR, that professional associations are not regarded as a indicator of any level of quality or competence. Most purchasers did not know whether their present consultancy or consultant were members of any organisation and none appeared terribly interested. One participant suggested that it may become an issue if she discovered that the consultancy or consultant had been guilty of some misconduct, for example breaches of confidentiality:

> "... then I suppose I'd want to do something, about it, force some sort of ethical issue, but really I can see no other role for a professional association for public relations consultants ... except it's nice to belong to a club, to meet and talk over common issues is good for any group of people"

BS 5750 came in for particular attack by purchasers expecting strategic advice, described as "totally irrelevant". However, one task level purchaser commented that he felt there was a value in knowing that the consultancy was organised enough to get it:

> "I like to know there are procedures, standards and I think that 5750 indicates that level of thinking within the firm - just so long as I'm not paying for the paperwork".

These 'qualifications' were regarded as most useful in leading up to the pitch, in deciding who should be invited to pitch. The pitch itself was viewed as an important if totally false way of deciding which consultancy to choose. There was agreement that "you have to do it" but that the role of the pitch was akin to theatre. Most participants complained that staff at the pitch were rarely seen again. One participant said that he would not appoint any consultancy unless they would guarantee the staff at the pitch

would be the people in everyday contact and in charge of the account. He acknowledged that many routine tasks could competently be carried out by junior staff but could not "stomach" taking advice on how to run his company from a junior account executive with no commercial experience:

> "I don't mind who writes the press release but I do care who makes the decision to do a press release - that's what I pay for".

Two key factors emerged when discussing the pitch, the first is the advantage of the incumbent consultancy and the second the role of the in-house practitioner in the decision making. Incumbent consultancy staff have the advantage of knowing the personalities involved and the intricacies of the business to an extent it is not possible to convey in a brief. As one participant pointed out, all the pitch does is give a feel for the people and the work they do, with existing consultancies you know that, you know them and whether or not you can work with them.

The second factor is the role of the in-house practitioner as expert advisor. It was agreed that it is a "different decision" when a member of the panel "knows what they are talking about". One CEO commented:

> "You wheel them in (to pitch) and they promise you the earth - with the stars thrown in if the campaign's successful. I rely on the public relations manager to tell me what's possible. I know he's probably got an axe to grind but at least he knows something about it. Personally I never appoint anyone wearing brown shoes - it's as good a yardstick as any".

This CEO used his in-house manager for public relations strategy and consultancies for implementation. There was an acknowledgement by some purchasers that credentials presentation, or details of current campaigns were becoming increasingly popular, "instead of describing what they might do, they show you what they have actually done". However, there is still a belief that the pitch is an indicator of some level of competency, even if this is restricted to "the ability to match shoes and handbag" , as one purchaser put it.

6.4.3.1 The Role of Price in Choosing a Consultancy

One of the problems in conducting this type of interview, discussed above is in establishing the accuracy of the information, especially when discussing potentially sensitive subjects where there is likely to be 'true' or 'false' information. This was particularly apparent when discussing the influence of price, or comparative cost, when choosing public relations services. None of the respondents was prepared to say that price was a key consideration in the choice of public relations consultancy or that it would be a reason to change consultancies. Although most interviewees were adamant that they were looking for `value for money' and that this did play a part in their overall satisfaction, none were prepared to agree that relative price was a discriminating factor in the purchase decision. All were concerned with "getting the best person for the job" or "creativity not cost". One CEO said:

> "You set the budget and it's a case of what you can get for that amount,
> so I suppose that's a backward way of saying cost matters but I wouldn't
> say I'd choose A rather than B on price alone. It's like most things in
> the end you get what you pay for, it's a case of deciding what matters,
> what you are prepared to pay for".

However, one participant described how cost can cause dissatisfaction in the delivery of the service. He referred to a particular consultancy that he had been involved with that attempted to charge for several 'extras' in the service that he felt should have been costed in the original tender. He admitted that circumstances, and therefore the details of the campaign, had changed and this had resulted in a number of alterations, but he felt that the relationship between consultant and his organisation had been irreparably damaged by "petty charges":

> "We were almost down to counting paper clips - it was a case of `you were going to do five briefings and you only did four so you owe us 3 press releases. Crazy, I never want to get into that again, we spent so much time arguing invoices that I totally lost sight of what the whole thing was about".

The issue of price revealed an interesting diversity in how public relations services are paid for. The participant were evenly divided between retainer fees, specific public relations campaigns and individual items of service, or a combination. No clear pattern emerged as to whether the public relations product purchased, or the way in which the service was provided, governed these decisions. However, more tasks were paid for on an individual item of service fee, frequently in conjunction with a specific project or retainer fee. For example one participant said they employed consultancies for specific campaigns but at the same time other issues came up not directly related to the campaign, e.g. AGM, and it was "easier and more convenient" to give the task to the consultancy they were using who know the organisation.

There would appear to be an intuitive logic in the idea that organisations who expect

their consultancies to have an input into strategy would pay them on a retainer basis but

this does not necessarily appear to be the case. However, it is not the purpose of

qualitative research to draw conclusions about the wider purchasing behaviour and

generalisations about the payment terms are inappropriate in this section. It does

indicate an issue that will be included in the quantitative research phase.

6.4.3.2 Summary of Views about the Purchase

The implications of these discussions are that the factors that affect the choice of

consultancy are influenced by three key considerations. Firstly, what the public

relations product is that is being purchased, i.e., does it operate at a task, managerial or

strategic level within the purchasing organisation? Secondly, whether or not there is an

in-house public relations expert who influences the product and the choice of

consultant, and finally, whether or not there is an incumbent public relations

consultancy. This final point can be extended to other public relations consultancies

that members of the purchasing organisation have experience of, i.e., consultancies the

organisation itself has used in the past or that members of the decision making team

have had experience of in other organisations. The crucial factor is the experience of

using the consultancy or more specifically individual consultants within the agency.

This link between individuals and the consultancies they work for is important in an

industry characterised by a high degree of staff movement. Service quality in this

context frequently involves building a relationship of mutual benefit. However, these relationships are generally between individuals and if the individuals on either side of the equation move this may alter the decision. All of the participants agreed that if key personnel within the consultancy moved it would alter the position of both the old and the new consultancy when making a purchase decision. One CEO summed up the views of all participants when he stated:

> "It's not automatic, I don't merely follow individuals as public relations is generally a team effort, but it would make me stop and think if someone I liked, trusted, could work with, moved on".

This implies that service quality in this context rests with individuals and the expectations of the service are described in terms of the individuals involved. This form of credence relationship is based on the trust that develops between customer and service provider and is especially important when dealing with a product like public relations. Individual purchasers do not know whether the public relations was carried out in the most effective manner or if they were given the best advice available, therefore they must trust the service provider. Inevitably this trust develops with individuals, not agencies:

> "When you are buying advice about your corporate image you've got to trust your instincts and those are generally about the people, okay I may not buy a second hand car from this man but can he tell me how to manage the press?".

Once again this is dependent on the public relations product being purchased. At a task level it is relatively easy to determine whether a press release, for example, is accurate,

contains spelling or grammatical errors and is correctly sent out. It is much harder to evaluate advice. As a result it was clear that as the perceived value of the product increases, so does the degree of trust in individuals.

6.5 Expectations of the Process

Following on from this discussion about how consultancies are chosen, it was clear that purchasers' expectations of the public relations process are also affected by the product being purchased. For task level purchasers the stress was laid on accuracy and meeting deadlines; one participant described a press release he had been sent for approval with the company's name spelt wrongly. For higher level purchasers the stress was placed on creativity and commercial realism. In terms of the 'zone of tolerance' or 'bottom line' expectations, these appear to be dependent on the product. It would appear that there is a 'core' product and this is augmented by peripheral parts of the service. The bottom line expectations are affected by what this 'core' product is. Purchasers appear to trade-off peripherals if they are satisfied with the core. This asymmetric relationship supports the service quality and satisfaction literature described in Chapter 4, which suggested that whilst satisfactory core service may make up for unsatisfactory peripherals, satisfactory or good quality peripheral service will not compensate for a poor core service. This was borne out by a number of comments regarding the applicability of the 5 dimensions of service quality that were used as a guide for the interviews. Whilst all participants agreed that they were relevant, the differences lay in the interpretation of the dimensions. The 'reliability' dimension, which in

Parasuraman, Zeithaml and Berry terms refers to outcomes, was described by almost all interviewees in terms of product. For instance, rather than describe the reliability dimension as improved image, it was described in terms of giving advice. However, for task purchasers reliability was closely associated with tangibles - 'we purchased a public relations consultancy to produce our Annual Report and they delivered the Annual Report'. In this latter case the core service was a tangible product and the process dimensions involved in that product were peripheral. When the core product is intangible, then the process dimensions appear to take on a more important role. A common theme of the discussions regarding the 5 RATER dimensions amongst managerial purchasers was the importance of responsiveness, enthusiasm and commitment and the degree of interest shown by the consultant in the purchasing company:

> "My current Account Executive is brilliant at making me feel that we're her most important clients - maybe we are, I doubt it - but she really seem interested and enthusiastic, always mentioning things she's read about our competitors or the state of the industry, that makes you feel that she is really committed to the account and interested in our problems. She started out just writing the odd press release for us but I liked her ideas so she's got more work from us"

This suggests that core product was not the outcome, but the process of delivering the service that led to the development of trust and confidence in the solutions. These purchasers were much less likely to "trade-off" parts of the process against the core, as the process is an integral part of the core. One participant summed it up as follows:

> "It's like constant reassurance that I've made the right choice of public relations consultant, lots of ticks in the boxes, every time something goes wrong it's a step backwards, if there are mistakes in a press release it doesn't detract from the strategy but do I want my firm's strategy determined by someone who makes stupid mistakes?".

When this discussion about process expectations is broadened to include what causes the relationship to break down and the purchaser to be dissatisfied or to perceive a poor service quality, the difference between purchasers is again obvious. For task purchasers the key factors were failure to achieve some task or target and inaccuracies or limitations in the tangible product. For managerial purchasers the key influences were lack of confidence or failing to understand the purchaser's business. This division was particularly acute between consultancy only and consultancy and in-house purchasers. If the organisation had an in-house function the purchasers appeared much more ready to seize on mistakes or dissatisfaction with certain service dimensions and change consultancies.

These discussions once again highlighted the importance of consultancies understanding what is being purchased, what the core product is and what constitutes the peripherals. However, where service quality literature would suggest that it is the peripheral process parts of the service that lead to a perception of satisfaction or quality, this is not always true with public relations services. When the core is at a task and easily identified, then the core/peripheral relationship has a more symmetric or accepted relationship: where the core is abstract and difficult to define in concrete terms, then the process becomes the core service and peripherals are more difficult to identify. In either case the key for consultancies wishing to compete is to identify what the most important expectations of the service are and ensure that these are met. This will in turn lead to competitive advantage as the switching costs will be perceived to be higher, encouraging purchasers to remain loyal. From the point of view of consultancies hoping to win business from other consultancies, the importance of word of mouth

recommendation suggests that if clients are satisfied and recommend particular consultancies this is a powerful discriminatory variable.

6.6 Evaluation of Public Relations

The final theme to emerge from the purchaser interviews is the way that public relations is evaluated, i.e., how do purchasers assess their satisfaction or dissatisfaction or form their perceptions of service quality? Given that all participants agreed that improved image was a key objective, then this would be envisaged as a key element in satisfaction. Only one purchaser included specific performance targets in the brief/contract and, as this was a new purchaser, he was still uncertain about how he intended to measure those targets. They were expressed in terms of communications objectives, press releases, number of briefings held and as no prior research had been carried out to assess the awareness of the message amongst the target public, it was unclear how any improvement could be gauged. The implication appeared to be that if enough positive press coverage was generated awareness would inevitably improve.

Only one participant undertook regular research into how his organisation was perceived by the public and used this to measure the effectiveness of its public relations programmes. For this specific industry a familiarity/favourability poll was undertaken by an independent firm paid for by a group of companies within the industry to enable them to track their performance against their competitors. One organisation undertook ad hoc polls but all other participants relied on informal evaluation, based on some subjective judgement of the public relations service. This subjective assessment

involves some concept of "value for money", although none were able to clearly define what they meant by this. One participant said:

> "We all have to answer to the accountants nowadays so I have to put some benefit on paper against expenditure - what do we get for our money compared to marketing say - I suppose the nearest I could get to it would be awareness which is supposed to be the first stage isn't it, then interest then purchase. Knowing the name - that's what we pay for".

There was a degree of reality amongst purchasers as to what public relations could realistically achieve. One participant represented an organisation which had been the subject of a very bad 'Which' report which generated a lot of publicity. He described his satisfaction with what his public relations consultancy achieved:

> "We knew about it 3 months in advance so we could prepare, we had to warn the staff more than anything, I didn't want them to hear about it first on the radio. And we had improved things so we could limit the damage but we could only expect them to limit the damage and they did a good job - I was satisfied that it could have been a lot worse".

Asked what formal measures that he had taken to measure this outcome, he was sceptical that any were possible, to say that sales hadn't fallen as far as they had feared was an imprecise and unmeasurable variable as their fears were subjective and could not be substantiated. This imprecise, subjective evaluation was echoed by another participant who said:

"Naturally I want nice heart warming stories about how wonderful we are in the local paper as often as possible but we all know good news is boring, it's keeping the lid on the disasters I'm more concerned about. Improving our image may mean that it doesn't get any worse - how can you measure what might have happened?".

One participant, working for a large public utility which had been recently privatised, suggested that the public image of the organisation had very little to do with the organisation itself, or the work of the public relations department, but was related to a traditionally held view that was largely out of their control. Changing entrenched attitudes is, therefore, a long term objective on a national, or even international, scale and not a reasonable way to measure the satisfaction with a public relations function in Scotland.

If improved image is a subjective or unmeasurable variable by formal means, then what does influence satisfaction with the public relations service? Once again a clear distinction was made between task level activities and managerial or strategic public relations. Task level activities tend to have much clearer outcomes, a successful event can be measured and assessed in a much more objective manner than the quality of advice. Purchasers of this type of service referred to tangible outcomes, most of which had a finite product that could be evaluated. Purchasers of higher level public relations services put more emphasis on intangibles within the process in describing their evaluation, responsiveness, enthusiasm and problem solving ability, none of which can be objectively assessed. The quality of service provided to these purchasers is more difficult to define. As one participant stated:

"I can't separate the public relations service from the person ... if I trust the advice I'm given and it works I'm satisfied... ".

It seems clear that in the case of these managerial or strategic services the reliability of the service is vested in the individuals who deliver it.

6.7 Practitioner Views

The second stage of the qualitative research was to conduct interviews with public relations practitioners to ascertain their views about quality and competition in public relations services. In order to collect the views of the full range of public relations practitioners two approaches were adopted. Firstly, the views of senior practitioners were canvassed through a series of in-depth interviews: secondly, four focus groups were conducted with account executives and account managers who have direct day to day contact with clients. This section will present the results of these discussions together in order to compare and contrast the views of the various levels of practitioner.

6.7.1   The Public Relations Customer

The first question in all interviews and focus groups was aimed at identifying who the practitioners view as their customers, i.e., who do they regard as the judge of the quality of the service they provide. There was considerable difference of opinion between in-house and consultancy practitioners with in-house practitioners having a much broader view of `customers'. While senior consultants' views can be summed up as "the man who pays my wages - the client", more junior practitioners were also concerned that

243

their seniors within the firm had a role in assessing the quality of the service they provided. In-house practitioners mentioned their employers, either CEO, Board of Directors or a combination, but also included the organisation's suppliers, customers, the City Investors and the employees. One practitioner said:

> "At the end of the day the people who rate the quality of our work are the public, either through the media or through complaints. It's a sort of reverse process, if it doesn't work the media will catch on and then the management catch on and it filters up to the CEO".

This is a product view of quality, what public relations does rather than how it is done. Practitioners were also clear that their customers do not really understand what public relations is or what it can achieve. One senior practitioner stated that in his experience this led to clients putting an emphasis on functions when purchasing public relations services:

> "Clients want press releases, media contact, however that doesn't mean that's what public relations does - it's only an indication that a process is underway".

A number of senior and junior practitioners saw a role for public relations professionals, led by the professional bodies, in educating senior management about the role and scope of public relations and what it can achieve. There was general agreement that this lack of clear perception of the public relations service was partly the responsibility of the public relations profession itself. A senior in-house practitioner was critical of the fact that a profession concerned with the management of image and reputation should have such a poor image.

"We must get away from the g & t image, public relations is not about long, expense account lunches. But if we are going to improve our image we've got to prove our worth as a management function with something concrete to offer".

One senior practitioner felt the lack of even a clear definition of public relations was indicative of a wider problem within the industry. She drew attention to the variety of titles given to public relations departments as an example of a lack of clear identity for the role:

"I'm clear what public relations is but I sometimes wonder about my colleagues never mind my clients. We have got to get our act together, stop arguing definitions and start being more proactive on our own behalf".

6.7.2 In-house and Consultancy Services

The next clear theme to emerge from these discussions was a friction between in-house and consultancy practitioners. In-house practitioners, especially at more junior levels, appeared to regard consultancies as a way of spreading the workload, "an extra set of hands when we need it", with little or no input into strategy. Senior in-house practitioners recognised the value of outside input in specific specialised areas but the focus groups displayed a marked amount of hostility between the two groups.

Consultancy based staff appeared to believe that organisations with in-house departments limited the information they received and therefore the usefulness of their

services. In-house based staff suggest that consultancies were constantly trying to impinge on their territory. One in-house practitioner suggested that certain consultancies were 'over-promising' to impress clients and get business, which created unrealistic expectations:

> "To say that you will put out X press releases a month is just stupid, it's ridiculous because you are frantically looking around for something to put out that isn't newsworthy at all and ultimately all you do is damage your reputation".

This was seen as a major advantage by in-house practitioners of their type of service. In-house practitioners felt at both junior and senior levels that they had more freedom to persuade their customers what the best public relations policy is in a particular circumstance. One practitioner, who had worked in both consultancy and in-house services, summed up the difference in terms of the competitive environment in which public relations consultancies operate:

> "I knew I had to meet my targets and bring in a certain amount of fee income so I would say `have you thought about doing this another way?' and they would say `yes, but we don't want to', so okay that's what the client wants, they're going to be happier, it's about generating fee income to cover your salary and your car. Whereas in-house you are going to get paid anyway so you can tell people that they are wrong".

The need to improve customer satisfaction/quality was viewed by practitioners at all levels as a way of allowing the profession to gain status. One participant stated:

"Getting right back to roots, one of the problems is that it has been a fairly easy - entry industry and there are a lot of people who have come into it who do not have the right skills, expertise or background. So they make mistakes and people become cynical about us. Anything that can be done to improve standards, enhance the quality of the service we provide so much the better".

6.7.3 Competition and Service Quality

The highly competitive nature of public relations in Scotland was agreed by all participants. A managing director of the Scottish branch of an international consultancy conceded the parochial nature of the Scottish market. He agreed that the majority of their clients were from Scotland, with the exception of a few personal clients, i.e., clients that individual practitioners 'brought with them' when they moved to Scotland. He also agreed that when staff left they occasionally took clients with them. However, he felt that this was the nature of the business, characterised by high staff movement, although due to the intense 'hot house' nature of the Scottish scene it tended to be a very 'incestuous' business:

"Everyone knows everyone else, who's doing what, who's happy, who's looking for a move. I'd like to use a family metaphor but you know how destructive families can be".

There was general agreement that improving the quality of service provided to customers would be of benefit. Not only were advantages seen in the competitive arena but in improving the image of public relations generally. Senior practitioners were conscious that the clients themselves were increasingly aware of quality issues and were not prepared to tolerate what they viewed as poor quality. More junior

practitioners were more cynical referring to quality as "this year's vogue". However, if the words "service quality" were replaced with "customer satisfaction" or "customer evaluation" there was general agreement that this was a vital issue for the profession.

6.7.4 BS 5750/ISO 9000

Only one senior practitioner had experience of BS 5750 (now ISO 9000). He was convinced of the value of the standard; whilst acknowledging that it is a systems driven approach, he identified a place for systems within a consultancy. He suggested that inevitably, when dealing with several clients systems are necessary and prior to the establishment of BS 5750 different account teams tended to use different systems. The value of BS 5750 is that everything is documented, previously when a new client joined the firm it was "almost a case of reinventing the wheel". By introducing BS 5750 and documenting best practice they have been able to free up creative time. He also identified staff training benefits, the high turnover of staff in the industry makes it inevitable that they will regularly employ new staff. This type of documentation helps to get staff "up to speed" in the shortest possible time. He felt that there were positive benefits to the client in employing an accredited consultancy:

> "All consultancies do great work sometimes, good work 90% and, yes, every now and again we make a mess of it. The disciplines of BS 5750 reduce the number of times we make a mess and push some of the times we are doing standard work up to doing great work".

He detailed support from his clients for quality accreditation and suggested that in some cases it is becoming a requirement. However, he acknowledged that the pressure for

BS 5750 is not as strong in Scotland as in other parts of the UK, outside of the major organisations. He suggested that in Scotland it is seen as a cue, a confirmation for a client that they have made the right choice, giving confidence in the decision because they recognise the badge. He also acknowledged two drawbacks to BS 5750, firstly a danger that the system starts to dominate and certain staff can become slaves to the system, which may interfere with client relationships and secondly that the time input required to get accreditation and the subsequent administration has created some hostility. He explained that consultancies cannot afford to carry non-fee earning staff and clients required assurance that the administration of 5750 was not being charged to them. None of the other participants had direct experience of BS 5750, although several worked for organisations who had the accreditation for certain departments.

There was a clear recognition amongst all levels of practitioner of the competitive environment in which they operate. This included a recognition that they do not merely compete amongst themselves, or with in-house departments but also with other disciplines, most specifically marketing departments who tended to see public relations as a small contribution to their activities. In fact one participant extended this competition to "every manager in the place". She felt that without a clear understanding of public relations, many managers did not recognise the need for "expensive specialists" and were likely to attempt to carry out their own public relations tasks:

> "So the Chairman's graduate secretary does a few press releases -no strategy, no understanding of what they are trying to achieve but it makes the paper and we have a new public relations specialist - that's the reality of competition".

This leads to a discussion about how practitioners view their professional status and educational qualifications. Hardly surprisingly the practitioners viewed their role as 'professional', however this definition of professional was based more on an idea of professionalism, efficient, effective advice, delivered in a professional manner. They were less clear what a 'professional manner' actually entailed. One practitioner, echoing Grunig (1994) suggested that professionalism rested with the individual, the respect that an individual earns for the service they provide and the advice they give. However, participants in one of the focus groups agreed that the image of the public relations industry was a major negative factor in achieving professional status. There was general consensus that the image of public relations required serious considerations but that the efforts of the majority were negated by a small minority who maintained the idea of 'spin doctoring' and blatant sensationalism. As one practitioner said:

> "I don't want to be seen as being in the same profession as Max Clifford and a few others, but what can we do, the IPR can set standards, control membership but it would hardly upset Clifford if he was thrown out of the institute - even if he was a member - it wouldn't affect his business at all and the rest of us have to fight the image."

For these reasons the development of specific public relations qualifications was seen to be of benefit, by those who already held them. Those who didn't were more concerned that the institute recognised that 'hands on' experience was a valuable way to develop expertise in public relations. This represents and interesting debate as to whether professional status is linked to educational qualification, and if so, is there a real commitment in the public relations industry to imposing these qualifications as a sole condition of entry.

6.7.5 Price Competition

Most practitioners, especially at a senior level were aware of the limitations of price competition and the highly price sensitive nature of the market. Despite purchaser views that price was not a deciding factor in purchase decisions this was not felt to be true by consultants. The head of one consultancy felt that in Scotland this level of price competition was much more acute than in England, where she had worked until recently. She felt that the number of accounts changing hands on price was out of proportion and bad for the industry, consultancies were undercutting each other by pricing briefs far too low and then were unable to run the account economically. This results in clients either being charged for a lot of extras that they feel should have been provided, or receiving such a poor service that they are more than willing to change to another consultancy, probably again on price.

Pricing of public relations services was agreed by senior practitioners to be a difficult issue as clients always seemed to want "a lot for nothing":

> "They seem to think - press release 10 minute job - why is it costing me this amount? But they don't realise the time and effort involved in gathering the information, contacting editors etc. We are running a business just like them and on very tight margins!".

The difficulties in ensuring that purchasers understood pricing strategies in briefs was a common theme. Several referred to the 'nightmare' scenario being asked to pitch for a detailed and complex brief without being given an idea of budget. In each case the budget they put forward was widely out of line with what the prospective client

intended to pay. It was viewed as a negotiating stance by clients, a way of "screwing"

the price down and universally condemned as a waste of time:

> "Sometimes you want to say why did you waste my time - no way will
> you get that for that - trouble is some small agency desperate for the
> business will try it and make a mess, client is dissatisfied and no one
> wins".

The specific problems of competing against small "one man bands" was raised by

several of the larger consultancies. They have few overheads, often they have left a

larger agency and taken a couple of clients with them and then try to win more. The

advantages of larger consultancies were seen as the ability to respond to clients and to

offer them a range of services and expertise which the smaller ones cannot do.

However, as one managing director of a large consultancy said:

> "Our quality of service has to be good - we need to show what the client
> is paying for and be really professional. We can't compete on price
> alone, we have to be better".

The junior consultancy staff, although not directly involved in pricing decisions, were

all acutely aware of the need to earn fee income and the highly competitive nature of

the market. Several felt that they were in the "firing line" when it came to cost of the

service:

> "The client wants to reduce the fee - he's on at you to justify what you
> are doing and you feel that if the consultancy does lose the account it
> was all your fault for not delivering what they were expecting when in
> reality they are just getting it cheaper elsewhere".

6.7.6 The Nature of Client Satisfaction

The shortcomings of price competition and the need to deliver `value for money' led to a discussion about what clients expect from the public relations service, i.e., what creates satisfied customers. Two themes emerged from this, firstly the difficulties in evaluating the public relations product and secondly the importance of relationships and managing the purchaser/practitioner interactions.

Evaluation of public relations was agreed by all levels of practitioner to be a difficult but important area. In the competitive environment in which they operate, demonstrating the results of the service provided was seen to be of vital importance. One managing director of a large consultancy gave the example of a client whose evaluative criteria for his public relations was simply a ratio of column inches calculated at advertising rates. He remained satisfied if the amount of positive press coverage received was a multiple of the cost of the same space as advertising. For more junior levels of practitioner who, by default, are more involved in task level activities this discussion concentrated on identifying tangibles and getting these right or "not making stupid mistakes". An in-house practitioner described a press release written for them with the name of the CEO misspelled, an obvious cause for dissatisfaction. However, when challenged to say whether she would have been satisfied if there had been no errors she agreed that lack of errors was not a source of positive satisfaction whilst errors were a source of dissatisfaction.

A senior practitioner was clear about the effects of his staff's mistakes. He described a scenario where his agency was responsible for a large account, he carried out the

strategic, managerial role and relied on account executives to run the account day to day:

> "I may not even see the press release with the mistake but is my client going to take my advice about his firm's image when my own staff can't get the simplest thing right? The buck stops here, I'm judged not only on what I do but what my staff do, I may be able to trade off a few minor errors but we'd have to have a very good relationship to go much further than that".

This relationship between practitioner and purchaser was viewed as critical in higher levels of public relations. All senior practitioners referred to the importance of the relationship of trust between consultant and client and the "fragility" of that relationship. This was seen as the key to satisfied clients because not only were they likely to be happy with the advice given, but trust encouraged greater openness and access, which in turn leads to a better public relations service. A practitioner viewed this as vital, if he was trusted to be included when a problem arose, if his client knew when to seek advice, then the advice would be better and the outcome more successful.

The other advantage of this relationship was clearly perceived to be in competing for business. The advantages of being known and trusted by purchasers was viewed as a key competitive variable, although in no way a guarantee. A practitioner said that he could quote examples of excellent relationships with clients whom he viewed as having received a first class service from his firm and who had declared themselves well satisfied, who still chose to move accounts. He suggested that it was "the nature of the business", that clients will change either because they had been undercut on price, or the client had been recommended another consultancy.

"In business, like everything else in life, the grass is always greener".

One consultant described a systematic approach to building and maintaining client relationships. He suggests this relied on a recognition of a `relationship life cycle' which began with emphasis on cues, minor service details that indicate that the right choice has been made. He suggested that this could be as minor as the way staff are dressed or the language they use, which builds an impression that fits the client's perception of a public relations practitioner. As the relationship develops other more experiential factors take over, linked to the quality of the advice given and the interpersonal rapport that builds up. In these circumstances the minor points can be traded off to a certain extent, because they have been replaced with more important factors in the relationship. For this practitioner the management of this relationship and the understanding - meeting client defined expectations was the key to competition. In recognition of the importance of word of mouth and recommendation in this industry, satisfied clients not only remain with his consultancy but recommend him to business contacts and friends.

The importance of reputation and word of mouth recommendation was recognised by all consultants. At junior level this extended to wanting to work for or be associated with firms with good reputations. Whilst junior staff wanted to get as wide a range of experience as possible, more senior consultants recognised the increasing importance of building specialised knowledge in businesses or sectors. It was suggested that the success of certain consultancies in maintaining long term clients in a sector was due to their knowledge of the industry which allows them to become 'part of the fabric of the

industry' and as such are trusted and respected within it. For consultancies competing for business displaying a sound knowledge of the prospective client's business - or as a minimum requirement not revealing a lack of understanding - was seen as a key variable in running accounts.

6.7.7 Relationship Breakdown

The final area of discussion was what causes a relationship to break down, i.e., what causes dissatisfaction with public relations services. For junior staff this was clearly linked to tangibles, making mistakes, not meeting deadlines, lack of press coverage. For more senior staff the reasons for dissatisfaction were more complex, based on their perception of the client-practitioner relationship. Lack of trust or confidence in advice was given as a prime reason for dissatisfaction, as was a perceived lack of commitment to the purchaser or missed opportunities. However, the most frequent reason for clients changing consultancies was clearly perceived to be financial - either that the brief had been costed too low and the client did not feel that extras were justified, or that when the account came up for renewal they were undercut by another consultancy.

6.8 Analysis and Implications

The purpose of conducting this qualitative phase of the research is to establish the views of both purchasers and providers of public relations concerning the nature of competition and the role of service quality as a competitive variable. The key objective was to ensure that any theories about service quality in public relations were grounded

in the reality of the industry in Scotland. In canvassing the views of both purchasers and practitioners the research recognises the potential for a 'gap' between the two players in the market in terms of what constitutes service quality in this context. However, it is not conceptualised as a basis for measurement, rather as a means of comparison and identification of mutual understanding. However, the results reveal a more interesting gap, between what each side understands by public relations. This section will attempt to compare the views of both purchaser and provider in order to develop a number of propositions regarding service quality as a competitive variable.

6.8.1 The Public Relations Product

There was considerable confusion amongst purchasers, recognised by practitioners, as to what public relations is and what it can achieve. Rather than describe outcome objectives purchasers concentrated on the functions that they expected from their public relations department. These functions are acknowledged by both purchasers and practitioners to reflect different levels of a public relations product, from simple tasks to managerial and finally a strategic input into business decisions.

The first proposition regarding service quality and competition is therefore:

> *P1: When purchasing public relations services organisations have different requirements that equate to different attributes of the public relations product, i.e., the task - managerial - strategic aspects are reflected in the range of functions expected from their consultancy.*

Although there was a suggestion from in-house based practitioners that they operate at the higher managerial or strategic levels within organisations, whilst consultants undertake task activities, this was not supported by either purchaser or consultant interviews. Rather, it appears that the in-house/consultancy split is an inadequate way of categorising purchasers. Therefore in testing any theories about the public relations product it is necessary to develop a means of analysis that did not categorise purchasers according to the presence or absence of in-house practitioners. The product purchased is more likely to be a complex decision based on a number of different aspects of the organisation, only one of which will be the presence or absence of in-house practitioners.

6.8.2 Outcome Expectations

The interviews suggested that the public relations purchasers in Scotland have very limited outcome expectations of public relations, mostly linked to a press agentry model of public relations. There would appear to very little public relations research carried out and an expectation held by all purchasers that the main contribution of public relations is in media relations. The second proposition is that outcome expectations will not vary according to the type of product purchased.

> *P 2: The model of public relations practices in Scotland is predominantly an asymmetric, press agentry approach and as such outcome expectations are consistent across purchasers.*

6.8.3 The Nature of Competition

The third proposition regarding service quality as a competitive variable is related to the nature of competition. The interviews suggest that the market for public relations services in Scotland is highly competitive both between consultancies and with the non-specialist providers of public relations. Competition must also take account of these other sources of public relations and further research is required into the reasons why prospective purchasers do not use public relations. However, when considering competition between consultancies the grounds for discrimination between the alternatives are likely to be linked to the type of product purchased, therefore:

> *P3: The pre-purchase information used to discriminate between consultancies is related to the type of product purchased. Tangible factual information will be of more value to purchasers of task activities whilst purchasers of higher strategic or managerial product variant services will be more concerned with experiential sources of information.*

This proposition would also suggest that task level purchasers are more price sensitive than managerial level purchasers.

6.8.4 Expectations of the Public Relations Service

In order to understand and meet expectations of the public relations service it is necessary to understand what the core and peripheral parts of the service area. The results of this stage suggest that the core service is much easier to identify and

understand when purchasing task level services. These services have a more clearly

defined outcome which can be assessed in a reasonably objective manner. The fourth

proposition relates service expectations to the product being purchased:

> *P4: The expectations of the public relations service are related to the type of product purchased. Purchasers of task level services will place most emphasis on tangible aspects of the service process, e.g. meeting deadlines, accuracy and communication skills. Purchasers of higher level services will place emphasis on factors which enhance the trust and confidence in the advice given and will relate to the intangible elements of the process.*

6.8.5   The Gap between Purchaser and Practitioners

The final proposition about service quality relates to a perceived difference between the

way that purchasers view service quality in public relations and the way that

practitioners understand that perception.

Analysis of the interviews suggests that whilst purchasers concentrate their evaluation

on process elements practitioners describe service quality in terms of product, i.e., that

there is a discrepancy in evaluative criteria between how the service is delivered and

what is delivered. The final proposition to be tested is therefore:

> *P5: Purchasers of managerial and strategic level services concentrate their evaluative criteria on how the service is delivered whilst practitioners evaluate their own service on what was delivered.*

260

In addition to these propositions about service quality there are a number of other aspects of the industry in Scotland that must be taken into account that may have an effect on the perception of quality and the nature of competition. Whilst the interviews conducted with purchasers were designed to take account of the various types of purchaser in Scotland they could not in any way be deemed to be representative. Neither were most purchasers willing to discuss their public relations budgets in an interview. It is possible therefore that in considering service quality in terms of product or the way in which the service is purchased there is also an affect of industry type (commercial, not-for-profit, government) or that it will be affected by the amount spent. This will be specifically considered in the quantitative questionnaire.

With only one exception, all purchaser interviewees were experienced in making public relations purchase decisions. The inexperienced purchaser and the differences of opinion between junior and senior public relations practitioners suggests that there may be an effect of experience, i.e., that previous experiences of public relations work affect how purchase decisions are made and how satisfaction/quality is evaluated. This must also be taken account of in the survey.

6.9 Conclusion

The purpose of conducting qualitative research into they way that people involved in the industry view quality in the context of competition, the theories of service quality

developed can be demonstrated to be reflective of the actual situation in Scotland. This analysis appears to suggest that public relations is a function that has considerable image problems, due in part to the perceived status of the practitioners but also to the lack of understanding of the outcomes. Expectations of the service are vague and process based with little comprehension of how to evaluate the achievements of the service. However, it is also obvious from these interviews that the evaluation of public relations and the way that competition takes place in this context is product and possibly organisation specific, i.e., to understand quality of service and the role of quality in the selection decision it is necessary to consider a number of factors, including the type of organisation, the variant of public relations purchased, the experience of the purchasers and the presence or absence of in-house practitioners. The propositions about service quality attempt to provide a framework for exploring these issues in a broader context.

The next phase of the research is to test these propositions in the wider context of the business community in Scotland to establish whether they have any generalisable value as a means of understanding competition in this specific market. The objective is not to arrive at a prescription for service quality but to develop an understanding of the role of quality as a competitive variable by understanding what causes satisfaction with public relations services, what causes dissatisfaction and what other variables affect this evaluation. The interviews suggest that in order to understand this it is necessary to take account of what is purchased, how it is purchased, the experience of the purchaser with public relations services and possibly the type of industry or expenditure. These interviews facilitated in the development of a number of variables that could be used in

the form of a questionnaire to purchasers to address the first four propositions. To

address the fifth proposition a second questionnaire was sent to public relations

practitioners. The results and analysis of these questionnaires are contained in Chapter

7.

CHAPTER 7

RESULTS OF QUANTITATIVE RESEARCH

7.1 Introduction

In accordance with the objectives of this research, the next phase was to develop two

questionnaires to test whether the views of the participants of the interviews and

focus groups could be generalised across the industry in Scotland. This chapter

reports the analysis of the responses to these questionnaires in two parts. Firstly the

responses to the questionnaire sent to purchasers are analysed; as quality in this

context is a purchaser defined construct, the views of the purchasers form the main

part of the analysis. However, in order to deliver service quality service the providers

must understand and respond to the view of purchasers, therefore, the second part of

the quantitative study considers the views of public relations practitioners and they

way that they perceive the relationship with their purchasers. A comparison is then

made between the views of the two parties to the transaction about the important

elements in achieving a positive evaluation of public relations services.

The analysis of the purchasers' questionnaire is divided into three parts: firstly the

respondents are described according to the organisation they represent and their own

individual experience in purchasing public relations, secondly purchase behaviour is

analysed in terms of the type of service purchased and thirdly the analysis addresses

the 'propositions' about public relations in Scotland proposed in chapter 6. Having established the views of purchasers, these are then compared to the practitioners' perceptions of the situation and the final proposition, which suggests a difference in evaluative criteria between the two groups, is addressed.

7.2 Purchasers Questionnaire

7.2.1 Response Rate

A total of 1500 questionnaires were distributed to potential purchasers of which 424 were returned a response rate of 28%. Of these 234 (15%) were returned by organisations which do not use specialist public relations and therefore, only completed the first question indicating their reasons for not using public relations. 190 (13%) usable completed questionnaires were returned by purchasers by 31st May 1993 and were entered into the analysis. A further 5 companies returned blank questionnaires stating it was not company policy to complete this type of questionnaire.

Although the response rate for the completed questionnaires was relatively low (13%) the overall response rate was 28%. Clearly the response rate requires discussion, given that the response rate is usually taken as a guide to the representativeness of the sample. There is a diversity of opinion as to what can be considered a 'reasonable' or 'adequate' response rate in organisational research. In consumer research Kent (1993); Chisnall (1991) and Nachimas and Nachimas (1976)

suggest that typical response rates are between 20-30%. Pearce (1966) reported that market research companies typically 'up to 20%' when research industrial respondents whilst Jobber (1986) quotes response rates of between 17% and 60%, with a typical response being 36.4%. In fact, given the breadth of the sample in this research, there was likely to be a high percentage of organisations which did not use public relations services and were, therefore, less likely to be interested enough to complete even the small section about why they do not use specialist public relations services. A more pragmatic approach to assessing the response rate is to consider who responded.

In order to assess the extent to which the 190 purchasers who did return the fully completed questionnaire are representative of the population of purchasers in Scotland, the respondents were considered in three ways. First an estimate of the budget indicated by respondents, based on mid-point within the range indicates that the respondents are responsible for approximately £12 million worth of public relations expenditure out of an estimated £25 million spent in Scotland per annum and, therefore, represent a large proportion of public relations customers measured by fee income. Secondly respondents include 64 of the Business Insiders Top 200 Scottish Companies who because of their size, profitability and high visibility could be reasonably expected to be among the major purchasers of public relations in Scotland. Finally the respondents include representatives of all of the various divisions of business carried out in Scotland as classified by the Central Statistical Office Standard Industrial Classification (SIC) with the exception of Agriculture, Forestry and Fishing. The data set includes responses from each of the four principal

areas identified in the sample, commercial companies, NHS, local government and charities and from a range of company size from those employing less than 50 employees to international companies with over 250 employees. Finally, to take account of non - response bias, 10 telephone calls were made to organisations who had not returned questionnaires, selected at random from the list of addresses of questionnaires sent. Only one of these 10 had an in-house public relations department and non had a consultancy to whom I could be referred.

It was anticipated that, inevitably, a number of CEOs would pass the questionnaires to public relations practitioners to complete. Although the questionnaire was sent to the CEO of the organisations concerned and the covering letter explained that a separate questionnaire was to be sent to public relations practitioners, 58 CEOs delegated the questionnaire to public relations practitioners to return. During the qualitative phase it was acknowledged that in many organisations in-house public relations practitioners are responsible for the purchase of consultancy services and it was considered valid to include their views as purchasers if they stated that they were responsible for purchasing consultancy services on behalf of their organisation. The same approach was adopted in this phase. In the event, 69.5% of questionnaires were returned by non public relations practitioners, and 98% of respondents had direct responsibility for purchasing public relations services. The remaining four questionnaires were returned by people who, whilst not presently directly involved in the purchase of public relations, had considerable experience in employing public relations consultancies in the past. It can be concluded that the respondents are

answering from a purchasers' perspective and are reasonably reflective of the range of purchasers of public relations in Scotland.

7.3 Profile of Purchaser Respondents

Table 7.1 gives a complete breakdown of respondents by SIC category. Commercial companies comprise 70% of the respondents and cover all SIC categories with the exception of Agriculture, Forestry and Fishing. The highest proportions of respondents come from manufacturing industry (Division 4 Other Manufacturing Industries) and Division 6 (Distribution, Hotels and Catering) and Division 8 (Banking Finance and Insurance). 30% of the total number of respondents came from the not - for - profit sector. This represents a very high response rate for this sector, out of 331 questionnaire sent to this type of organisation 73 were returned fully completed, a response rate of 22%.

Table 7-1 Profile Of Respondents - Organisational

PROFILE OF RESPONDENTS - ORGANISATIONAL (based on Standard Industrial Classification)			
DIVISION 0 NOT FOR PROFIT			
SIC code		No	% of Total
01	NHS	9	4.7
02	Local Authority	18	9.5
03	Charity	31	16.3
04	Unclassified	15	7.9*
DIVISION 1 ENERGY, WATER SUPPLIES			
SIC code		No	% of Total
13	Oil & Gas Ind	7	3.7
16	Electricity Ind	1	0.5

DIVISION 2 MANUFACTURE METALS, MINERAL PRODUCTS & CHEMICAL			
SIC code		**No**	**% of Total**
24	Manufacture of building materials	2	1.1

DIVISION 3 METAL GOODS ENGINEERING AND VEHICLE INDUSTRIES			
SIC code		**No**	**% of Total**
32	Mechanical engineering	5	2.6
33	Manufacture office machinery	3	1.6
34	Electrical engineering	3	1.6
36	Shipbuilding railway & cycle manufacturer	3	1.6
37	Instrument engineering	2	1.1

DIVISION 4 OTHER MANUFACTURING INDUSTRIES			
SIC code		**No**	**% of Total**
41/ 42	Food, Drink and Tobacco Manufacturing	21	12.1
43	Textile Industry	1	0.5
46	Timber and Wooden Furniture	1	0.5
47	Manuf Paper and Publishing	4	2.1
48	Rubber and Plastics	1	0.5

DIVISION 5 CONSTRUCTION			
SIC code		**No**	**% of Total**
50	Construction	13	6.8

DIVISION 6 DISTRIBUTION HOTELS AND CATERING			
SIC code		**No**	**% of Total**
61	Wholesale Distribution	9	4.7
62	Scrap and Waste Material	1	0.5
64/65	Retail Distribution	10	5.2
66	Hotel & Catering	3	1.6
67	Repair Consumer Goods	1	0.5

DIVISION 7 TRANSPORT AND COMMUNICATION			
SIC code		**No**	**% of Total**
72	Inland Transport	1	0.5
77	Miscellaneous Transport	1	0.5

DIVISION 8 BANKING FINANCE INSURANCE			
SIC code		No	% of Total
81	Banking and Finance	9	4.7
82	Insurance	2	1.1
83	Business Services	11	5.8
DIVISION 9 OTHER SERVICES			
SIC code		No	% of Total
97	Recreational Services	3	1.6

* questionnaires not able to be classified

A profile of individual respondents by their post, experience in purchasing public relations and membership of professional organisations is shown in tables 7.2, 7.3, 7.4. Due to the diverse range of titles and responsibilities it was necessary to attempt to categorise respondents. The MD/CEO category was deemed to include all those who from their job title could be reasonably assumed to have ultimate responsibility for the running of the organisation. For coding purposes the terms 'Manager' and 'Director' were grouped together as it was felt that the important factor was the department for which they have responsibility e.g. no distinction was made between Public Relations Manager and Public Relations Director. The 'others' category includes all those whom it was impossible to place, e.g. fund raising officer.

Table 7-2 Profile Of Respondents: Individuals

PROFILE OF RESPONDENTS: INDIVIDUALS		
Post in Organisation	N	% of Total Respondents
Managing Director/Chief Executive Officer	51	26.8
PR Manager/Director	58	30.5
Marketing Manager/Director	43	22.6
Finance Manager/Director	1	0.5
Personnel Manager/Director	3	1.6
Other Director	22	11.6
Others	12	6.3
Total	190	100.0

Table 7-3 Membership Of Professional Body

MEMBERSHIP OF PROFESSIONAL BODY		
	N	% of Total Respondents
British Institute of Management	14	7.3
Chartered Institute of Marketing	17	8.9
Institute of Public Relations	26	13.6
Institute of Chartered Accountants	1	0.05
Institute of Directors	2	0.1
Institute of Personnel Management	2	0.1
British Association of Industrial Editors	4	0.2
Other	18	9.4
n=60		

(as some respondents were members of more than one professional organisation the

total exceeds 60)

Table 7-4 Purchase Experience of Respondents

PURCHASE EXPERIENCE OF RESPONDENTS			
Years involved	In-house	Consultancy	Both
0 - 5 years	32	28	47
6 - 10 years	6	20	18
11 - 15 years	4	1	14
16 - 20 years	4	0	6
21 - 25 years	0	1	2
Over 25 years	3	0	4
Total	49	91	50

Only 60 of the respondents, less than 40% of the total, were members of a professional organisation. However, this question related to professional organisations not qualifications, it is not possible from this survey to draw conclusions about the general qualifications of Scottish public relations purchasers, which are out with the scope of this research. The majority (68%) have been involved in the purchase of public relations for less than 10 years, although the sample does contain respondents who have been purchasing public relations for over 20 years. Crosstabulation of the number of years involved with type of service purchased shows that the most experienced purchasers are in organisations with in-house departments, (chi squared 20.875 with 6 degrees of freedom, p< 0.001).[1] This is interesting as it appears to indicate that experience leads to using in-house practitioners.

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[1] There is obviously a possibility with cross tabulations containing cells fewer than 5 of an effect on of the chi - square value: as a result Yates' corrected chi -square was calculated for all chi-square statisics throughout this analysis as recommended by Nourisis (1985).

7.3.1 Purchase Behaviour

Of the 190 respondents 49(26%) employ only in-house practitioners, i.e. they do not purchase any external public relations services; 50(26%) employ only consultancy services and the other 91(48%) respondents purchase both in-house and consultancy based services, i.e. they have in-house practitioners who supplement the service by the use of consultancies. Table 7.5 shows the profile of purchase behaviour by SIC code. This table demonstrates that not for profit organisations are more likely to use in-house services, either exclusively or in conjunction with consultancy services although there is not a significant association between purchase behaviour and type of organisation (chi squared 4.0502 with 6 df, p<0.6091).

Table 7-5 Profile of Purchase Behaviour

PROFILE OF PURCHASE BEHAVIOUR BY SIC CATEGORY			
	In-house	**Consultancy**	**Both**
0 Not for profit	29	7	37
1 Energy and water	2	4	2
2 Metals minerals and chemicals	0	2	0
3 Engineering and vehicle	1	7	9
4 Other manufacturing ind	5	10	11
5 Construction	1	5	7
6 Distribution, hotel and catering	8	8	8
7 Transport and communication	0	1	1
8 Banking and insurance	2	5	15
9 Other services	1	1	1

7.3.1.1 Benefits of Consultancies Compared to In-house services

Having established the type service purchase by respondents, the next question is to establish why it is purchased in the particular form, i.e. what are the perceived benefits of in-house services compared to consultancies. The literature in this area lists a number of perceived advantages in using both types of service, (see for instance: Black 1990; Clark 1991). This reassert provided empirical evidence to confirm that for organisations with in-house departments the benefits of in-house practitioners are perceived to be that they have a better knowledge of the clients business (34%) and that it is a less expensive option (26%).

For consultancy purchasers the main reason given by purchasers was the consultancies' specialist expertise (68%) although there was some difference of opinion between those with in-house departments who also purchased consultancies. Whilst the most important reason remained the specialist expertise, consultancy only purchasers rated the consultancies contacts, i.e. the journalists, designers etc. with whom they have links, much higher and placed much less emphasis on specialist facilities (see table 7.6). Cost or resource implications were not considered by either type of purchaser as a particularly important factor in the decision. This is interesting if compared to the reasons given for not using public relations services at all. Of the 234 non - users who replied 32% gave cost as their prime reason and a further 22% stated that they did not feel that public relations was worthwhile. While cost may not

be a key reason to choose between in-house and consultancy public relations it appears to be a major factor in the decision to use public relations services in the first place.

Table 7-6 Reasons For Using Consultancy Services

REASONS FOR USING CONSULTANCY SERVICES		
	% Indicating Very Important	
	Consultancy and in-house	Consultancy only
Specialist expertise	58.0	74.1
Cost/resource considerations	13.6	14.2
Time constraints on org. staff	43.5	31.2
Consultancies contacts	35.6	50.8
Consultancies specialist facilities	12.3	4.3

7.3.2 Public Relations Expenditure

Not surprisingly there is a significant statistical association between the amount spent on public relations and the type of service purchased (consultancy or in-house) chi squared 41.9034 with 14 df, $p < 0.001$. Purchasers who exclusively use their in-house departments were more likely to have either no formal budget or to spend up to £100, 000 per annum on public relations. Those who use consultancy only services have the smallest budgets, mostly between £10, 000 and £40,000, whilst purchasers who have in-house departments who also use the services of a consultancy are likely to spend £60,000 to £80,000 per annum on public relations. This is interesting as there is a large proportion of this third group from the not - for - profit sector who

might be expected, due to the nature of the business that they are in to have limited funds for public relations services. Closer analysis shows that if this sector is divided in to its constituent parts, the NHS and Local authorities have relatively large public relations budgets, whilst the charitable organisations have no fixed budget or spend a small amount on public relations. This would appear to have intuitive logic, Charities in Scotland are not large, non appeared in the Charities Foundation assessment of the 200 largest charities in the UK on the basis of donations, and it would be unacceptable for charities to spend large amounts of their income on public relations.

7.3.2.1 Payment Types

The final aspect of purchase behaviour with regard to consultancies is the method of payment for services. Three specific payment methods were identified in the qualitative research, retainer fees, payment for specific projects and payment for individual public relations tasks. A statistically significant association was found between purchase methods and types of payment, (chi squared 24.6131, 3df $p< 0.002$). While it could be expected that a much higher percentage of consultancy only purchasers used retainer fees, the comparison of those who purchase specific tasks on an individual basis is more surprising. Very few of those with in-house departments pay only on a task basis, most use a combination of the methods with no one payment type accounting for more than 50% of their purchases. This is interesting as it suggested that there is not a simple association between the presence or absence of an in-house specialist and purchase method.

Table 7-7 Payment For Consultancy Services

PAYMENT FOR CONSULTANCY SERVICES		
	% Using Payment	
Payment Types	Consultancy only	Consultancy and in-house
Retainer fee	44.3	18.7
Payment for specific projects	21.7	25.3
Payment for individual tasks	18.2	4.4
Combination of methods	15.3	51.6

7.3.3 Overview of the Public Relations Market in Scotland

What emerges from this is a picture of a market for public relations in Scotland where two thirds of purchasers use consultancy services, either exclusively or in conjunction with an in-house department. Although there is not a significant association between the type of industry and the purchase behaviour the not- for-profit sector is dominated by organisations with in-house departments many of whom also use consultancies. This may be indicative of the fact that they see it as a less expensive option than the employment of only consultancies, or that they view the particular issues associated with their sector as requiring specialist knowledge. However, it may also be reflective of the political situation in which not for profit organisations operate, where it may be seen as unacceptable to be seen to be spending tax payers' or donors' money employing public relations consultancies.

The commercial sector has a slight bias towards purchasing exclusively consultancy

services, although by far the majority use both in-house and consultancy services.

This gives the benefits of knowledge of the particular business whilst being able to

call on the specialist services of a consultancy when necessary. These purchasers

have relatively high public relations budgets and use a combination of payment

methods.

7.4 Analysis Stage 1 - The Public Relations Product

The following sections will be structured around the research propositions developed

from the qualitative phase of the research. The first, and most central, proposition is

based on the conceptualisation of a public relations product, which affects all other

aspects of the service delivery and evaluative processes.

> *p1. When purchasing public relations services organisations have different*
> *requirements that equate to different attributes of public relations, i.e. the*
> *task - managerial - strategic aspect of the public relations product is*
> *reflected in the range of functions purchasers expect from their consultancy.*

7.4.1 Ranking Public Relations Functions

In order to explore whether particular variants of the public relations products can be

identified, respondents were asked to rate the relative importance of a number of

public relations functions to their organisations. These functions were assumed to

equate to the three dominant variants of the public relations product identified in

chapter 6. The 18 functions included some public relations tasks, a number of managerial roles and an indication of a strategic function, i.e. whether public relations practitioners have an input into the wider decision making process in the organisation. The means and standard deviations for the responses are shown below in table 7.8 for consultancy purchasers and, as a comparison, table 7.9 for in-house only purchasers.

Table 7-8 Functional Expectations (Consultancy)

FUNCTIONAL EXPECTATIONS OF PR (consultancy purchasers)		
	Mean	Std Dev
Advice on key issues	2.5	1.5
Audience determination	3.0	1.3
Problem definition	3.0	1.2
Message of campaign	2.0	1.1
Input wider business decisions	3.5	1.1
Issues management counselling	3.7	1.2
Advice public affairs	3.1	1.3
Media/press releases	2.0	1.4
Special events/functions	2.6	1.5
Financial PR	3.4	1.4
Lobbying	3.3	1.3
Sponsorship	3.9	1.3
Exhibitions	3.9	1.3
Employee communication	3.7	1.6
Crisis management	3.2	1.2
International PR	4.1	1.5
Corporate PR	2.9	1.5
Design services	3.5	1.4
n = 141		
alpha 0.842		

Table 7-9 Functional Expectations (In-house)

FUNCTIONAL EXPECTATIONS OF PR (In -house purchasers)		
	Mean	**Std Dev**
Advice on key issues	2.0	1.3
Audience determination	2.6	1.3
Problem definition	2.6	1.1
Message of campaign	1.5	0.8
Input wider business decisions	2.5	1.3
Issues management counselling	3.4	1.4
Advice public affairs	2.3	1.5
Media/press releases	1.3	0.7
Special events/functions	1.8	1.1
Financial PR	3.3	1.6
Lobbying	3.2	1.5
Sponsorship	2.8	1.5
Exhibitions	2.7	1.6
Employee communication	2.1	1.3
Crisis management	2.4	1.5
International PR	3.1	1.6
Corporate PR	1.8	1.2
Design services	2.9	1.7
n = 49		
alpha 0.837		

This very simple form of data presentation indicates an interesting diversity between in-house only and consultancy purchasers. For in-house only purchasers 14 of the 18 functions have mean scores of less than 3 indicating that they would definitely be expected by the organisation. For consultancy purchasers only five functions have mean scores below 3 which suggests that in-house only purchasers expect a much wider range of services from their public relations service than consultancy purchasers.

The five functions that are considered important to consultancy purchasers are the message/content of the campaign, advice on key issues, media/press relations, corporate public relations and events/functions which are in fact rated as the most important expectations by in-house only purchasers. This suggests that they form the core of public relations activity, however the service is purchased.

The standard deviations in the consultancy purchasers table appear to indicate a range of opinion even within this group of respondents, suggesting that the expectations of the public relations product amongst consultancy purchasers is much more diverse than in-house purchasers. It is possible to suggest a number of reasons for this difference, for example the fact that some of these consultancy purchasers also have in-house departments. However, this result is indicative of the limitations of simply comparing means as a basis of analysis, which fails to take into account three important factors in the data. First it assumes that public relations is viewed as a series of functions that are bought on an individual basis. Evidence from the literature review and the qualitative interviews suggests that this is inaccurate, public relations services are bought as a product which has different component functions according to the needs of the purchaser. Secondly it assumes that the purchasers are a coherent group who all have similar requirements, which as the previous section indicated is not the case; for example it is unlikely that a Scottish local authority would have a need for international public relations. Finally it does not take account of this distinction between organisations which employ in -house practitioners as well as using consultancy services: it is likely that an organisation which employs in-

house practitioners will have different requirements from a consultancy than an organisation which uses only consultancy services.

7.4.2 Identifying Products

The shortcomings in a simple comparison of means suggests that, in order to compare purchaser expectations of the public relations product, a form of analysis is required which is capable of identifying purchaser requirements over a range of functions. In order to do so a factor or principal components analysis was performed on the data. Factor analysis is a generic name given to a type of multivariate analysis that attempts to summarise interrelationships between a large number of variables and explain these variables in terms of their common underlying dimensions, known as factors. The purpose of factor analysis is to condense the information contained in the original variables into a smaller subset of composite dimensions, with a minimum loss of information value. Unlike other multivariate techniques, for example multiple regression or canonical correlation, in which one or more variables are considered as dependant and all other independent or 'predictor' variables, factor analysis treats all variables simultaneously. Each observation is treated as if it is a function of an underlying set of factors which can be identified by searching for the common constructs (Hair et al 1992). In this case the purpose is to attempt to identify if certain key functions are closely associated and could be grouped together into a broader concept of 'product' that has a number of variants, the dominance of which affects the overall complexion of what is purchased.

7.4.2.1 Appropriateness of the Technique

For factor analysis to be appropriate it is essential that the variables in the matrix are correlated. Two formal statistics are available for testing the degree of correlation, Bartlett's test of sphericity and the Kaiser-Meyer-Olkin test of sampling adequacy. Bartlett's test of sphericity is used to test the null hypothesis that the variables are uncorrelated, i.e. that the correlation matrix is in effect an identity matrix. A large value of the test statistic favours the rejection of the null hypothesis and confirms the appropriateness of factor analysis. In this analysis the Bartlett's statistic for the 18 variables in the matrix was 867.348, $p<0.000$ indicating that there is a high degree of correlation. The Kaiser-Meyer-Olkin (KMO) test of sampling adequacy compares the magnitudes of the observed correlation coefficients with the magnitude of the partial correlation coefficients. Small values of KMO indicate that correlations can not be explained by other variables and therefore, that factor analysis may not be appropriate. The KMO value for this set of variables was 0.7260 ($p<0.05$) confirming that factor analysis is appropriate.

7.4.2.2 Rotation

Having established the appropriateness of the data for the technique, a principal components factor analysis was performed. An important consideration in the application of factor analysis is the method of rotation. Hair et al (1992) suggest that the oblique rotation is more realistic, as it does not assume that the theoretical underlying dimensions are uncorrelated. As there was no a priori expectation that the

dimensions of the public relations product are mutually independent, an oblique factor rotation was used (see also Kapferer and Laurent 1993).

7.4.2.3 Results

The factor analysis produced evidence of 6 factors retaining only those factors in the analysis with eigenvalues greater than 1.0, which indicates that a factor retained in the analysis accounts for at least the variance of a single variable. The eigenvalues and percentage of explained variance for the six extracted factors are shown in table 7.10.

The percentage of explained variance is a measure of the explanatory power of the factor and it is recommended that for the factor analysis to be of value, the total explained variance of a factor solution should not fall below 60% (Malhoutra 1993). The total of 67.6% in this analysis is, therefore, above the limit for a satisfactory solution.

The interpretation of the factors is achieved by examination of the loading of the variables on the factors, or the amount of correlation between the original variable and the factor. Hair at al. (1993) suggest that a loading of 0.30 is significant and 0.50 can be considered 'very significant'. Taking into account the relatively small size of the sample in this analysis and the small number of variables, both of which affect the solution, variables were included in the analysis if they loaded at 0.50 on a single factor. The variable loading for the six factors are shown in table 7.10.

Table 7-10 Factor Summaries

FACTOR SUMMARIES		
Factor 1	Eigenvalue 4.835	26.9% variance
Input to wider Business Decision Issues Management Counselling Advice on Public Affairs Policy	0.6141 0.5873 0.5811	
Factor 2	Eigenvalue 2.1993	12.2% variance
Exhibitions Management Sponsorship Management Design Services	0.8851 0.7428 0.7537	
Factor 3	Eigenvalue 1.5575	8.7% variance
Media Relations/Press Releases Events & Functions	0.7406 0.7356	
Factor 4	Eigenvalue 1.3343	7.4% variance
Financial Public Relations Employee Communication	0.7890 0.5638	
Factor 5	Eigenvalue 1.2213	6.8% variance
Corporate Public Relations International Public Relations Crisis Management	0.8826 0.6467 0.5471	
Factor 6	Eigenvalue 1.0182	5.7% variance
Audience Determination Problem Definition Message/content of Campaign	0.8432 0.7543 0.7363	

These six factors appear to provide evidence of the variations in the public relations product corresponding to the three variants of public relations services proposed above. The first factor, which explains 26.9% of the variance, is concerned with a strategic role for public relations, including an input into the wider business

decisions, public affairs policy and issues management counselling. Factors two and three relate to a task level of public relations arranging exhibitions, sponsorship, design services, media relations and arranging events and explain 12.2% and 8.7% of the variance respectively. The fourth factor describes a communications role to employees and investors (7.4% of variance). Factor 5 relates to the managerial role, corporate public relations, international public relations and crisis management explaining 6.8% of the variance and the final factor, explaining 5.7% of the variance, is a second strategic factor, including message of the campaign, problem definition and audience determination.

This factor solution appears to confirm the existence of dimensions within the public relations product which have different component functions and lends support to the product variant proposition.

7.4.2.4 Comparison with In-house Only Services

When the same type of analysis is performed on the in-house only purchasers a very different picture emerged. Whilst the Bartletts test of sphericity was 2979.68 p <0.000 and the KMO measure was 0.9314, the factor analysis produced evidence of only one factor with an eigenvalue greater than 1, explaining 71% of the variance. As there was only one factor the solution could not be rotated and the unrotated solution indicated that every variable loaded on the factor at 0.5 or above. In effect this means that the factor analysis was unable to find underlying patterns in the data or t group the responses. This would appear to confirm that for in-house purchasers the notion

of a public relations product is a much wider and more diverse concept, that includes a broad range of public relations functions rather than a product variant.

Whilst this research is not specifically concerned with the employment of in-house services, the fact that so many employers of consultancies also have in-house departments makes this a significant finding. If employers of in-house services expect such a wide range of functions from their public relations departments, then this is likely to affect the nature of the purchase from consultancies. This provides support for the finding in the qualitative phase which suggested that purchasers of both types of service (i.e. in-house who also use consultancy) viewed the public relations product differently from consultancy only purchasers. While their expectations of the product provided by their own staff were very broad and included a full range of public relations activities, their view of consultancy services was much more specific and attribute focused, i.e. they had a more specific idea of the functions expected.

7.5 Analysis Stage 2 - Association of Products with Purchasers

The emergence of 6 factors in the consultancy purchasers analysis appears to provide support for the product variant approach to public relations, i.e. the underlying trends that emerge appear to indicate that the individual functions are associated by purchasers and that these associations do reflect the dimensions of the public relations product discussed earlier. However, it does not imply that these dimensions

or variants are mutually independent, for example in order to carry out a strategic role it is probably necessary to also adopt a managerial and task role. What this analysis does is simply identify the way that purchasers associate the public relations functions, which can be viewed as a number of complementary or interrelated attributes that together make up a public relations product. It does not give any indication of who purchases what or how the various elements are combined by organisations.

7.5.1 Categorising Respondents

A number of statistical techniques are available for categorising respondents which would allow for the identification of use variants in the public relations product. The simplest method would be to split the data set according to either the type of organisation or the way that public relations is purchased (in-house, consultancy or both) and carry out the same type of factor analysis in an attempt to replicate the factors. However, this would necessitate making assumptions about the characteristics of the organisation that affect the type of purchase made. Whilst these assumptions may be justified by reference to the qualitative interviews, it restricts the findings of the research by imposing a priori classifications on purchasers which may affect the results.

As Bunn (1993) points out, the use of classification schemes to identify market segments suffers from the inherent problem of variation within the segments. Conceptually there are likely to be similarities between the needs and requirements

from public relations services of organisations of a similar type, size or the way in which it is purchased which would allow classification according to 'logical partitioning' (Bunn 1993). However, because of the nature of public relations services there is the possibility of the attributes being confused with the determinants. For instance it may be that the type of organisation is a determinant of the way in which public relations is purchased, rather than an attribute of the class.

An alternative approach is to use numerical taxonomy. This is an inductive method which avoids any prior classification and determines the categories according to factors within the data. The major benefits of this approach are that the groups which emerge are grounded in empirical reality and as such are descriptive of the actual situation. This approach is widely used in market segmentation studies and understanding consumer buying behaviour (see for instance: Punj and Stewart 1983; Keil and Layton 1981; Singh 1988). The main disadvantage of this approach is that the groups are often difficult to define and lack the distinction that would make them useful in arriving at broad conclusions about purchase behaviour. However, as the purpose of this analysis is to indicate whether purchasers of public relations have different expectations according to the public relations they purchase, the need for parsimony amongst the groups is of less importance than understanding how different purchasers view the product. The purpose of the analysis is not to conclude that different types organisations or methods of purchase are 'typical' but to establish how purchasers view the public relations product and then to establish whether this has any subsequent effect on their expectations and evaluation. As such a method

which uses 'natural' structure in the data based on a multivariate profile is of more value than a segmentation technique that makes unsupported assumptions.

The most commonly used technique for this type of numerical taxonomy is cluster analysis. Cluster analysis is a multivariate technique which attempts to classify respondents so that each respondent within a cluster is similar to other within the same group with respect to some predetermined criterion, in this case purchase of particular public relations functions. The most common application of cluster analysis is market segmentation but it has also been used to group similar products (Srivastava et al. 1981), in test market selection (Green et al. 1967), to identify companies pursuing similar strategies (Doyle et al. 1989) and to identify buyer information gathering activities (Bunn 1990). Cluster analysis comprises three distinct phases, partitioning of the data set, identification and validation of the clusters and cluster profiling.

7.5.1.1 Partitioning the Data Set

In partitioning the data set the factor scores were used as input, consistent with the work of Bailey (1974); Furse Punj and Stewart (1984); Singh (1988) and Saunders (1994). This technique aims to reduce the interdependencies between variables which could bias the resulting cluster solution. Saunders (1994) suggests that there are two benefits to this approach, firstly it reduces the number of variables to be analysed in the process and second the factor results can assist in the interpretation of the clusters. Ward's method, a hierarchical technique, was selected in order to optimise

the minimum variance within clusters: this method is regarded as producing the most reliable clusters (see Saunders 1994). At each stage in the clustering procedure the within cluster error sum of squares is minimised which tends to combine clusters with a small number of observations and produces clusters of a similar size (see Ward 1963). The resulting clusters should display high internal homogeneity and high external heterogeneity. Inter-object similarity was measured using squared Euclidean distance.

7.5.1.2.Identification of Clusters

According to Everitt (1980) no standard objective procedure exists for identifying the number of clusters. The most persuasive method presented by Mojena (1977) and Aldenderfer (1984) is based upon an analysis of the fusion or agglomeration coefficient. Where a 'jump' in the coefficient is established it implies that two relatively dissimilar clusters have been merged and therefore the number of clusters prior to the 'jump' is the most probable solution. The cluster analysis produced evidence of three distinct clusters in the data set. The agglomeration co-efficient is shown in table 7.12.

Two techniques were used to establish the validity of the solution, firstly a simple replication technique to check the internal consistency of the solution. The data set was divided according to cluster membership and a number of observations were sequentially removed (see McIntyre and Blashfield 1980).

Table 7-11 Agglomeration Schedule

AGGLOMERATION SCHEDULE	
Stage	**Co-efficient**
136	585 . 65661
137	644 . 29785
138	725 . 46313
139	925 . 02044
140	1032 . 68890

The cluster solutions remained stable suggesting the presence of natural clusters within the full set. Secondly as a means of assessing whether the clusters had discriminatory power, cluster membership was saved and entered into a multiple discriminant analysis using the three clusters as independent variables as recommended by Field and Schoenfeldt (1975). The existence of two significant discriminant functions (N-1) provides evidence of the existence of three distinct clusters. Classification results are shown in the confusion matrix below, which provides an insight into the ability of the functions to correctly classify cases. The two discriminant functions were able to correctly allocate 93.6% of cases to their respective clusters based upon the patterns of response but with original cluster membership unknown, indicating a very high group identity. The classification results are shown in table 7.12.

Table 7-12 Classification Results

CLASSIFICATION RESULTS			
Actual Group	**Predicted Group**		
	1	2	3
Group 1 Group 2 Group 3	100% 2.6% 4.9%	0% 93.4% 4.9%	0% 3.9% 90.2%

Percentage of cases correctly classified 93.62%

7.5.1.3 Cluster Profiling

Having established the existence of three distinct clusters within the data based upon factor scores, the next stage in the analysis is to identify the characteristics of the clusters. This was achieved through an analysis of the cluster means for the derived factor scores and an analysis of cluster demography. Factor scores for each of the clusters were generated in order to assess the relative weighting of pre-defined evaluative factors on the cluster solutions. These are presented below in table 7.14. The scores have a mean of zero and a standard deviation of one and according to the mean cluster scores on the derived factors the clusters can be profiled and labelled.

Table 7-13 Summary Of Cluster Descriptors

SUMMARY OF CLUSTER DESCRIPTORS FOR THE 3 GROUPS			
	Cluster 1	**Cluster 2**	**Cluster 3**
Product Factor			
fsp1 - Strategic	-1.14	-0.47	0.20
fsp2 - Task	-0.33	0.39	0.91
fsp3 - Task	0.32	0.55	-0.18
fsp4 - Communication	0.91	0.09	-0.36
fsp5 - Managerial	0.72	-0.46	0.73
fsp6 - Managerial	-1.15	0.13	0.53

*Cluster descriptors are based on factor scores that have a mean of Zero and a standard deviation of 1.

In addition cluster membership was crosstabulated with a number of demographic variables of which five were significantly different across the clusters and can be used in profiling the clusters, the type of organisation (NHS, Local Authority, Charity or Commercial company) chi square value 16.10 6df, $p < 0.013$, the experience of the purchasers both in terms of the number of years involved and the number of consultancies purchased in the last 3 years, (chi squared 15.57, 6 df $p < 0.016$ and 24.63, 6df $p < 0.0018$ respectively); the size of the annual public relations budget, (chi squared 28.10, 14 df, $p < 0.014$) and whether or not the organisations had an in-house public relations department (chi-squared 8.38, 2df, $p < 0.015$). The cluster profiles are as follows:

Cluster 1 : *Managerial purchasers*

This cluster comprises 17% of purchasers who buy a managerial service from their consultancies, with higher than average purchase of lobbying, public affairs, issues management services and communication services. They do not however purchase strategic advice or use consultancies in the wider decision making of the organisation. This group spend £80, 000 - £100, 000 on public relations annually, are dominated by NHS organisations and are evenly divided between organisations with in-house departments and consultancy only users. They are relatively experienced purchasers with a significant number who have been involved in purchasing public relations for more than 5 years and have employed an average of 3 consultancies in the past 3 years.

Cluster 2 : *Task Purchasers*

This cluster comprises 54% of the sample. This cluster have an in-house public relations function as well as using consultancies and are primarily purchasers of task level functions: they do not purchase managerial or strategic functions or functions associated with exhibitions or sponsorship but are more concerned with media relations and special events. The cluster is dominated by local authorities and charities. This group are inexperienced purchasers, with a significant number of individuals who have been involved in buying public relations services for less than 3 years and have generally

only employed one consultancy in the past three years. They generally spend less than £20, 000 per annum on public relations consultancies.

Cluster 3 : *Strategic Purchasers*

This is cluster purchase the most comprehensive range of public relations products and are above average purchasers of managerial, strategic and exhibitions, sponsorship and design services; they are however less likely to purchase employee communication from consultancies. They generally have 5-10 years experience in purchasing public relations and have employed an average of 2 consultancies in the last three years, so they are comparatively experienced. This group either have no formal public relations budget or spend between £21, 000 and £80, 000 on public relations annually. This cluster is dominated by commercial companies, who do not have in-house public relations departments and purchase consultancy services only.

These three clusters have a certain intuitive appeal, it would appear logical that organisations with in-house practitioners would have a less frequent requirement for consultancy services and that they would purchase a narrower type of product variant than organisations who do not have in-house services. The most interesting group is cluster 1, who buy a range of managerial services but can not be categorised as having a clear in-house or consultancy based purchase policy. This implies that it is insufficient to assume that the type of product purchased is governed simply by the presence or absence of in-house practitioners but that a more complex explanation is

necessary. This lends support to the use of a clustering technique which does not make simple divisions in the data set but divides it according to the product purchased. Whilst the groups identified do lack parsimony as suggested by Bunn (1990), their emergence does support the contention that the public relations product variant is influenced by a number of factors within individual organisations and that treating all purchasers as having similar expectations of public relations is simplistic and unsound.

7.6 Variance Between Groups

Having established the existence of these clusters of purchasers and tested the stability of these groups, the next stage in the analysis is to test the various propositions regarding their expectations, experiences and evaluative criteria. Before discussing the various propositions in detail, the statistical techniques used to compare groups will be outlined.

In order to compare the clusters two approaches were taken, first the data set was sorted and split on the basis of cluster membership and the three clusters profiled according to the various criteria under investigation using a straightforward comparison of means or percentage of respondents according to the format of the question. Secondly the data set was considered as a whole and differences in the responses between the membership of the three groups considered. Two techniques were used for this analysis. For ordinal data, multivariate analysis of variance

(MANOVA) was used to establish whether there are any statistically significant differences between the groups on the selected variables that suggest that the service quality evaluations are dependant on the product purchased. MANOVA is a statistical technique which analyses differences between groups over a number of metric dependent variables as a whole. It has advantages over a univariate analysis of variance because it provides evidence of overall group differences which are difficult to detect when examining each variable separately. MANOVA is able to assess a collective effect (Hair et al 1992). However, whilst the MANOVA procedure gives an overall significance and the significance of individual variables in contributing to the difference, a univariate approach is required to examine the individual means to establish the precise nature of the variance. The following analysis, therefore, includes both uni and multi variate techniques to build a picture of purchaser expectations according to purchaser group.

For the multiple response questions, the number of respondents indicating each answer was crosstabulated with the group membership and the significance of the association tested using the chi-squared statistic.

7.6.1 Outcome Expectations

The first stage in examining differences across the groups is to consider their outcome expectations, i.e. what do they expect public relations to achieve for their organisation as this is likely to be different according to the type of product variant purchased. Proposition 2 developed from the qualitative interviews stated:

p 2: The model of public relations practices in Scotland is predominantly an asymmetric, press agentry approach and as such outcome expectations are consistent across purchasers.

The theory of public relations roles on which the product variant is based suggests that there is an association between the type of public relations purchased and the communications objectives of the organisation, i.e. what the organisation expected their public relations to achieve and whether this is viewed as a one way or a two way process as proposed by Grunig (1992). In order to examine this aspect of public relations respondents were asked to identify what the main outcome objectives of their public relations were. The variables were designed to include a press agentry approach (media profile for the organisation), a marketing approach (market penetration/share), an asymmetric approach (helping publics to better understand the organisation) and a symmetric approach (research to help the organisation respond to the needs of the public).

Analysis of the responses to this question is limited by the nature of the information requested. This was a multiple response question and respondents were asked to indicate which of these objectives that were appropriate for their organisation. As a result it is not possible to calculate means or the variance between groups and the analysis is restricted to considering the percentage of group membership indicating each option and the significance of the difference between the groups based on the chi squared statistic. The results of this analysis are shown in table 7.14.

Table 7-14 Main Objectives of Public Relations (Consultancies)

MAIN OBJECTIVES OF PUBLIC RELATIONS (Consultancy Services)	% of Respondents indicating key aim		
	Group 1	Group 2	Group 3
Marketing	52	25	68
Media profile	79	51	63
Communication with investors	25	15	44
Specific attitude change	63	30	59
Industrial/Internal relations	33	17	10
Community relations	29	25	22
Organisational image	96	68	76
Influence Govt policy	17	25	14
Understand publics attitudes	8	6	7
	n = 29	n = 66	n = 46

The first issue of note to arise form this table is the high level of agreement between groups that the chief objective of public relations is company image and reputation. The highest percentage of each group indicated that this was an important objective, indeed 96% of group one, the managerial purchasers, indicated that this was the main objective of public relations for their organisation. While the percentages for the other 2 groups are lower, they show that over 60% of purchasers regard this as a main objective and there is no significant difference between the groups based on whether or not this is a main objective (chi squared 4.418, 6 df, $p < 0.1098$). At the other end of the scale, the number of organisations who regard research into attitudes amongst constituent groups

as a public relations objective is consistently small over the groups. Fewer than 10% of the members of any group consider this to be an important objective and again there is no significant difference between the groups (chi-squared 4.409, 6 df, p <0.110). This would appear to confirm the findings in the qualitative research which indicated that public relations in Scotland is regarded as an asymmetric function with information flowing from organisations to their various publics. In fact the high percentage of organisations that regard media profile as a key objective suggests that a press agentry approach may be dominant. In addition very few organisations (less than 30% of any group) regard community relations or influencing government policy as a key objective which supports the press agentry model.

The analysis suggests that on two objectives there is a significant difference of opinion between groups, improving market share and communicating with investors (chi squared 12.707, 6 df p < 0.0017 and 6.043 6df, p <0.0481 respectively). For both of these objectives it is the task group that are least likely to view it as important and the strategic group (group 3) who regard it as important. This group has a high percentage of commercial companies who are likely to be concerned about their investors and the financial world, unlike NHS or local authorities who do not have investors as such. This group also have a high percentage of respondents who regard market share and sales as a main public relations objective suggesting that they are adopting a more marketing focused model of public relations than the other groups. While none of the groups regard public relations as having a particularly high input into industrial relations, very few of this third group regard industrial relations as a main public relations objective, which suggests that they see public relations as an external function.

communicating with the outside world rather than within the organisation. This is interesting as compared to the other 2 groups, this group contains very few organisations with internal public relations departments. Logically it might be expected that organisations who do have in-house departments would not purchase the services of an external consultancy for internal communications, However if there is no internal department and they do not use consultancies for internal communication, then this must be the responsibility of other departments in these organisations which indicates that the issues of 'encroachment' into public relations activities by other departments or members of staff is happening in Scotland .

It must be remembered that this part of the questionnaire was directed at consultancy purchasers and that two of these groups have a high percentage of purchasers who also have in-house departments. In order to draw any conclusions about public relations purchasing it is necessary to look at whether these respondents have different expectations of their in-house departments. Table 7.16 shows the percentage of respondents indicating the main objectives of their in-house departments, for those group members who have them.

The most interesting aspect of this table is what group 2, the task purchasers, expect their in-house public relations to achieve for the organisation, as they consistently have fewer expectations of their consultancies than the other 2 groups. One of the characteristics of this group is that they have a high number of respondents with in-house practitioners and generally purchase task level public relations from their consultancies.

Table 7-15 Main Objectives of Public Relations (in-house)

MAIN OBJECTIVES OF PUBLIC RELATIONS (In-house Services)	% of Respondents indicating key aim		
	Group 1	Group 2	Group 3
Marketing	62	37	76.5
Media profile	81	71	53
Communication with investors	18	43	47
Specific attitude change	75	61	58
Industrial/Internal relations	31	25	6
Community relations	56	56	35
Organisation image	100	83	71
Influence Govt policy	12.5	46	31
Understand publics attitudes	10	14	11
	n = 31	n = 46	n = 14

This table demonstrates what was suggested earlier, that purchasers, have more expectations of what their in-house departments should achieve, for example whereas only 25% of respondents in this group expect their consultancies to carry out community relations 56% expect this from their in-house departments. Similarly only 15% expect investors communication from their consultancies, 43% expect it from their in-house practitioners.

This would appear to suggest that considering the objectives of public relations purchased from consultancies is not sufficient to predict the model of public relations practised by the organisations as a whole. However, when considering the other two groups there are remarkable similarities between their expectations of consultancies and in-house departments; group three, the strategic purchasers, retain a marketing approach, group one, the managerial purchasers a press agentry approach. In profiling the groups it was noted that a significantly higher number of members of the task group have in-house departments, but this research did not address how large or experienced these departments are. This result would appear to indicate that there is scope for further research into the nature of in-house departments and the consequent affect on the model of public relations practised by both internal and external staff.

7.6.2 Pre-purchase Phase

Having established that there are differences between the groups on what public relations is expected achieve the next stage in the analysis is to examine whether the groups have different expectations of how it will be achieved. As discussed above there are a number of methodological problems in attempting to identify pre-purchase expectations in a post purchase situation. In fact it could be argued that unless it were possible to conduct a longitudinal study it is not possible to isolate the affect of current experience from expectation. Rather than attempt a retrospective assessment of expectations, the assumption was made that if the criteria for discrimination between alternatives can be established, this would give a reasonable proxy for what was expected from the service. Acknowledging that these are not the same and that the

choice criteria are not necessarily reflective of service expectations, this method does

allow some cognisance to be taken of the criticisms of post-hoc testing of expectations

and is in keeping with the results of the qualitative research which found that in

describing their pre-purchase expectations respondents were actually discussing choice

criteria. As a result proposition 3 stated

> *p3: The pre-purchase information used to discriminate between consultancies is related to the type of product purchased. Tangible factual information will be of more value to purchasers of task level activities whilst purchasers of higher level strategic or managerial services will be more concerned with experiential sources of information.*

This part of the questionnaire attempted to identify the relative importance of various

sources and types of information in the purchase decision drawn from both the

interviews and the relevant public relations literature. Respondents were asked to

indicate the importance of these types of information on a five point likert scale as

being determinant of the criteria used to choose a consultancy, where 1 = very

important and 5 = not important. Table 7.16 below gives a simple comparison of means

across 16 sources and types of information for the three groups.

The first notable issue from this table is that group 2, the task purchasers, have higher

means across most variables indicating that these purchasers consistently rate the

various sources and types of information as of less value in the purchase decision. This

group generally have in-house practitioners and spend a relatively small amount on

public relations services so it would appear that they do not regard these information

sources or types as important as purchasers who are buying a more strategic or managerial product variant or who do not have this in-house expertise.

Table 7-16 Choice Criteria

CHOICE CRITERIA Comparison of means across 3 Groups	Group 1	Group 2	Group 3
Creative Skills	2.10	2.25	1.29
Personalities of Account Execs.	2.21	2.53	1.76
Personal Recommendation	2.25	2.83	2.66
Business Recommendation	2.42	2.70	2.41
Knowledge of Business	1.67	2.20	1.76
Previous Experience with Cons.	2.00	2.37	2.78
Location within Scotland	2.88	2.88	3.00
Relative Cost	2.13	2.45	2.78
Size of Consultancy	3.58	3.20	3.34
Location outwith Scotland	3.92	3.32	3.54
Agencies Experience in Sector	1.88	2.30	2.41
Qualifications of Account Staff	2.63	3.22	3.00
BS5750 or similar	3.88	3.50	4.17
Reputation of Agency	1.71	2.59	2.00
Membership of Professional Org.	3.33	3.32	3.63
Past/Present Clients List	2.79	3.12	3.10

The second important finding is that the three groups all rate the factual, tangible information sources and types as being of less importance than experiential information. As 3 is a mean score, values of more than 3 indicate that the information is unimportant in the decision. This indicates that certain information is unimportant over all three groups, i.e. regardless of the product being purchased clients do not consider the size of the consultancy, location outwith Scotland, quality accreditation or

membership of a professional body as important. This latter point has implications for the development of the professional status of public relations. If membership of a professional organisation is not seen as an important discriminatory factor in choosing a consultancy, these organisations have very little prospect of establishing a power of sanction over their members, without which it is difficult to envisage how they will enforce codes of standards. Interestingly the qualification of individual account staff is of more interest to purchasers, especially those purchasing a managerial level product which implies that it is the competence of the individuals who deliver the service which is key. However, as the drive towards professional status and the qualifications of the staff are linked this is an encouraging sign. For public relations to be perceived as a profession it must be seen to rest on a body of knowledge, by placing some importance on the qualifications of account staff some, if not all, purchasers acknowledge that this body of knowledge exists. However, the task level purchasers do not see this as important, rating it only slightly higher than membership of a professional body.

One other issue arises from this table: first the lack of interest in BS5750/ISO9000 as a discriminating variable, which may be a feature of the Scottish scene in particular. Fewer organisations in Scotland have applied for the quality standard than in England and there are no public relations consultancies which have been accredited. It would be unlikely that purchasers would have had experience of consultancies with BS5750 to be able to assess its usefulness in delivering a quality service and therefore a different result may be found if this question was to be asked in England, for example. However it was the third cluster with a high number of commercial companies who rated this the

least important variable which may be indicative of the way that the standard is viewed in the Scottish business community.

A comparison of means of this type is of limited value in identifying differences between the groups as it does not indicate whether these observed differences have any statistical significance. As a result the next stage in the analysis was to conduct a multivariate analysis of variance (MANOVA), which confirmed that there is indeed a significant difference in the way the three groups view the information ($p<0.000$). Having identified an overall effect the significant individual variables which contribute to this effect are listed in table 7.17.

The differences in means across the three groups confirm the initial observation that factual tangible information can not be associated with any particular group and therefore the proposition that task level purchasers are more likely to use factual, tangible information can not be supported. In fact the only information that these purchasers rate as more important than the other groups is BS5750 and they still rate that as unimportant.

In terms of the differences in information importance group 1, managerial purchasers, place a much higher emphasis on consultants having knowledge of their business, the consultancies experience in the sector and the reputation of the consultancy.

Table 7-17 MANOVA Choice Criteria

MANOVA Choice criteria			
Wilks **Approx F** **Sig of F** 0.4532 3.7095 0.000			
Univariate Analysis	Group 1	Group 2	Group 3
Creative skills	2.10	2.25	1.29
Personality of Account Executives	2.21	2.53	1.76
Knowledge of Business	1.67	2.20	1.76
Previous experience with Consultancy	2.00	2.37	2.78
Agencies experience in Sector	1.88	2.30	2.41
Qualifications of Account Staff	2.63	3.22	3.00
Reputation of Agency	1.71	2.59	2.00
BS5750 or similar	3.88	3.50	4.17

Group 3, Strategic purchasers, in general have more limited previous experience with using public relations, are less concerned with their previous experiences with the consultancy than with the personality of the account executives and the creative skills of the consultants. This is interesting because conceptually these groups are very close.

The results of this analysis provide some support for the assumption that the pre-purchase information requirements are influenced by the product being purchased but they do not indicate any clear differences between the groups that could lead to a conclusion that different types of information strategies are used when purchasing different products. In fact the general information requirements are similar across the groups, it is in the relative importance ascribed to the information that the differences apply. There is clear evidence that all three groups are reliant on experiential information, either gained through previous experiences, the reputation of the

consultancy or its experience in the business sector in question. It is also clear that all groups are concerned that their consultancy has some knowledge of their business, which is very difficult to establish in advance of purchase. Surrogates for this information such as experience in the sector are important but interestingly only the managerial group is interested in the past or present client list as an indicator of this.

7.6.3 Experiences of Using Public Relations

The next stage in the analysis is to examine the purchasers experiences of using public relations. The qualitative interviews suggested that there is a difference in perception of the important aspects of the service according to the product being purchased. Proposition 4 states:

> *p4: The expectations of the public relations service delivered are related to the type of product purchased. Purchasers of task level services will place most emphasis on tangible aspects of the service process, e.g. meeting deadlines, accuracy and communication skills. Purchasers of higher level services will place emphasis on factors which enhance the trust and confidence in the advice given and will relate to the intangible elements of the process.*

In order to explore this a number of factors that contribute to the experience were identified from both the literature and the qualitative interviews. These factors related to tangible outcome based aspects of the service, e.g. accuracy of written materials, management of budgets, aspects of the interpersonal exchange between consultant and client (described as the 'chemistry' between the two parties), aspects of the service that related to the consultancy rather than the individual consultant for example adequacy of

310

the consultancy resources, and aspects of the delivery of the service such as responsiveness to queries, confidentiality and regularity of contact. Respondents were asked to indicate the importance of each of 20 such factors on a likert type scale where 1= very important and 5 = not important.

In keeping with the research proposition. the first stage in the analysis is to examine the mean scores for each variable across the three groups shown in table 7.18.

Table 7-18 Mean Scores for Experience Variables

Mean Scores for Experience Variables	Mean Scores		
	Group 1	Group 2	Group 3
Continuity of Account Team	2.67	3.36	2.73
Creativity	2.00	2.32	2.39
Responsiveness to Queries	1.46	2.11	1.66
Problem Solving Skills	1.75	3.42	2.15
Meeting Deadlines	1.21	1.92	1.34
Accuracy	1.33	2.01	1.56
Knowledge of Industry	2.08	2.56	2.07
Knowledge of Relevant Media	1.46	3.08	1.59
Adequacy of Agencies Resources	2.83	3.38	3.34
Management of Budget	2.13	3.50	2.86
Confidentiality	1.29	2.65	1.27
Enthusiasm and Commitment	1.42	1.91	1.49
Knowledge Target Audiences	1.83	3.20	1.98
Written Communication Skill	2.34	1.17	2.63
Oral Communication Skill	2.71	2.37	2.20
Regular Contact	2.22	2.87	1.71
Chemistry	2.79	3.50	1.90
Appearance of Staff	3.61	3.82	3.05
Confidence/Trust in Advice	1.71	3.26	1.71
Commercial Realism	1.63	3.24	1.88

The first apparent issue to emerge from this analysis is the consistently lower means for group two, the task purchasers, across most variables. In fact this cluster are mush less concerned with the working of the relationship than with the skill of the consultant in producing accurate, well written work and meeting deadlines. The other two groups have very similar views of the important factors in the experience, they are concerned that their consultants demonstrate knowledge of the industry, audiences and the relevant media, respond to queries and demonstrate problem solving skills. Both groups place a very high reliance on trust and confidence in the advice they are given and the commercial realism of that advice. However if the most important factors for the three groups are compared there is remarkable agreement as to the most important aspects of the service: accuracy, meeting deadlines and enthusiasm and commitment. It would appear, therefore, that these are vital regardless of the product and in may be the 'bottom line' expectations without which clients will be dissatisfied.

Before exploring this possibility further by considering the factors that cause a breakdown in the relationship, a number of significant differences between the 3 groups can be identified (see table 7.19). However, these differences are between groups 1 and 3 and group 2, i.e. the managerial and the strategic purchasers have very similar views. If a MANOVA is carried out on groups 1 and 3 alone then there is no significant difference in the importance of these aspects of service delivery (Wilks = 0.6999, f = 0.94289, p< 0.542). This would appear to suggest that the task only purchasers have lower expectations of these aspects of the relationship than purchasers of a managerial or strategic service.

Examination of the individual variables on which there is a significant difference show

that there is a logical appeal to these results, if the service purchased is to complement

or support an existing department or specialist in-house then the purchaser will be less

concerned with trusting advice or the commercial realism of the solutions as this type

of service is already available. Target audiences and media will already have been

identified therefore the important factors will be the tangible aspects of the tasks

purchased.

Table 7-19 MANOVA Experience Factors

MULTIVARIATE ANALYSIS OF VARIANCE EXPERIENCE FACTORS				
Wilks 0.5278	Approx F 2.21109			Sig of f 0.0000
Variable	**Group**			**Sig**
	1	2	3	
Continuity of Acc. Team	2.67	3.36	2.73	0.000
Responsiveness	1.46	2.11	1.66	0.001
Problem Solving Skills	1.75	3.42	2.15	0.000
Accuracy	1.33	2.01	1.56	0.001
Knowledge of Rel. Media	1.46	3.08	1.59	0.000
Management of Budget	2.13	3.50	2.86	0.000
Confidentiality	1.29	2.65	1.27	0.000
Written Communication Skills	2.34	1.17	2.63	0.002
Regular Contact	2.22	2.87	1.71	0.002
Chemistry	2.79	3.50	1.90	0.001
Confidence/Trust	1.71	3.26	1.71	0.001
Commercial Realism	1.63	3.24	1.88	0.002

The interesting factor is the importance of enthusiasm and commitment which indicates that regardless of the level of the product the purchaser considers that the consultant should be committed to the client.

7.6.4 Causes of Dissatisfaction in the Relationship

The next stage is to attempt to refine the importance of these experience aspects further by looking at what causes a breakdown in the relationship and prompts a change of consultant. Two questions addressed this issue, respondents were asked to indicate which of 7 service aspects would signal that the client consultant relationship was breaking down and then which of 15 factors in the experience of using public relations would persuade then to change consultancy.

The results are presented below in tables 7.20 and 7.21. Table 7.20 shows that the clearest signal for all three groups is the failure to meet deadlines however there is an interesting difference between group 2, the task purchasers, and the other 2 groups on the other aspects of the service. While group 1 and 3 are concerned with amount of activity, accuracy and communications between the organisation and the consultant the task level purchasers are more concerned with design limitations and the management of the budget. This is presumably because they see themselves as driving the communication, and amount of activity of the service. It is also noteworthy that very little emphasis is place by groups 1 and 3 on design limitations, in fact none of the organisations in group 3 indicated that it was important.

Table 7-20 Signals Of Breakdown In Relationship

SIGNALS OF BREAKDOWN IN RELATIONSHIP			
	% of Responses		
	Group 1	Group 2	Group 3
Failure to meet deadlines	30.0	26.1	27.0
Lack of copy/activity	8.6	4.5	11.5
Inaccuracies	21.4	14.6	19.7
Lack of communication	21.4	11.7	24.6
Budgetary limitations	8.6	24.6	4.9
Design limitations	1.4	10.1	0
Personality clashes	8.6	8.4	12.3

The second aspect of the breakdown in the relationship is what causes dissatisfaction with the service. This was a multiple response questions where respondents could indicate a number of aspects of the service that caused dissatisfaction (see table 7.21). This table clearly demonstrates that when assessing dissatisfaction the strategic group (group 3), place a much higher emphasis on personality, especially their ability to work with the account executive. Almost 49% of this group said that if key staff within the consultancy moved they would consider changing consultancies, 29% indicated personality clashes as a reason for changing and 27% indicated inability to work with key account staff would affect their decision.

For group 1, the managerial purchasers, the key factors are lack of confidence in solutions, failure to demonstrate an understanding of the business and failure to achieve targets. These are outcome related factors, what the service achieves for the organisation rather than the process of delivering the service.

The final group are concerned with achieving targets but also with the individuals delivering the service, almost half of this group are influenced by key staff within the consultancy moving.

Table 7-21 Reasons For Changing Consultancy

REASONS FOR CHANGING CONSULTANCY			
	% indicating important reason		
	Group 1	Group 2	Group 3
Cost	37.5	30.8	26.8
Key Staff in Organisation moved*	8.3	17.3	2.4
Key Staff in Consultancy moved	29.2	34.2	48.8
Lack Confidence	79.2	34.7	58.5
Missed Opportunities	41.7	21.3	43.9
Lack Understanding of Business*	79.2	26.5	51.2
Lack Involvement	32.7	17.4	29.3
Fail to Achieve Targets	70.8	48.2	56.4
Personality Clashes	20.9	19.2	29.4
Inability to Work with Account Exec.	8.3	13.5	26.8
Breaches Confidentiality	54.2	32.8	61.0
Recommend Another	0	1.9	0
Lack Experienced Staff	12.5	21.6	17.1
Insufficient Media Coverage	29.6	23.1	31.7
General 'feel bad'	30.0	25.6	52.8

*Indicates significant difference between groups $p < 0.05$

Although it is not the intention of this analysis to measure 'gaps' between the views of purchasers and practitioners, failure in understanding between the two parties in the exchange is an obvious cause for dissatisfaction and poor service quality. The next section considers the views of practitioners.

7.7 Practitioners Views

The final phase of the empirical research was to ascertain the views of public relations practitioners about both the service they provide and their perceptions of the way that their purchasers assess the quality of the service and satisfaction. This not only allowed a comparison to be made between the views of the two parties in the transaction regarding the delivery of the service, but also addresses the final proposition regarding service quality in this context, that practitioners are more concerned with what is delivered, while purchasers concentrate on how the service is delivered in assessing satisfaction and quality.

7.7.1 Response Rate

From a total of 238 questionnaires sent to public relations practitioners 137 replies were received, a return rate of 44%. A further 4 questionnaires were returned incomplete as individuals were retired or unable to complete through pressure of work. The high response rate is probably accounted for by the fact that the members of the IPR are interested in the issue of quality and have a commitment to raising the image of the profession.

A profile of respondents is shown in table 7.22 illustrating their role, experience and membership of professional organisations. 71 of the respondents work for consultancies, the remaining 66 respondents work in in-house departments, which allows an interesting comparison between the views of the two sets of practitioner

about the benefits of the two ways of purchasing public relations and the expectations of purchasers regarding the way that the service is delivered.

98% of respondents are members of the IPR which is a reflection of the way that the sample was chosen, however a third of respondents also belong to other professional associations. A comparison of years of experience with where practitioners worked reveals that people who had worked in public relations for the longest periods work in in-house departments although there is not a significant association (chi squared 4.665 6 df p < 0.234).

Table 7-22 Profile of Respondents (Practitioner)

PROFILE OF RESPONDENTS (Practitioner)		
Title	No	% of total respondents
Consultancy		
Director	39	29
Account Executive	18	13
Senior Consultant	8	6
Partner	4	3
Other (trainee)	2	1
n = 71		
In-house		
Manager	23	17
Officer	15	11
Head of Department	13	9.5
Director	7	5
Executive	5	3.5
Other	3	2
n = 66		

Years experience	In-house	Consultancy
1 - 5	15	14
6 - 10	23	23
11 - 15	18	10
16 - 20	6	10
21 - 25	1	9
26 - 30	2	0
Over 31	1	2
No response	0	3
Total	66	71

MEMBERSHIP OF PROFESSIONAL ORGANISATIONS	
Organisation	No. of Respondents
IPR	120
CIM	7
BAIE	16
IOD	7
NUJ	3
Others	16
No Response	15
n = 137	

As no information is available concerning the number of public relations practitioners working in Scotland, it is not possible to assess whether the respondents are representative of the industry as a whole. However the respondents make up almost half of IPR Scotland membership and are almost equally divided between in-house and consultancy practice. It can, therefore, be assumed that they represent a reasonable cross section of the type of public relations work carried out in Scotland.

The 71 consultancy practitioners represented here are relatively experienced with 80% having more than 5 years experience in public relations. Due to the nature of consultancy work it is likely that different clients will have different expectations of their consultants and they will therefore play a number of roles according to the

nature of the requirements of the client organisation. To ask consultants what they considered the main aims of their clients public relations or which products are purchased would be meaningless as it is situation specific and changes for individual clients. This questionnaire is concerned only with the consultants perception of the relationship, what they see as the important factors in the purchase decision, the delivery of the service and the important aspects of the overall evaluation. It does not attempt to ask consultants to differentiate between different types of client.

7.7.2 Benefits of Consultancy Services

The first stage in the analysis is to consider the perceived benefits to clients of using consultancy services. Table 7.23 shows the reasons for using consultancies ranked according to mean score and as a comparison the reasons given by in-house respondents who also use consultancy services.

Table 7-23 Perceived Reasons For Purchasing Consultancy Services

REASONS FOR PURCHASING CONSULTANCY SERVICES	
In-House Respondents	**Consultancy Respondents**
1 Specialist Expertise 2 Time Constraints 3 Cost/Resource 4 Consultancy Contacts 5 Special facilities n = 34	1 Specialist Expertise 2 Consultancy Contacts 3 Time Constraints 4 Cost/Resource 5 Special Facilities n = 66
Spearman's Rank Correlation co-efficient 0.724	

This demonstrates that there is a high level of agreement that the advantage of consultants is their specialist expertise although consultants place a higher value on their contacts than their in-house colleagues. If this result is compared with the views of the purchasers (table 7.9) both groups agree that consultancy expertise is the prime reason for using consultancies. The purchasers who also buy in-house services regard the consultancies contacts as very important which is recognised by public relations consultants themselves. There is similar recognition of the strengths that their service provides to organisations who have in-house departments with consultants recognising that time constraints on existing staff are a prime reason for purchasing their service.

7.7.3 Selection Criteria

The next question to be addressed is how practitioners perceive the selection criteria for consultancies. Practitioners were asked to indicate the relative importance of 15 types of information that they believed influenced the decision process, using a likert scale where 1 = very important and 5 = not important. The results are shown below ranked according to mean score.

When employing a consultancy the most important factor is perceived to be the personalities of the account executives, followed by the reputation of the consultancy. However, these variables were generally rated lower by purchasers, who gave a higher scores to knowledge of their business and creative skills. Practitioners believed that the recommendation of a business contact was a very important factor

with a mean score of 1.74. However none of the three groups of purchasers perceived this to be such an important influence with a mean score of 2.47.

Practitioners rated BS 5750 as the least important factor in the choice with a mean score of 4.15 and a standard deviation of 0.9 indicating that no respondents rated this as very important or important which confirms the views of purchasers all of whom rated this as the least important factor in the decision.

Table 7-24 Factors Affecting Choice Of Consultancy

FACTORS AFFECTING CHOICE OF CONSULTANCY		
	Mean	**Standard Deviation**
Personalities of account executives	1.51	0.68
Reputation of consultancy	1.53	0.74
Previous experience with consultancy	1.69	0.62
Recommendation (business)	1.75	0.67
Creative Skills	1.86	0.77
Knowledge of clients business	1.87	0.99
Recommendation (personal)	2.07	0.88
Present/Previous client list	2.14	0.80
Experience in Sector	2.45	0.78
Relative Cost	2.46	0.94
Qualifications of account staff	2.92	1.15
Geographical Location	3.01	0.98
Membership of Professional Association	3.36	1.14
Size of Consultancy	3.37	1.14
BS 5750	4.15	0.90
n = 70		
alpha = 0.765		

When considering the debate about professionalism and professional standards it is interesting that practitioners rated membership of a professional organisation only slightly more important than purchasers as a factor in the decision with a mean of 3.25 compared to a mean of 3.41 across the purchaser groups. However this does not reflect how public relations practitioners feel about the value of a professional organisation, it merely demonstrates an accurate impression that it is not important to the purchasers. Practitioners also have an accurate view of how important the qualifications of the account staff are in the decision with a mean score of 2.92 compared with the overall purchasers mean of 3.10.

The final issue of note from this table is the perceived value of BS 5750/ISO 9000. Practitioners appear to accurately acknowledge that this is irrelevant in the purchase decision. The fact that no Scottish consultancy currently has the standard means that their purchasers are unlikely to have experience of the difference it may make to the quality of service. However it also suggests that they are unaware of the demand for consultancies to get BS 5750/ISO 9000 which is surprising as purchaser pressure was cited in both the literature and the interviews as being the primary reason to apply for the standard.

7.7.4 Relationship Management

The next stage in the analysis is to consider the practitioners view of the process of delivering the service, i.e. how do they view the relationship between consultancy and client, what contributes to a successful service and what causes a breakdown in

the relationship. Table 7.25 shows the mean scores for the same 20 factors in the process that were considered by the purchasers above.

The value of this information is extremely limited as it indicates that all of these factors are recognised as either very important or important, i.e. they all score higher than average and have very small standard deviations. In fact the only variable with a mean of less than 1 is 'the appearance of staff', which whilst arguably acting as a cue does not affect the public relations service provided.

Table 7-25 Factors Affecting Client/Consultant Relationship

FACTORS AFFECTING CLIENT/CONSULTANT RELATIONSHIP		
	Mean	Standard Deviation
Meeting deadlines	1.14	0.39
Accuracy of written materials	1.23	0.46
Confidence/Trust in Advice	1.30	0.59
Responsiveness	1.37	0.57
Chemistry in the account team	1.39	0.59
Enthusiasm/Commitment	1.39	0.62
Written communication skills	1.45	0.67
Regular Contact	1.46	0.63
Knowledge of media	1.51	0.69
Problem solving skills	1.52	0.65
Commercial Realism	1.55	0.72
Knowledge of Target Audiences	1.68	0.81
Oral communication skills	1.69	0.73
Management of budgets	1.71	0.84
Continuity of account team	1.73	0.70
Creativity	1.89	0.66
Adequacy of consultancy resources	1.98	0.79
Appearance of staff	2.19	0.83
n = 71		
alpha = 0.756		

It is possible to comment on the ranking of some of the variables, for example the practitioners correctly identify meeting deadlines and accuracy of materials as the most important factors and slightly underestimate the importance of enthusiasm and commitment but the differences in mean scores between these variables are so small as to make the differences immaterial. Similarly they identify the appearance of staff as the least important factor but this is hardly a significant finding.

More insight is available by looking at what practitioners see as the most important influences on satisfaction and from the alternative perspective, what causes a breakdown in the relationship. Both of these questions are multiple response questions and therefore the analysis is based on percentages of respondents indicating that they believed that these factors were important.

In order to further examine the experience of employing consultants practitioners were asked to indicate what they perceived to be the most likely reasons for a breakdown in the relationship with a client. The most frequently given reason was failure to demonstrate an understanding of the clients business followed by cost/budget problems. The four most frequently given reasons all concern the management of the public relations function and relate to outcome reliability. Process dimensions such as lack of communication, 'feel bad' or personality clashes are ranked as the least likely reasons for a breakdown in the relationship.

In comparison with the purchasers views the practitioners appear to fairly accurately reflect the views of group 1, the Managerial purchasers, but not of groups 2 or 3.

Group 1 were much more concerned with aspects of the outcome than the other two groups, what public relations achieves - or fails to achieve and how well the consultant understand the clients business.

Table 7-26 Reasons for a Breakdown in the Relationship

MOST LIKELY REASONS FOR A BREAKDOWN IN THE CLIENT/CONSULTANCY RELATIONSHIP (ranked in order of frequency of response)	% of responses
Failure to demonstrate an understanding of clients business	19
Cost/budget considerations	14
Missed opportunities	11
Failure to achieve targets	9
Staff within client organisation moved	6
Staff within consultancy moved	6
Lack of confidence in proposed solutions	11
Insufficient involvement of key consultancy staff	6
Breaches of confidentiality	4
Client recommended another consultancy	4
Inexperienced staff	3
Lack of media coverage	8
General "feel bad' factor	1
Lack of communication	1
Personality clashes	0.5
n = 71	

In contrast group 3, the strategic purchasers, while acknowledging that having confidence in the proposed solutions and achieving targets is important are more concerned with the interpersonal aspects of the relationship and are more influenced by key staff within the consultancy moving, personality clashes or a general 'feel-bad' factor which most practitioners rated as unimportant. Practitioners also have a

different view of the effect of clients being recommended another consultancy as causing a breakdown in the relationship with many more practitioners viewing this as important.

In terms of the final proposition regarding service quality, the proposition from the qualitative interviews was

> *p5: purchasers of managerial and strategic level services concentrate their evaluative criteria on how the service is delivered whilst practitioners evaluate their own service on what was delivered.*

The evidence from the analysis is that this is not generally true. While practitioners do seem more concerned with factors relating to what public relations achieves, there is also a group of purchasers who regard these as important in the evaluation of the relationship. The consistently high percentages of respondent who indicate across all groups suggests that practitioners correctly identify achieving targets as a prime element in the evaluation, in fact the consistently high ranking of this variable across the three groups suggests that this is one of the bottom line expectations which is consistent with the variables identified in the purchaser questionnaire.

7.8 Conclusions

The purpose of this quantitative phase in the research was to test the five propositions about service quality in public relations which emerged from the qualitative

327

interviews. The basis of these propositions was that in order to understand service quality it is necessary to consider what is being purchased, i.e. that the product variant affects the expectations of the public relations service and the management of quality in the relationship. The analysis provides general support for this hypothesis, however the evidence suggests that whilst there are three clear groups of purchasers, the differences between these groups are not as clear. In fact, in terms of the way that quality is determined in the relationship, there appear to be two types of purchaser, those buying strategic or managerial advice and those buying public relations tasks. Although it is possible to identify some common factors in their expectations and experiences of the relationship with their consultancy, there are significant differences between the two groups. Quality would, therefore, appear to be determined by the product variant and the role that the purchaser expects the public relations practitioner to play.

CHAPTER 8

CONCLUSIONS

8.1 Introduction

The aim of this chapter is to summarise the main conclusions of this thesis with respect to public relations as a business advisory service and to draw some conclusions about service quality in the wider services context. This chapter is divided into two parts, first general conclusions about service quality in public relations in Scotland are summarised and their the implications for public relations and business advisory services are considered. Secondly the results of this research are considered in the light of the wider service quality- relationship debate including the value of quality as a competitive variable.

8.2 Summary of Research Findings

The context of this research was the public relations industry in Scotland and, therefore, the first set of conclusions are specific to that context. The problems in defining public relations outcomes suggest that, in order to understand the different segments of the market, it is necessary to first consider the product and what public relations purchasers in Scotland expect from their public relations services. After establishing this outcome dimension it is then possible to consider the process expectations which form the basis of service quality.

In chapter 3 a model of expectation formation was proposed which suggested that there are a number of factors that influence the formation of expectations, after which the service is experienced and evaluated, which has an influence on subsequent expectations (see figure 3.2, p.108). The results of this research suggest that this is an over-simplistic way of expressing the relationship between expectations, experience and evaluation. In fact the purchaser's expectations are dynamic and change constantly over the course of the experience. Whilst the expectations of the outcome of the service are relatively stable, the expectations of the process are constantly being revised and updated during the service delivery. In the next sections the main influences on expectations are discussed leading to a revised model of expectation formation in public relations.

8.2.1 The Public Relations Product

As a first stage it is necessary to establish the nature of the public relations product purchased. The qualitative phase of the research appeared to suggest that there were distinct variations in the public relations 'product' expected by purchasers. These did not necessarily equate to the outcomes of the service but to the functions of public relations. Although the categorisation of these functions into task and managerial product variants could be considered rather arbitrary, it is based on the opinions of the interviewees and is supported by the literature (see Broom and Dozier 1985). The factor analysis and the emergence of a six factor solution does appear to confirm that consultancy purchasers purchase different groups of functions of public relations and these groupings have some intuitive logic. From the qualitative interviews it was

possible to see some patterns in the services purchasers expected from their consultancy and these are more or less reflected in this analysis. It is possible to conclude, therefore, that purchasers of consultancy services in Scotland purchase different product variants that relate in general terms to the Broom and Dozier (1985) findings in the US.

However, no such evidence was found for in-house purchasers. In fact the evidence from this survey suggests that in-house purchasers do not see public relations as a range of functions but as a more or less homogenous product and expect their practitioners to provide an 'umbrella' service. Much of the research in the US from which the product or role variant approach is drawn, was conducted amongst in-house purchasers, not with consultancies. The interviews, especially with in-house practitioners, suggested that this is probably due to the lack of knowledge amongst their employers as to the precise services they carry out. As one of the interviewees commented, the CEO doesn't want to know how you do it, he pays to have the job done. With consultancy purchasers there is a much more direct relationship between fee and item of service, thus the purchaser takes a more detailed interest in how the service is made up and the specific elements that are included. This applies to a number of business advisory services where an in-house employee takes on a wider range of functions than an outside contractor with whom there is a clearer correlation between the service provided and payment.

8.2.2 Public Relations Outcomes

It is reasonable to assume that purchasers' expectations of the outcome of the service would be different according to the product variant they buy, i.e., if a purchaser is buying a task variant they would have different outcome expectations than if they were buying managerial advice. However, the evidence from the interviews and the survey revealed no significant differences in outcome expectations across the different purchaser groups. A number of reasons can be suggested for this. Firstly, there are a large number of purchasers, especially in the task variant group, who also have in-house public relations specialists. It may be that purchasers do not distinguish the public relations outcomes of the organisation as a whole, the consultant contributes to these outcomes but does not have separately identified outcome objectives. This is supported by analysis of the part of the questionnaire concerning in-house public relations services which shows the outcome expectations to be exactly the same for in-house and consultancy. It would appear that the outcome objectives of public relations are consistent regardless of the type of product variant purchased.

The apparent inconsistency in this conclusion is the purchasers who do not have in-house specialists and purchase a task only variant of the product, yet still expect it to achieve the same outcomes. This leads to the second possible explanation for the lack of distinction in outcome expectations across the three groups, the lack of clarity as to what public relations can achieve. Even practitioners themselves have difficulty in succinctly describing the outcomes of public relations. This is reflected in the difficulty of arriving at a universally accepted definition of what public relations is: if

practitioners themselves express their objectives in terms of improved image, media profile, market share then it is hardly surprising that their purchasers have the same rather vague outcome objectives and that these are not necessarily linked to the product variant. Added to this is the difficulty of positioning the public relations contribution, some organisations still see it as one element in the marketing communication mix, others that it is part of community, investor or government relations, but the majority still view it as concerned with image achieved via the mass media. Inevitably this will dominate the views collected in a quantitative survey.

8.2.3 Segmenting Purchasers

If it is not possible to segment purchasers based on outcome expectations - what clients expect public relations to achieve, then the natural course is to identify who amongst the consultancy purchasers buys which product variant and segment according to the functions of public relations purchased. This is based on the assumption that the expectations of the process of delivering the service and the evaluation of quality will be affected by the product variant. By using a clustering technique it was clear that there are three distinct groups of purchaser, one purchasing a task variant, one a managerial/strategic variant and a third group that is more difficult to classify. It is this group that provides the most challenges in interpreting their purchase behaviour. Whilst the other two groups could be clearly seen as either having, or not having, in-house public relations practitioners which has an influence on their purchase requirements from consultancies, this is not true of this group. Therefore, segmenting purchasers according to the presence or absence of

in-house practitioners is not an adequate explanation of their purchase behaviour. This group use public relations consultancies for a managerial type service, but not for strategic advice. However, it may be difficult to differentiate these two variants, indeed the public relations literature appears to assume that practitioners playing a managerial role are not distinct from those giving strategic advice. They are also relatively experienced purchasers with an average of 3 consultancies purchased in the past three years and a significant number of respondents in the group who have been involved with purchasing public relations for over 5 years. It is not possible to dismiss this relatively small group of purchasers as 'new' to the market and still unsure of their purchasing, nor given the size of their budgets, to ignore the impact of this group on the market. Rather when considering the issues pertaining to service quality and the relationship between purchaser and provider, it is necessary to consider this group as a separate segment and look for other explanations of their purchase behaviour.

8.2.4 Pre-purchase Decision Making

This research did not attempt to measure how satisfied different purchasers are with the public relations service provided by their consultancies, neither did it attempt to measure any 'gaps' between expectation and perception that would give an index of service quality. Rather the objective was to understand what the purchaser groups view as the components in a public relations service that lead to a perception of quality. In other words, what do they expect from the service and which dimensions

are most important in the conduct of both the individual encounters and the overall service delivered. However, the methodological and logistical problems of asking purchasers what their expectations were in the pre-purchase phase, when they have already purchased and used the service, are such that a more oblique approach is necessary. As a result this research looked at the role of public relations expectations in two distinct phases, the purchase decision, i.e., what are the decision relevant criteria in the selection and the experience of using public relations, i.e., what are the important factors in the process of delivering the service. The validity of this approach would be questionable if the purpose of the research was to measure service quality. However, in the context of understanding in more depth the purchase decision and the way in which service quality affects the relationship between purchaser and practitioner, then the grounds for discrimination appear to provide a reasonable indicator of the pre-purchase expectations of the service.

The literature suggests that in the pre-purchase phase there are two main types of information available to purchasers of any product, tangible factual information about the good or service and experiential, opinion information based on previous experience of using the product (Darby and Karni 1973; Nelson 1974; Zeithaml 1981). It was suggested that many of the types of information are inseparable from their source, i.e., the value assigned to the information is in part governed by the source from which it came. This is especially true of experience information, as factual information is independent and verifiable from more than one source.

The key issue with regard to factual information is that it does not describe the actual

service which the purchaser will receive but may provide indications or cues to the

likely service upon which the purchaser can build some expectation. For example, the

size of the consultancy may indicate either a range of available experience and talent

to draw upon or for a smaller consultancy a high level of personal service. Similarly

the list of past/present clients may indicate experience in a sector or an expertise in a

certain type of public relations. The qualitative interviews suggested that these cues

are specific to individuals and purchase situations, for example, one purchaser

wanted to employ a large consultancy with a range of skills to call on, a second

wanted a small consultancy as he felt they were more responsive. The quantitative

survey was not able to differentiate the subtleties in the way that these cues are used,

neither was there any significant differences across purchaser groups. In fact most of

the cue information was rated as unimportant in the decision, for example, the role of

qualifications and quality accreditation (discussed in more detail below) was shown

to have very little value in the purchase decision. It may be concluded that, in

general, cues are of little value in the pre-purchase decision making, largely

confirming Mitchell's (1994) conclusion that clients of business advisory services do

not verify advisors' qualifications. However, one cue that is available, the price of the

service, is more complex.

8.2.4.1 Price as an Indicator of Quality

The economic theory on which the quality debate is based suggests that purchasers

will perceive a value in a higher quality product and be prepared to pay more for it or

to choose it above alternatives (Chamberlain 1958). Price in this context has two dimensions, value in terms of the opportunity cost of using public relations services at all, and relative cost, i.e., the difference between the price charged by competing consultancies or between using in-house and consultancy practitioners. The value of public relations services as a product class is very difficult to define: obviously those respondents who are currently purchasing public relations services consider it to be a valuable service with a contribution to make to the effective running of the organisation.

However, the non users of public relations, in both the interviews and the survey, considered price to be a major issue in the decision whether to employ public relations practitioners in the first place. Indeed almost a third of non users of public relations gave expense as their reason for not doing whilst a further fifth indicated that they did not think it was worthwhile. Analysis of those respondents who indicated both of these, i.e., that public relations is expensive and not worthwhile, indicated that very few ticked both. This would appear to imply that for some non purchasers the expense is irrelevant, specialist public relations is simply not seen as worthwhile: for a larger number it is seen as worthwhile but the price is prohibitive. Price is, therefore, a major reason why the service is not purchased.

For those organisations who decide that there are benefits to their organisation in using public relations there are three options, employing exclusively in-house services, exclusively public relations consultancies or using both. For purchasers of in-house only services, over a quarter saw this as a less expensive option for the

provision of public relations than employing consultancies. However, when investigating the purchase of consultancy services, cost is consistently considered to be a reasonably low priority. Surprisingly, it was the strategic purchasers who rated it most highly and only one third of all purchasers cited it as an important reason to change consultancies. The implication of this would seem to be that the cost of public relations is a major determinant in the decision to use public relations in the first place, and to some extent in the decision to use in-house or consultancy practitioners, but is not such a major factor in the decision of which consultancy to use. This supports the comments in the interviews about finding the 'best person for the job', regardless of the cost.

Practitioners have a rather different view; one consultancy director said she believed that the market in Scotland was particularly price sensitive, with consultancies undercutting each other for business and then being unable to sustain the account and deliver the level of service the client demanded. Certainly practitioners in the survey regarded relative cost as a higher factor in the purchase decision than purchasers and ranked cost considerations as the second most important reason why clients changed consultancies. The interesting factor that requires further research, is whether price/cost considerations are seen as an indicator of a certain level of service, which when not achieved leads to dissatisfaction, poor quality service and subsequent switching behaviour; or rather, as some practitioners believe, that it is a factor on its own, unrelated to quality. This implies that purchasers do not see a price - quality relationship in public relations services, or a monetary value in the relationship as

was suggested by one purchaser, but simply choose the lowest priced services available. This question can not be answered within the scope of this research.

The assumption inherent in price as an influence on expectations is that there are no 'shades' of good advice, the advice given will always be the best, it is in the amount of time, level of responsiveness or involvement of key staff that the price variation lies. However, while very large or expensive accounts naturally take priority, no detail was sought from practitioners that would allow conclusions to be drawn about the way in which price influences the service. In fact, as one consultant pointed out it may be a case of 'well they would say that', purchasers were unlikely to indicate that expectations of public relations, as a management service, were entirely price driven, whilst practitioners were unlikely to agree that the quality of service was price driven.

8.2.5 Experiential Information about Public Relations Services

Zeithaml (1981) suggests that given the heterogeneous nature of the service product, the most important type of information in the purchase of any service is experience, or previous times that the service has been used. In terms of the service encounter, Bettinghaus (1987) suggests that the nearest way of predicting how an individual will act, is to consider his/her behaviour in the past. On this basis the most valuable information used for the development of expectations, in the pre-purchase phase or any subsequent stages, will be previous experience of either public relations services in general, the consultancy or even an individual practitioner in particular. It is this type of experiential information that is affected by the source. Whereas factual

information is generally verifiable and the same information can be gathered from a number of sources, experiential information is subjective and its value likely to be affected by the nature of the source. In the context of public relations services, experiential information may be available personally, through other members of the management team, or via the vicarious experiences of others outside the organisation.

This research shows that previous experience is a very important criteria in the choice process. Regardless of the public relations product variant purchased, the most important type of information is experiential: creative skills, knowledge of the business, personalities. The interesting differences between groups come in identifying the sources of this experience information. Whilst previous experience with the consultancy is very important, not all purchasers have this experience leading to a reliance on reputation. Surprisingly none of the groups found the past/present clients list of much benefit and even recommendation (from which ever source) did not emerge as the most important criteria. This suggests that in completing the questionnaire the respondents did not take account of the link between sources and types of information, but simply indicated what they saw as important criteria, how to obtain the information is a separate issue.

This demonstrates the inadequacy of using choice criteria as a proxy for expectations, the purchasers expect the practitioners to have knowledge of their business, they expect creative skills, how these are established is, in effect, another issue. The information problem in the selection is separate from the expectation of the service.

Future research may wish to address this specific problem, the difference between expectations and the way in which these expectations can be addressed in the pre-purchase phase to ensure a 'match' between purchaser and provider.

The relationship approach suggests that this is through the development of long term, mutually beneficial relationships, where both sides learn about each other through experience. Support for this is provided by the differences in choice criteria between the three groups of purchasers identified, although there are some common criteria across all purchasers, there is a significant overall difference, suggesting that the information type and source differs according to the product variant purchased. This implies that what a purchaser needs to know about a practitioner, and the sources that are valuable in providing that information, are different according to the service purchased.

8.2.6 Service Quality in Public Relations

The literature suggested that there are likely to be 'bottom line' expectations of a service, that are consistent across purchasers. A comparison across the three groups revealed that the bottom line expectation common to all purchasers is meeting deadlines. This is supported by the fact that the clearest signal of a breakdown in the relationship was seen as the failure to meet deadlines and the most important reason for changing consultancies was the failure to meet targets. This is the fundamental expectation of the service, it is unlikely that achieving this alone will give a perception of quality or satisfied clients but without meeting deadlines there will be

dissatisfied clients who are likely to change consultancy. Similarly accuracy in the work is regarded as crucial but is hardly likely to be a major contributing factor to a perception of quality if it is there.

The results appear to indicate that personality factors, the ability to work with the account holders, the enthusiasm and commitment of the staff are important, especially for the strategic purchasers, i.e., those who do not have in-house practitioners and use the consultancy for a full range of public relations services. This group place a high reliance on personality, especially their ability to work with the account executives. Almost half of this strategic purchasing group stated that if key staff within the consultancy moved they would consider changing their consultancy. Without in-house practitioners and purchasing a full range of public relations services, this group place a very high reliance on the trust and confidence in the ability of the public relations practitioner to give advice, part of which is the 'chemistry' between advisor and client. As a result this group consistently place a higher reliance on interpersonal factors, which are by their very nature subjective and difficult to measure in any coherent manner. Over half of this group indicated that they would change their consultancy because of general 'feel bad' factors or a lack of confidence in the proposed solutions.

The implication of these results is that evaluation of quality in public relations becomes more subjective as the service becomes more advisory and less task orientated. When the organisation is buying public relations tasks that can be reasonably easily understood or checked in some way, the emphasis is on skills, the

client organisation is the driving force, and, especially when there are in-house professionals, they are not concerned with a proactive public relations service. This group of purchasers do not need to trust their advisors in the same way as those without in-house expertise or the in-house purchasers who are using the consultancy for certain specialised services to enhance their own services. As a result the criteria they use to evaluate the quality of the service is much more linked to the quality of the output, written communication skills, design services, etc.

However, when the service is mainly a strategic or managerial there is a much greater emphasis on personality issues and the ability to work with the consultant. This is by its very nature a subjective evaluation, an assessment about the interaction that implies a much greater emphasis on the roles played by the parties in the interaction and the way that the individual behaves during the service encounter. This may be due to the possibility that the difficulties in evaluating the outcome places increased emphasis on the tangibles in the process, or it may be that in certain circumstances the tangibles are viewed as the outcome. There is certainly evidence from the interviews that some purchasers do view a press release as an end in itself, as if by putting out a press release it automatically affects reputation and media profile. There is also a view held by some in-house practitioners, that the tasks purchased from a consultancy can be clearly and objectively assessed and as such they are tangible and measurable.

There is a much greater need to trust the professional abilities of the advisor if, either the organisation has no in-house specialist, or the purpose of using the consultancy

was to deliver a specialist service that is unavailable in-house. The problem with this emphasis on trust is that it is very difficult to evaluate what makes an individual trustworthy in this context. If, as appears to be the case from this research, the client does not really understand what public relations is, or what it can achieve then it must be almost impossible to evaluate against outcomes and the emphasis must be on process. If the practitioner can demonstrate an understanding of the clients business, get the 'bottom line' fundamentals of the service right and demonstrate commercial realism in the advice, then the purchaser is likely to trust her/him. The question which arises is the effect that this trust and relationship has on repeat purchase. If, in the pre-purchase phase the client is looking for advice that can be trusted, the clearest indication must be experience. However, there is an obvious problem with this for the inexperienced purchasers who may not have used many consultancies, hence their reliance on reputation and recommendation.

8.2.7 Revised Model of Expectation Formation

From this discussion of expectation formation it is clear that expectations can not be regarded as an antecedent to experiences, they are an integral and interdependent part of them. In fact, it would be more accurate to model the service experience as a series of linked or dependant events which are constantly being evaluated and fed back into the expectation of the next encounter. Whilst there are a number of influences on expectations, the balance of the various components changes over time. Thus whilst initial expectations may be influenced by reputation or the perceived alternatives

available, subsequent expectations are much more strongly influenced by specific experiences. This does not suggest that as the service progresses the evaluation is based entirely on current experiences, but that the purchaser will moderate the expectations according to experience. For example, in the initial stages of a service delivery the purchaser may rely on previous experiences with other business advisory services to create an expectation of how the public relations practitioner will deliver the service. The mediating role of experience has the effect of confirming or denying these expectations and, as a result, initial evaluations of the service are made against these 'norms'. In subsequent service episodes the purchaser moderates the expectation according to whether the norms proved accurate in assessing the specific service. As a result expectations of the next service episode will still be influenced by the purchasers previous experiences with other business advisors, but this will be moderated by experience of the public relations service received. Over time and a number of service encounters the purchaser builds more accurate expectations of the specific service and evaluations are more closely based on actual experience.

This idea of purchasers learning over time is not new and has been discussed in terms of consumer behaviour by a number of authors (see for instance Solomon 1992). The suggestion of this thesis is that service quality evaluations are also based on experiential learning, within individual services. This allows a revised model of expectation formation to be drawn up as illustrated in figure 8.1 below.

This model is based on the assumption that the encompassing context of the service evaluation is the product variant purchased and that the influences on expectations

345

are balanced according to the specific variant. For example, if the purchaser was purchasing a task variant of public relations the reputation of the consultancy and the interpersonal relationship or chemistry between purchaser and provider would be of less influence than if the purchaser was buying a managerial variant. However, there is an implicit assumption in this work that public relations practitioners are aspiring to a strategic or managerial variant of public relations. This is based on the conclusion that in terms of professionalism and the status of public relations, the purchaser places a higher value on advice than the completion of tasks. It is my contention that in order to move from one product variant to another requires the provider to successfully complete the cycle of expectation/experience and evaluation. Indeed, it may be more accurately conceptualised as a spiral, that by delivering a good quality of service and positive evaluations on task product variants, the purchaser is more likely to develop a relationship of trust that would lead to the practitioner being employed for managerial or strategic service variants.

The second major assumption of this revised model is that it refers to the process elements in the evaluation, not the outcome. In fact this is probably an over-simplification as the evidence suggests that outcome expectations are difficult to evaluate, even after the service has been delivered. The research found no differences between purchasers on the basis of what the service was designed to achieve and, therefore, this aspect has been assumed to be inherent in the product variant and not a major influence on perceived service quality.
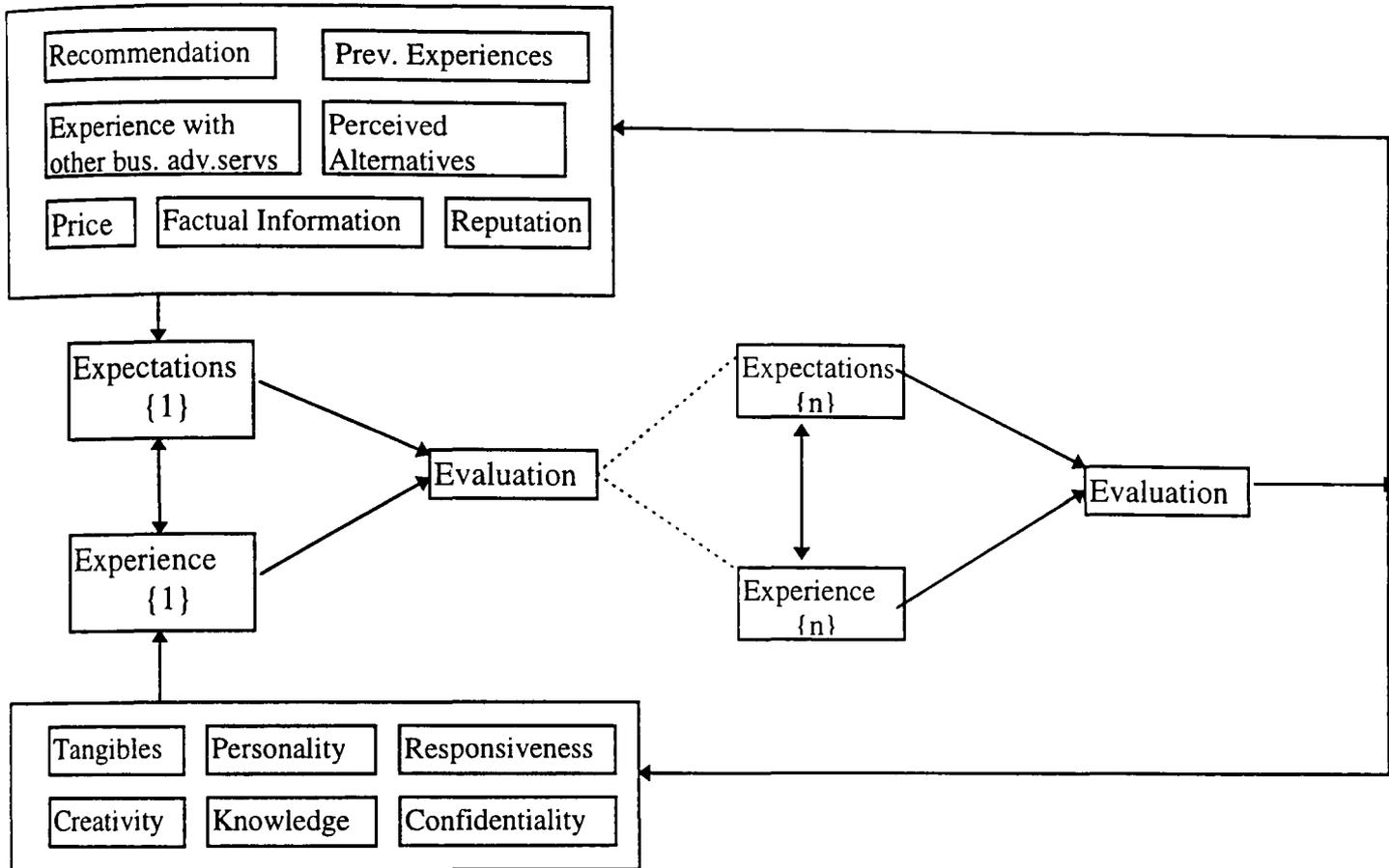
Figure 8.1

Revised Model of Expectations of Public Relations Product Varaint

The key to understanding this revised model is the interdependency between the

aspects of experience and evaluation. For example, price may create an expectation,

but it may also be a feature of the experience which impinges on evaluation. This was

demonstrated by the case of the purchaser who was irritated by constant small

charges, over and above the original agreed price. This had a direct effect on his evaluation of the service experience.

All of the aspects of the expectation and experience apply to each evaluative episode, i.e., for every experience it is possible to identify the key influences, the suggestion is that these change over time and with the development of trust and relationships between the parties. After a number of satisfactory service episodes the purchase may place a much higher emphasis on personality or empathy and less on tangibles, allowing a 'trade off' between service dimensions. At the same time it is suggested that the influences on expectations become more firmly based on experiences and factual information, reputation and recommendation, will be of less influence.

8.2.7.1 Practitioner Understanding

An interesting comparison can be drawn between the views of the practitioners and the views of the purchasers. Most practitioners were believed that the quality of their service was evaluated on the achievements of public relations and how well the practitioner understood the clients business with personality factors low in the priorities. Purchasers have a much greater reliance on personality and the interpersonal aspects of the exchange. In fact practitioners appear to be much closer to the views of the group of purchasers who are difficult to categorise because there purchase and evaluation does not fall into the logical pattern. However, if public relations practitioners do understand this group they are failing to influence them, as

it is this group who are the most demanding of their practitioners over a range of criteria and who change their consultancy most often.

8.2.8 The Professional Status of Public Relations

One of the ways of implementing quality standards discussed earlier was the role of professional bodies, as guarantors of a level of quality and competence. Two aspects of this professional association debate were addressed, firstly given that membership of these bodies is not compulsory for public relations practitioners, if the professional bodies are to have any power of sanction this must be market driven, i.e., purchasers must see a value in the membership and must be prepared to choose, or pay more for members. Therefore the research specifically asked purchasers and practitioners to rate the importance of professional membership as a factor in the purchase decision. Secondly, the research considered the importance of qualifications, regarded as a requirement of professional status and indicative that the 'profession' rests on a body of knowledge. However, there is perhaps a third issue to be considered, whether it is reasonable to conclude that professional bodies or third party accreditation of any sort is relevant in business advisory services.

8.2.8.1 Membership of Associations

With regard to membership of professional associations, none of the groups of purchasers regarded membership as an important factor in the purchase decision, in fact over all respondents, membership of professional organisations was ranked as

the second least important factor in the purchase decision. This confirmed the view in the qualitative interviews that membership of the professional organisations, either as individuals or as consultancies, is not regarded as important. More interestingly the practitioners agreed with this assessment and also ranked it as the second least important factor in the decision, which is surprising considering that the majority of respondents to the practitioners questionnaire were drawn from the membership of the IPR. Admittedly the question asked practitioners how they thought their purchasers viewed membership, not how they themselves viewed it, but if the power of a professional association is a function of how it is regarded by purchasers, the IPR would appear to have very little power and its members recognise that.

8.2.8.2 Qualifications of Public Relations Practitioners

Linked to this is the question of the qualifications of account staff. The assumption is that a profession rests on a body of knowledge, relevant and necessary to the delivery of good advice, and that by holding appropriate educational qualifications the advisor demonstrates that he/she has certain competencies in the area. This research did not address what 'appropriate' qualifications are in this context, but assumed that these were specifically in the area of public relations. It has recently been argued in the press that 'appropriate' qualification for public relations work is a journalist training, but this is outwith the scope of this research which assumed that the qualifications that the IPR regard as a pre-requisite of membership could be defined as relevant in these circumstances. These include the post graduate qualifications awarded by the UK universities, a growing number of undergraduate degree programmes in public

relations, the CAM Public Relations Diploma and a small number of other qualifications, awarded in the UK and overseas, that are recognised by the IPR. Whilst this may not represent the full range of appropriate qualifications it does cover the specific public relations courses available.

In one of the qualitative interviews the CEO was surprised that such dedicated public relations qualifications existed, another interviewee though that a first degree in any subject should be a requirement of employment as a public relations consultant, although it is unclear how this could be enforced except by the consent of consultancies. However, there was also a view, held by both purchasers and practitioners, that good public relations involves an element of creativity which can not be taught, making the imposition of educational qualifications impossible. The survey demonstrated that the qualifications of the public relations consultant were more important to purchasers of strategic advice, not surprisingly purchasers of a task type of service, by its very nature limited in scope, are more concerned with the accuracy of the tangible outputs than the qualifications of the staff. These purchasers frequently had in-house specialists who could check and verify the quality of the work produced, which is, in general, tangible and measurable in a much more objective manner. If however, the product is 'advice', this an abstract concept, very difficult to measure objectively and part of the credibility of the advisor may be the educational qualifications held.

If public relations is to establish its own image as a professional service the issue of educational qualifications is important. It is not enough to simply say that purchasers

do not regard this as very important, therefore there is no point in making the effort to gain qualifications or only employ qualified staff. If practitioners are serious about wanting professional status, they must address the public relations problem of communicating the benefits of a qualified membership to purchasers.

8.2.8.3 BS 5750/ ISO 9000

The second type of third party accreditation discussed was the ISO 9000 quality management system, formerly known as BS 5750. The adoption of ISO 9000 in public relations Scotland is very slow. At the time that the research was carried out, no consultancies in Scotland had been awarded it, although two were considering its application. However, the key to this standard as a 'badge' of quality was seen to be that purchasers expected it, or recognised it as a cue to a certain level or type of working that provided benefits to purchasers. This research found that this was not the case. Participants in the interviews and respondents to the survey all agreed that it was not an important factor in the choice of a consultancy. In fact it was seen as largely irrelevant and the least most important factor for any of the groups of purchaser, a fact that was recognised by the practitioners who also ranked it as the least important factor with purchasers. This may, of course, be due to the fact that no consultancies have it, therefore purchasers have no experience of the difference it may make to the service or the benefits that would accrue. Similarly practitioners may not see it as important because they do not know what it means to have it in practice. However, indications from the qualitative interviews suggest that although public relations consultancies do not have ISO 9000, purchasers do have experience

of other organisations which have it, frequently their own, and that they do not see it as relevant to this type of advisory service. As one participant said, it is not possible to have a standard for good advice, it can not be delivered according to a system and it seems clear that the type of product delivered by public relations consultancies does not lend itself to a management quality system developed for organisations where the product is more measurable. Interestingly the PRCA have suggested that in future attaining ISO 9000 may be a requirement for membership (PR Week 28/7/95) which will mean that two quality accreditation are linked and may force the Scottish consultancies to examine the standard in more depth.

8.2.8.4 Quality and 'Professionalism'

The basis for the argument about the professional associations is that they are guarantors of a standard or level of service quality and that they can impose these quality standards on their members. However, this research has shown that quality in public relations is context specific, the implementation of 'general' quality solutions is, therefore, of limited value. Quality standards imposed by third parties, particularly professional associations are by their very nature concerned with the minimum competencies or the adherence to a code of conduct or ethics. The type of breakdown of the service that would lead to the invocation of this form of quality guarantee is beyond the service quality issues discussed in this thesis and have much more to do with major breakdowns in confidence or trust that question the ability of the service provider to fulfil the functions of the service. It is hardly likely that a practitioner would be expelled from the IPR for failing to show enthusiasm or

commitment. Neither is it enough to say that these quality standards are always outcome (or even output) based, on a task level, failing to competently carry out a task is not a matter for the professional association. On a managerial level advice is a subjective construct difficult to measure or evaluate, even for members of the same profession, as is demonstrated in this research by the reluctance of even public relations practitioners to say that they are competent to evaluate the public relations service they purchase or provide.

8.2.9 Implications for Competition in Public Relations

This summary of the findings of the research has focused on public relations in Scotland and it is recognised that certain of the findings are context specific. However, in discussing the implications for competition in public relations it is suggested that many of the findings have implications for the wider public relations industry in the UK. In particular it is suggested that by extrapolating the roles played by public relations practitioners into product variants, this thesis has found evidence that there are three basic forms of public relations variant supplied by consultancies and that these variants are indicative of a number of other service aspects. In particular, there is a clear indication from this research that service quality in public relations is not only product but product variant specific, i.e., the way that the purchaser assesses the quality if the service received is related to the functions of public relations purchased. As such it is essential for any public relations consultancy to understand the core product required by their purchasers.

However, three factors were found to be common and essential to the service no matter what the product variant is, meeting deadlines, accuracy and enthusiasm and commitment. These are the basis of a perception of quality for all purchasers of public relations and are constant across service episodes and experiences. The first task for consultancies is to ensure that these elements are in place. However, they are unlikely to lead to a perception of quality, this will come from other aspects of the service provision and are much more product variant specific.

The challenge for practitioners wanting to ensure the quality of the service is to identify what the purchasers think they are buying and which roles do they expect the practitioner to carry out in the delivery of that service. However, there is also evidence that product variant alone is not enough to explain the perception of quality, there are other factors that must be taken into account, most notably the presence of in-house public relations specialists and the experience of the purchasers in using public relations services. This type of market segmentation is carried out as a matter of course for most products, and is hardly a new departure. The value of this research is in identifying how the market can be segmented and which dimensions of the product require specific tailoring for the segment.

The interesting issue is whether perceived service quality is a basis for repeat purchase. Consultants clearly feel that it is not enough to provide a quality service and that much of the competition in public relations in Scotland is based on price. Certainly there are a group of purchasers in Scotland who change their consultancies on a regular basis for whom the long term relationship appears to be of less value.

This group consistently rated the variables in the experience higher than the other two groups of purchasers and appear to set very high standards for their consultants. This group are managerial purchasers and are not clearly associated with in-house departments or consultancy only, they are buying a specialist service and are interested in all aspects of the process. There are also a group of purchasers who do not have in-house specialists and who are relatively inexperienced purchasers who do not change their consultancy often and place high importance on personality and developing trust. It is this group that are likely to respond to quality improvements and long-term relationships. The final group are task purchasers, usually with in-house public relations specialists who are interested in the tangibles, they see themselves as driving the relationship and are much less concerned with the amount of contact or activity than in the skills of the practitioner. There is scope to repeat and extend this research in a broader setting to examine the nature of competition in public relations, the existence of long term relationships and the nature of these relationships. Anecdotal evidence suggests that although the public relations market in London may be atypical, the English regions experience very similar issues as those described in Scotland. Research to identify the key product variants purchased in these settings may strengthen the conclusion that service quality is product variant specific.

8.3 Service Quality

There is an implicit assumption in current service marketing research that services are both distinctive from tangible goods and homogeneous as a product group, such

that service products can be discussed as a product class. In fact many of the developed ideas are both situation and service specific. This thesis has adopted the latter approach and examined service quality and the development of relationships in the business advisory service context, specifically the public relations industry. However, if marketing theory is to develop it must be possible to use these situation specific conclusions to support the conceptual development of higher level concepts. This view of marketing as having 'levels of abstraction' within which generalisable conclusions can be drawn from one level and applied to other situations and levels has been discussed by for example Rushton and Carson (1983) and Blois (1974). The general principles of this approach are that whilst the examination of specific contexts rely on the application of general constructs, these general constructs are themselves developed from an understanding of the specific situation (see figure 8.2). Howard and Sheth (1969) for example, suggest that their theory of buyer behaviour is not limited to a product class or given type of product but encompasses the description of all types of buying behaviour. This is not to say that specific applications and adaptations are not warranted to reflect purchase or product context, but that these should be cognisant of the generalisable. Similarly Rushton and Carson (1983), discussing services marketing, suggest that in order to understand the general concepts it is necessary to examine the specific situation. The general conclusion of this thesis is that understanding service quality is not merely product class or even product specific but requires an understanding of the product variant purchased. This does not prevent more general conclusions being drawn via 'levels of abstraction' to general service quality and service marketing constructs.

The following sections discuss the conclusions of the research in terms of business

advisory services as a product class and the more general services marketing

literature.

Figure 8.1

Conceptual Framework for Services
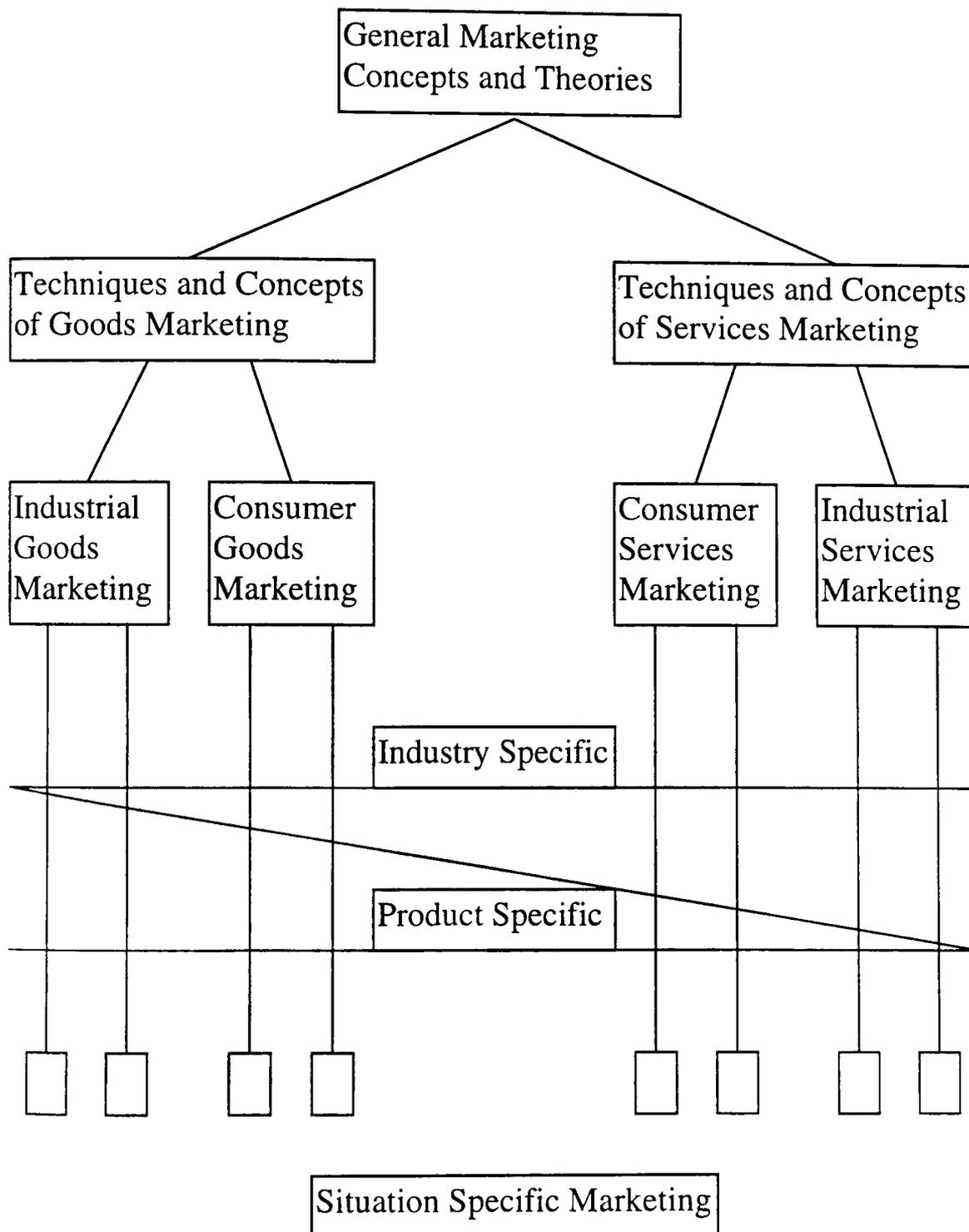
```
                    ┌─────────────────────┐
                    │ General Marketing   │
                    │ Concepts and Theories│
                    └─────────────────────┘
                       /               \
                      /                 \
         ┌──────────────────┐    ┌──────────────────┐
         │Techniques and    │    │Techniques and    │
         │Concepts of Goods │    │Concepts of       │
         │Marketing         │    │Services Marketing│
         └──────────────────┘    └──────────────────┘
```

| Industrial Goods Marketing | Consumer Goods Marketing | | Consumer Services Marketing | Industrial Services Marketing |

Industry Specific

Product Specific

Situation Specific Marketing

Gabbott M and Hogg G (1994) 'Consumer Involvement in Services' Paper presented
to the Frontiers in Services Conference, Vanderbilt University, Nashville Tnn,
October.

8.3.1 Quality as a Competitive Variable

The basis of this research is that the nature of services in general, and business advisory services in particular, is such that purchasers wish to address the complexity and risk in the purchase decision by developing long term relationships with suppliers, to the mutual benefit of both parties. The premise is that by delivering high quality of service, which is based on customer defined expectations and standards, these relationships will be established. In terms of the economic theory of competition presented in the first chapter, quality is the operationalisation of value, the perceived difference between one service and another that leads to customer satisfaction and results in the customer choosing that service provider again. By recognising that services, especially business advisory services, are not one off transactions but involve a series of 'episodes' or encounters over time, then the principles of relationship marketing are particularly relevant in this context. Quality of service, or delivering a service which the customer perceives as good quality, is the basis of successful relationships as it is assumed that in order to be regarded as good quality the service will be based on customer defined expectations. Thus the customer stays with the same service provider because the service delivers what they want and the value in the relationship militates against changing and facing all the associated risks and uncertainties inherent in the market. Two problems with this approach were highlighted in this research, first the fact that purchasers expectations and perceptions of quality or value are not consistent across product attributes; and second that not all satisfied customers want to remain with the same supplier, regardless of the relationship.

8.3.1.1 Service Attributes and Quality

Previous research into service quality, for example Zeithaml, Parasuraman and Berry (1990), Gronroos (1990) Swan and Comb (1976) suggested that there are in effect two types of service attribute. Different authors use different terms, but for the sake of consistency they could be generally called 'core' and 'peripheral'. It has also been assumed that these core service attributes are related to outcomes, the reliability of the delivered service, that it achieves what it sets out to do. Process attributes are assumed to be peripheral, i.e., an unsatisfactory core outcome leads to a re-evaluation of the satisfactory process. This asymmetric relationship between process and outcome is the basis of most service quality research. This research concludes that this is not always true: when the outcome is ill defined or difficult to evaluate, then what could be said to be the traditional relationship between process and outcome is reversed. The problem then is in identifying the core parts of the process.

This leads to an important distinction in the evaluation of services, the neutral or no dissatisfaction possibility. In examining the determinants of quality in the relationship and the delivery of the service it was assumed that certain service aspects will be 'bottom line', i.e., they will be common to all purchasers regardless of the type of product variant, other aspects will vary according to the product. This assumption is supported by both the literature on service encounters, service quality and public relations and intuitive logic, there is an appealing obviousness in the idea that we have common expectations of certain aspects of service delivery regardless of the service, other are product or even product variant specific. There is even a level

of 'bottom line' expectation that is so fundamental that it is left unspoken, for example common courtesy in social interaction. These fundamental aspects of the service delivery are so far taken for granted that unless there is a significant failure in their delivery they are not mentioned, Rust's (1993) example (referred to above) of the light bulb in the hotel room is a good example.

The problem is trying to identify which are these bottom line expectations and what their impact is on service quality evaluation. The suggestion is that they are the cause of 'no dissatisfaction', neutral perceptions of quality if they are present but extreme dissatisfaction if they are absent. Unfortunately these are very difficult to identify through the research instrument used in this research. An attempt was made to address this by looking for common themes across product variants on the basis that these would be fundamental, and to look at what caused a breakdown in the relationship. However, whilst it is possible to include some of these bottom line expectations in the research there are inevitably others which did not arise in the course of the interviews or literature review, because by their very nature they are only noteworthy if they fail. In terms of this research the conclusion that meeting deadlines and accuracy are vital has an intuitive logic and is supported by the interviews. The problem is that they are so fundamental that it would have been difficult to imagine that any respondents would have said that they weren't important. Future research in this area may consider using a more oblique data capture method, for example the critical incident technique, which relies on recognising which service attributes are consistently associated with positive or negative outcomes and allows

implications to be drawn based on attributes which are consistently associated with dissatisfaction but not with satisfaction.

8.3.2 Quality and Relationships

The second conclusion of this research which has a generalisable implication is the role of quality in the relationship, or whether the delivery of service quality leads to the development of long term, mutually beneficial relationships. Whilst the research did not address the 'intention to re - purchase' issues specifically, it is possible to draw a number of conclusions based on purchase behaviour.

The research identified a group of purchasers who consistently set extremely high standards for their public relations services, who appeared to make purchase decisions on highly experiential criteria and who change their consultants on a regular basis. This implies that there are groups of purchasers who are not interested in building relationships, they deliberately do not want to remain with the same supplier, regardless of the quality of service received, but regularly change consultants. Practitioners believe that they change on the basis of price, although the survey found no specific evidence of this it is obvious from the qualitative interviews that this is undoubtedly a consideration. However, it appears that these purchasers simply regard competition and the constant changing of advisors as a positive benefit, what one interviewee described as keeping consultancies "lean and mean and hungry", because out of competition and conflict comes creativity. This idea of the creativity of a service and the role of competition in preventing stagnation or

inertia is not a new idea, Harry Lime proposed it in The Third Man (Greene 1948) and it has been recognised by some relationship marketing academics. The implication is that these clients will change consultancies, delivering a quality service will not retain these clients.

However, it may be that by delivering service quality the service provider will be re-employed at a later date or even recommended by the purchasers to other prospective clients. The failure of service quality to lead to a relationship does not render concept redundant, simply places it in perspective. Relationship marketing based on service quality is not a panacea, it is an element in the competitive environment, it will never be the total solution.

8.3.3 Roles in the Service Exchange

The final consideration that arises from this research which has a more general application in marketing is the interrelationship between service quality, service personnel and the respective roles each expects the other to play. Services are delivered by individuals and the quality and satisfaction with what is delivered is evaluated by individuals. Each comes to the service experience with a number of expectations about what and how the service will be delivered and the roles that the parties in the exchange will play. These role expectations are developed over time and have a place in an overall role perspective each individual holds. Thus if a purchaser is involved in a new service purchase they use information from other roles that they have experienced to approximate how they expect the encounter to

transpire. Over time and with experience these role scripts may be modified or changed in accordance with what actually happens. Quality of service and delivering satisfactory service is a way of altering these role perceptions, which will include not only the process expectations of how the dyadic interaction will take place, but also lead to the development of trust between the two parties. This relationship of trust allows each to develop the relationship and extend the bounds of the service, for example in the business advisory context by getting the basic tasks right, it may encourage the purchaser to believe that the advisor has more to offer and expand the product variant purchased. This concept is generalisable to a number of service context and implies that if the service provider is competent at one role they may be given the opportunity to extend that role.

8.4 Conclusions and Future Directions

At the outset of this thesis, quality was described as posing barriers to clear thinking (Holbrook 1994). This remains undisputed. Merely defining what is meant by quality requires an understanding of the product, the purchase situation, purchaser characteristics and how the various elements impinge on each other. One of the foremost conclusions of this research is that quality is product specific and as such requires an understanding of the purchase situation. It would be of interest to test the basic elements in the framework in other business advisory services to identify bottom line, fundamental aspects as well as the balance of the other important features in the product. This would suggest that product variants could be identified

in other business advisory services, whilst there is a logic to this argument in services like management consultants, it may not be so clear in legal services.

The second area for future research in the area of service quality, is in the importance of identifying what the bottom line, fundamental aspects of the service are. These are not necessarily the most important or obvious elements in the service but are those that need to be in place. If they are present they do not necessarily lead to satisfied customers but if they are absent they lead to dissatisfied customers. Zeithaml, Parasuraman and Berry suggest that the most important is reliability of the outcome, that the service achieves what it set out to achieve. This research suggests that the outcome is not always the most important, especially when it involves credence factors. Therefore there is a distinction to be made between outcome and output: in certain services output is used as a proxy for outcome. In these circumstances the reliability dimension may refer to the output of the service, i.e., that the service outputs equated in some way with what was expected. This is a very important distinction and does not only apply to business advisory services but any service where the outcome is difficult for the purchaser to define and measure. It is much easier for customers to understand outputs, hence the traditional reliance in public relations on counting column inches: it does not address the impact or the outcome of the press coverage, but it is a tangible sign that a service has been delivered. It may be concluded that the tangible outputs play a much higher role in the evaluation when the outcomes are more abstract. It is also necessary, as was suggested above, to attempt to use a less 'direct' data collection technique when attempting to establish these fundamental expectations, especially given the asymmetric relationship

between core and peripheral aspects of the service in the determination of service quality.

One of the major assumptions of this research is that there is a link between service quality, developing and maintaining relationships and repeat purchasing. The identification of one purchaser group which does not appear to fit into this pattern suggests that there is scope for further research in this context. In particular the link between the repeat purchase and client - consultant relationships requires to be examined in the public relations context, given the very high levels of competition and switching in the industry, especially in Scotland. Consultancies need to address the issue of why certain purchasers change their consultants on a regular basis and whether there any way that consultancies can address this?

The challenge for consultancies wanting to ensure the quality of the service is to identify what the purchasers think they are buying and which roles they expect the practitioner to carry out in the delivery of that service. There is also evidence that the product variant alone is not enough to explain the perception of quality, there are other factors that must be taken into account, most notably the presence of in-house specialists and the experience of the purchasers in using business advisory services. This type of market segmentation is carried out as a matter of course for most products, and is hardly a new departure. The challenge for service providers is to identify the most appropriate way of segmenting the market. The assumption in this research is that as it is not possible to segment on what is expected to be achieved, then it is possible to segment on product, what is actually purchased. There is an

implicit assumption in the public relations context that practitioners are aspiring to be providers of managerial advice, not merely carrying out tasks. This implies that certain segments are of lesser value because they only require task type input. There are two issues here for further research, firstly to establish whether there is indeed a sector of the market which is of less value to consultancies and therefore warrants less input in to relationship development or service quality. Secondly, whether this is true of other business advisory services where the product variants are not all as prestigious. However, this must also accept that it is not always the most prestigious roles that are the most lucrative to a consultancy, given the profile of the market for public relations in Scotland where two thirds of the consultancy purchasers also employ in house practitioners this may be the sector that requires most attention to service quality.

The interesting issue is whether perceived service quality is a basis for repeat purchase. The basis of relationship marketing and quality as a competitive variable is that such a connection exists and it does appear to have advantages in the light of the characteristics of the market for business advisory services. Public relations consultants clearly feel that it is not enough to provide a quality service and that much of the competition in public relations in Scotland is based on price. Certainly there are a group of purchasers in Scotland who change their consultancies on a regular basis for whom the long term relationship appears to be of less value. It has been suggested that this is linked to the 'creativity' aspect of public relations on the basis that creativity can become stale. Future research may address this issue to

discover who wants a relationship and who does not - regardless of the quality of

service provided.

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Appendix 1

Organisations Whose Members Participated In The Qualitative Interviews

Barkers Scotland
BP Exploration
British Telecom
CCG Catering
Countrywide Communications
Creos plc
Crombie Anderson Ltd
Flora Martin PR
Institute of Public Relations (Scottish Branch)
Kwik Fit plc
MQA Associates
North Ayrshire Hospitals Trust
PR Consultants (Scotland)
Public Relations Consultants Association (Central Office London)
Public Relations Consultants Association (Scotland)
Rex Stewart Grayling PR
Scottish Gas
Scottish Nuclear
Scottish Power
Strathcarron Hospice
Tayside Regional Council
The Glasgow Herald
The Miller Group
TMA Communications
Weir Pumps

TEXT BOUND CLOSE TO THE SPINE IN
THE ORIGINAL THESIS

Questionnaire on Public Relations Quality

This questionnaire concerns your expectations, experiences and evaluation of Public Relations services. This is an independent piece of research carried out by Stirling University; all information will be treated as **strictly confidential** and individual organisations will not be identified in the final report.

Does your organisation use specialist Public Relations services?   YES
(either in-house or consultancy) please tick as appropriate   NO

If NO, why do you not use specialist PR? (please tick as appropriate)

Expense/ no budget available	
Bad experience of PR in past	
Carried out by other staff	
Not seen as worthwhile	
Subsumed within marketing	
Other (please specify)	

If your answer to question 1 is NO, the following questions are not applicable to you. Thank you for your time, please return the questionnaire to Mrs G Hogg in the envelope provided. If you would like to receive a copy of the final report please attach a business card.

If your answer to question 1 is YES, please continue below.

What position do you hold in the company?
Position/Job Title

....

Are you directly involved in the management or provision of PR services?   YES
(please tick as appropriate)   NO

If YES, how many years have you been involved ?   .... years

Has your previous experience of Public Relations been with
(please tick as appropriate)

1.	In-house	
2.	Consultancy	
3.	Both	

Are you personally a member of any professional associations (eg BIM, CIM,IPR)?   YES
    NO

If YES, please list the associations that you belong to.

....

Approximately how much will your organisation spend on PR in this financial year? (excluding sponsorship)

No formal budget	
£0 - 20,000	
£21,000 - 40,000	
£41,000 - 60,000	
£61,000 - 80,000	
£81,000 - 100,000	
£100,000 - 200,000	
Over £200,000	

Which of the following best decribes your use of Public Relations services?

1.	In-house only		Now please complete section A
2.	In-house and consultancy		Now please complete section A
3.	Consultancy		Now please complete section B

ECTION A

ase complete this section if you use in-house Public Relations practitioners.

What are your chief reasons for using in-house practitioners?
(Please rank in order of importance 1 = most important)

Better knowledge of your business	
Cost savings	
Need for confidentiality	
Insufficient PR work generated by your business	
Better continuity of staff	
Previous experience of consultancies	
Other (please specify)	

Who within your organisation is responsible for determining PR policy?
(please tick as appropriate)

1.	PR director/manager	
2.	Senior management team	
3.	Marketing department	
4.	CEO/MD	
5.	Other (please specify)	

What are the most important influences on the expectations that
you have of the PR services provided? (please circle as appropriate)
1 = most important, 5 - least important

	most important				least important
Previous experience of PR services	1	2	3	4	5
Observation of competitors	1	2	3	4	5
Personal experience of PR work	1	2	3	4	5
Collective/individual views of members of the management team	1	2	3	4	5
Trade/business media	1	2	3	4	5
Other (please specify)	1	2	3	4	5

How often does your company review the performance of its PR services?
(please tick as appropriate)

1.	Every quarter	
2.	Every 6 months	
3.	Annually	
4.	When situation demands	
5.	When dissatisfied with performance	
6.	Never	
7.	Other (please specify)	

Who within your organisation does the PR manager/director report to?
Position/job title

....

What do you see as the main PR objectives for your organisation?
(please tick as appropriate) -

Improved market penetration/market share/sales	
Higher media profile for company	
More effective communications with investors and the financial world	
Alteration of specific attitudes amongst target audiences	
More effective industrial relations	
Better community relations	
Improve organisations reputation/image	
Influence government policies	
Understand publics attitudes	

Which of the following PR functions do you expect from your PR department?
(please circle as appropriate) 1 = definitely expect, 5 = not expect

definitely expect — not expect

Advice to management on key issues	1	2	3	4	5
Audience determination	1	2	3	4	5
Problem definition	1	2	3	4	5
Message / content of PR campaign	1	2	3	4	5
PR input to wider business decisions	1	2	3	4	5
Issues management counselling	1	2	3	4	5
Advice on Public Affairs policy	1	2	3	4	5
Media relations/press releases	1	2	3	4	5
Special functions/events	1	2	3	4	5
Financial PR	1	2	3	4	5
Lobbying	1	2	3	4	5
Sponsorship management	1	2	3	4	5
Exhibitions management	1	2	3	4	5
Employee communications	1	2	3	4	5
Crisis management	1	2	3	4	5
International PR	1	2	3	4	5
Corporate PR	1	2	3	4	5
Design services	1	2	3	4	5
Other (please specify)	1	2	3	4	5

If you use consultancy services as well as in-house practitioners please carry on and complete section B. If you use in-house only, please turn to section C now.

FOR OFFICE USE

SECTION B

This Section relates to the use of Public Relations Consultancies

How many Public Relations consultancies do you use on a regular basis? ....

Please indicate the percentage of consultancy services you employ
on each of these bases.

	%
Retainer fee	
Payment for specific projects	
Payment for specific tasks (eg writing press releases)	
Other (please specify)	

Approximately how many PR consultancies have you employed in total over
the past 3 years? ....

How important are the following reasons for employing a PR consultancy?
(please circle as appropriate) 1= very important, 5 = not important

	very important				not important
Specialist expertise	1	2	3	4	5
Cost/resource considerations	1	2	3	4	5
Time constraints on existing staff	1	2	3	4	5
Consultancy's contacts	1	2	3	4	5
Consultancy's specialist facilities eg video	1	2	3	4	5
Other (please specify)	1	2	3	4	5

When considering employing a consultancy what approach do you normally adopt?
(please tick as appropriate)

Competitive pitch	
Credential presentations by a selected short list	
Selection based on recommendation	
Selection based on previous experience	
Other (please specify)	

When deciding to employ a particular consultancy how important are the following factors in the final decision? (please circle as appropriate)
1 = very important, 5 = not important

	very important				not important	FOR OFFICE USE
Creative skills	1	2	3	4	5	205
Personalities of account executives	1	2	3	4	5	206
Recommendation (personal)	1	2	3	4	5	207
Recommendation (business contact)	1	2	3	4	5	208
Knowledge of your business	1	2	3	4	5	209
Your previous experience with the consultancy	1	2	3	4	5	220
Geographical location (within Scotland)	1	2	3	4	5	221
Geographical location (outwith Scotland)	1	2	3	4	5	222
Relative cost	1	2	3	4	5	223
Size of consultancy	1	2	3	4	5	224
Agency's experience in sector	1	2	3	4	5	225
BS5750 or similar accreditation	1	2	3	4	5	226
Qualifications of account staff	1	2	3	4	5	227
Reputation of agency	1	2	3	4	5	228
Membership of professional organisation	1	2	3	4	5	229
Present/previous clients list	1	2	3	4	5	220
Other(please specify)	1	2	3	4	5	201 202

When deciding whether to employ a particular PR consultancy which of the following staff within your organisation are involved in the decision making process? (please tick as appropriate)

CEO/MD	203
Board of Directors	204
PR Manager/Director	205
Other PR Personnel	206
Marketing Director/Manager	207
Other (please specify)	208

How is your organisations PR policy/strategy determined? (please tick as appropriate)

Public Relations director/manager	
Management team with consultancy used primarily for implementation	
Management team jointly in co operation with consultants	
Primarily by consultants in response to brief	
Other (please specify)	

Who is responsible within your organisation for day to day liaison with the consultancy?
Position in organisation/job title
....

What do you see as the main PR objectives to your organisation?
(please tick as appropriate)

Improved market penetration/market share/ sales	
Higher media profile for the company	
More effective communications with investors and the financial world	
Alteration of attitudes amongst target publics	
Improved industrial relations	
Better community relations	
Improved company image/reputation	
Influence government policy	
Understand publics attitudes	

Which of the following PR functions do you expect from your consultancy?
(Please rate relative importance of each service)
1 = very important, 5 = not important

	very important				not important
Advice to management on key issues	1	2	3	4	5
Audience determination	1	2	3	4	5
Problem definition	1	2	3	4	5
Message / content of PR campaign	1	2	3	4	5
PR input to wider business decisions	1	2	3	4	5
Issues management counselling	1	2	3	4	5
Advice on Public affairs policy	1	2	3	4	5
Media relations/press releases	1	2	3	4	5
Special functions/events	1	2	3	4	5
Financial PR	1	2	3	4	5
Lobbying	1	2	3	4	5
Sponsorship management	1	2	3	4	5
Exhibitions management	1	2	3	4	5
Employee communications	1	2	3	4	5
Crisis management	1	2	3	4	5
International PR	1	2	3	4	5
Corporate PR	1	2	3	4	5
Design services	1	2	3	4	5
Other (please specify)	1	2	3	4	5

How important are the following factors in determining your expectations of
PR Services? (please circle as appropriate)
1 = very important, 5 = not important

	very important				not important
Previous experience of PR services	1	2	3	4	5
Observation of competitors	1	2	3	4	5
'Promises' of consultants	1	2	3	4	5
Personal experience of PR work	1	2	3	4	5
Collective/individual views of members of the management team	1	2	3	4	5
Trade/business media	1	2	3	4	5
Other (please specify	1	2	3	4	5

13. How often do you expect to meet with/contact members of the account team handling your organisation's account? (please tick as appropriate)

Daily	
Weekly	
Fortnightly	
Monthly	
Other (please specify)	

Who within the consultancy do you expect to maintain contact with on a day to day basis?
Position/JobTitle

....

14. How important are the following factors in the on-going relationship with your appointed consultants? (please circle as appropriate)
1 = very important, 5 = not important

	very important				not important
Continuity of the account team	1	2	3	4	5
Creativity	1	2	3	4	5
Responsiveness to queries	1	2	3	4	5
Problem solving skills	1	2	3	4	5
Meeting deadlines/reliability	1	2	3	4	5
Accuracy of written materials	1	2	3	4	5
Knowledge of industry	1	2	3	4	5
Knowledge of relevant media	1	2	3	4	5
Adequacy of agency resources	1	2	3	4	5
Management of budget	1	2	3	4	5
Confidentiality	1	2	3	4	5
Enthusiasm and commitment	1	2	3	4	5
Knowledge of target audiences	1	2	3	4	5
Written communication skills	1	2	3	4	5
Oral communication skills	1	2	3	4	5
Regular contact	1	2	3	4	5
'Chemistry' between account team and organisation's management	1	2	3	4	5
Appearance of the contact staff	1	2	3	4	5
Confidence/trust in advice	1	2	3	4	5
Commercial realism of proposed solutions	1	2	3	4	5
Other(please specify)	1	2	3	4	5

15. What do you regard as the most important signals of a breakdown in the relationship with your consultancy? (Please rank the three most important, 1 = most important)

Failure to meet deadlines	
Lack of copy/activity	
Inaccuracies in work	
Lack of communication	
Budgetary problems	
Design limitations	
Personality clashes	
Other (please specify)	

What factors would most influence your decision to change consultancies?
(please tick the five most important factors 1=most important)

Cost	
Key staff within your organisation moved	
Key Staff within the consultancy moved	
Lack of confidence in solutions	
Missed opportunities	
Failure to demonstrate an understanding of your business	
Insufficient involvement of key consultancy staff	
Failure to achieve targets	
Personality clashes/'chemistry' problems	
Inability to work with account holders	
Breaches of confidentiality	
Recommended another consultancy	
Inexperienced staff	
Insufficient media coverage	
General 'feel bad' factor	
Other(please specify)	

How often do you review your PR requirements? (please tick as appropriate)

1.	Every quarter	
2.	Every 6 months	
3.	Annually	
4.	When situation demands	
5.	When dissatisfied with performance	
6.	Never	
7.	Other (please specify)	

Are formal feedback systems/ evaluations part of the consultancy agreement?   YES
NO

Please continue and complete Section C

evaluation

Do you carry out <u>formal</u> evaluations of your PR programmes?

YES ☐
NO ☐

If NO, what are your reasons?
(please tick as appropriate)

Do not feel PR can be evaluated effectively	
Cost of research not justified	
Lack of expertise	
Informal/judgement evaluation seems adequate	
Other (please specify)	

If you do carry out formal evaluations, what form do these evaluations take?
(please tick as appropriate)

Written reports	
Verbal reports	
Meetings	
Group discussion	
Other(please specify)	

How often are formal evaluations carried out? (please tick as appropriate)

1.	Monthly	
2.	Quarterly	
3.	6 monthly	
4.	Annually	
5.	At end of project	
6.	When problems arise	
7.	Other	

How are the results of these evaluations recorded/ used?

....

5. How important are the following criteria in assessing your satisfaction with the PR Service that your receive? (please circle as appropriate)
1 = very important, 5 = not important

	very important				not important
Meeting predetermined targets	1	2	3	4	5
A sense of value for money	1	2	3	4	5
Column inches/amount of press coverage	1	2	3	4	5
Creativity of solutions	1	2	3	4	5
Relationship with contact personnel	1	2	3	4	5
Responsive to the needs of the organisation	1	2	3	4	5
Efficiency of staff in meeting deadlines	1	2	3	4	5
Product/brand awareness	1	2	3	4	5
Effect on sales	1	2	3	4	5
Public opinion	1	2	3	4	5
'Feel good' factor	1	2	3	4	5
Other(please specify)	1	2	3	4	5

6. What types of formal research do you undertake in connection with your PR activity? (please tick as appropriate)

Media coverage analysis of audience attitude	
Content analysis - key messages	
Data built into consultancy brief	
Comparison of sales figures	
Tracking studies of corporate image/audience perceptions	
Pre and post campaign surveys	
Other (please specify)	

Thank you very much for your help. Please return the questionnaire to Mrs G Hogg in the envelope provided. The results of this survey will be published as soon as possible, if you would like to receive a copy of the report please attach your business card to the questionnaire.

Public Relations Practitioners Questionnaire
Service Quality in Public Relations

This questionnaire concerns your views on service quality in the Public Relations field. This is an independent piece of research carried out by Stirling University. All information will be treated as strictly confidential and no individuals will be identified.

1. How many years have you worked in the Public Relations area?

.....years

2. Are you a member of any professional associations (eg BIM, IPR, CIM)?

yes ....

no ....

If yes, please list the associations that you belong to

....

3. Do you work in an in-house department ...... **please answer section A**

for a consultancy ...... **please answer section B**

Section A

Please complete this section if you work in an 'in-house' department.

1. Which department you work in?
   (name of department)

....

2. What is your job title?

....

3. Who within the organisation do you report to ?
   (job title)

....

. Who defines the PR objectives of your organisation?

CEO   . . . .
PR Manager   . . . .
Senior Management Team   . . . .
Marketing Manager   . . . .
Personnel Manager   . . . .
Other (please specify)

. . . .

. What are the main PR objectives of your organisation?

	very important				not important
Improving market penetration/sales	1	2	3	4	5
Higher media profile	1	2	3	4	5
More effective communication with investors and the financial world	1	2	3	4	5
Development of specific attitudes amongst target audiences	1	2	3	4	5
More effective industrial relations	1	2	3	4	5
Better community relations	1	2	3	4	5
Improve organisations reputation/image	1	2	3	4	5
Influence government policies	1	2	3	4	5
Other (please specify)	1	2	3	4	5

. . . .

4. What do you personally think are the most important advantages of in-house PR for your organisation?

	very important				not important
Better knowledge of the business	1	2	3	4	5
Cost savings	1	2	3	4	5
Need for confidentiality	1	2	3	4	5
Better continuity of staff	1	2	3	4	5
Other (please specify)	1	2	3	4	5

....

5. Does your organisation buy in services from a PR consultancy?

yes ....
no ....

If yes, how important are the following reasons for employing a consultancy?

	very important				not important
Specialist expertise	1	2	3	4	5
Cost/resource considerations	1	2	3	4	5
Time constraints on existing staff	1	2	3	4	5
Consultancy's contacts	1	2	3	4	5
Consultancy's specialist facilities	1	2	3	4	5
Other (please specify)	1	2	3	4	5

....

6. How often does your organisation review its PR strategy?

Monthly ....

Quarterly ....

Annually ....

When situation demands ....

When dissatisfied with performance ....

Never ....

Other(please specify)

....

What do you see as your organisations expectations of the PR function that you carry out?

	definitely expect				not expect
Advice to management on strategic issues	1	2	3	4	5
Audience determination	1	2	3	4	5
Problem definition	1	2	3	4	5
Message/content of PR campaign	1	2	3	4	5
PR input to wider business decisions	1	2	3	4	5
Issues management counselling	1	2	3	4	5
Media relations/press releases	1	2	3	4	5
Special events/functions	1	2	3	4	5
Financial PR	1	2	3	4	5
Lobbying	1	2	3	4	5
Sponsorship management	1	2	3	4	5
Exhibitions management	1	2	3	4	5
Employee communications	1	2	3	4	5
Crisis management	1	2	3	4	5
International PR	1	2	3	4	5
Corporate PR	1	2	3	4	5
Design services	1	2	3	4	5
Other (please specify)	1	2	3	4	5

....

10. Does your organisation carry out formal evaluations of the quality of the Public Relations activity?

yes ....
no ....

If no, for what reason:

Do not feel PR can be effectively evaluated   ....
Cost of research not justified   ....
Lack of expertise   ....
Informal/judgement evaluation seems adequate   ....
Other, please specify

....

. If you do carry out formal evaluation, what form does this
ke?

alysis of audience attitude   . . . .
ress coverage, 'column inches'   . . . .
edia Content analysis   . . . .
racking studies of corporate image   . . . .
re- and post-campaign surveys   . . . .
ther (please specify)

. . . .

. Does your organisation have a formally documented procedure
anual for the conduct of PR activities?

                                                   yes   . . . .
                                                   no   . . . .

es your organisation operate an appraisal scheme whereby
enumeration/promotion is linked to evaluation of the PR
unction?

                                                   yes   . . . .
                                                   no   . . . .

hank you for your help. Please return the questionnaire, in the
repaid envelope provided.

Section B

Please complete this section if you work for a Public Relations Consultancy.

What position do you hold in the Consultancy?

....

What do you see as the chief benefits to your clients in employing a consultancy rather than using in-house practitioners?

	very important				not important
Specialist expertise	1	2	3	4	5
Cost/resource considerations	1	2	3	4	5
Time constraints on existing staff	1	2	3	4	5
Consultancy's contacts	1	2	3	4	5
Consultancy's specialist facilities	1	2	3	4	5
Other (please specify)					

....

How important do you think that the following factors are when clients are choosing which consultancy to employ?

	very important				not important
Creative skills	1	2	3	4	5
Personalities of account executives	1	2	3	4	5
Recommendation (personal)	1	2	3	4	5
Recommendation (business contact)	1	2	3	4	5
Knowledge of clients business	1	2	3	4	5
Geographical location	1	2	3	4	5
Relative cost	1	2	3	4	5
Size of Consultancy	1	2	3	4	5
BS 5750 or similar accreditation	1	2	3	4	5
Qualifications of account staff	1	2	3	4	5
Reputation of consultancy	1	2	3	4	5
Membership of Professional Association	1	2	3	4	5
Present/previous clients list	1	2	3	4	5
Other, please specify	1	2	3	4	5

....

.What do you see as the most important factors in the
relationship with clients?

	very important				not important
Creativity	1	2	3	4	5
Continuity of Account team	1	2	3	4	5
Responsiveness to queries	1	2	3	4	5
Problem solving skills	1	2	3	4	5
Meeting deadlines/reliability	1	2	3	4	5
Accuracy of written materials	1	2	3	4	5
Knowledge of relevant media	1	2	3	4	5
Adequacy of consultancy's resources	1	2	3	4	5
Management of budgets	1	2	3	4	5
Enthusiasm and commitment	1	2	3	4	5
Knowledge of target audiences	1	2	3	4	5
Written communication skills	1	2	3	4	5
Oral communication skills	1	2	3	4	5
Regular contact	1	2	3	4	5
Chemistry between account team and organisations management	1	2	3	4	5
Regular contact	1	2	3	4	5
Appearance of staff	1	2	3	4	5
Confidence/trust in advice	1	2	3	4	5
Commercial realism of proposed solutions	1	2	3	4	5
Other, please specify	1	2	3	4	5

....

. Does your consultancy carry out formal evaluations of the
quality of the work that they do?

                                              yes ....
                                              no   ....

If no, what are your reasons:
Do not feel PR can be effectively evaluated   ....
Cost of research not justified   ....
Lack of expertise   ....
Informal/judgement evaluation seems adequate   ....
Other, please specify

....

If you do carry out formal evaluation, how often are these evaluations carried out?

Weekly ....

Monthly ....

Quarterly ....

6 monthly ....

Annually ....

At the end of a project ....

When problems arise ....

Other, please specify

....

6. If you do carry out formal evaluation, what form does this take?

Analysis of audience attitude ....

Press coverage, 'column inches' ....

Media Content analysis ....

Tracking studies of corporate image ....

Pre- and post-campaign surveys ....

Other(please specify)

....

7. What do you see as the **3 most important factors** used by clients in assessing their satisfaction with your consultancy? (please tick three)

Meeting predetermined targets ....

A sense of value for money ....

Column inches/press coverage ....

Creativity of solutions ....

Relationship with contact personnel ....

Responsiveness to the needs of the organisation ....

Efficiency of administration ....

Effect on sales ....

Public opinion ....

'Feel good factor' ....

Other (please specify)

....

.

8. What do you see as the **5 most likely reasons** for a breakdown in the client/consultancy relationship? (please tick five)

Cost/budget problems   . . . .

Key staff within the client organisation moved   . . . .

Key staff within consultancy moved   . . . .

Lack of confidence in solutions   . . . .

Missed opportunities   . . . .

Failure to demonstrate understanding
of clients business   . . . .

Insufficient involvement of key consultancy staff   . . . .

Failure to achieve targets/deadlines   . . . .

Breaches of confidentiality   . . . .

Client recommended another consultancy   . . . .

Inexperienced staff   . . . .

Insufficient media coverage   . . . .

General 'feel bad factor'   . . . .

Lack of communication   . . . .

Inaccuracies in work   . . . .

Personality clashes   . . . .

Other (please specify)

. . . .

Thank you for your help. Please return the questionnaire in the pre-paid envelope provided.