APPROACHES FOR CONCEPTUALIZING CUSTOMER SATISFACTION AND PERCEIVED SERVICE QUALITY

Assistant lecturer Ph.D. student **Maria-Cristiana MUNTHIU***
E-mail: cristina.munthiu@gmail.com
Lecturer Ph.D. **Violeta RĂDULESCU***
* Faculty of Marketing, Bucharest Academy of Economic Studies

Abstract

Customer satisfaction and perceived service quality seem to be in a permanent struggle to get unspoiled attention from marketers; thus, service companies should be aware of various approaches for conceptualizing their similarities and differences. The relationship between these concepts seems to be unclear and, therefore, marketing specialists should constantly monitor the factors that influence customer satisfaction of services and the importance perceived service quality has among these factors.

Keywords: *customer satisfaction, perception, services quality, perceived performance, expectation.*

JEL Classification: M_{30}, M_{31}

Introduction

In today's marketplace, services companies are faced with very tough competition and, at the same time, customers are becoming more and more demanding due to the fact that they have the greatest number of options to choose from than ever before.

Nowadays, clients are much more unwilling to accept inefficient or unpleasant services and due to the fact that they benefit from better and better services their expectations are continuously increasing. No client would come back in a place where he has been neglected or treated inadequately (poor services quality, unfair report price/services) and, in addition, he would share with his friends and acquaintances his lived dissatisfaction.

The influence factors of consumer satisfaction and service quality are difficult to analyze due to consumer's complex behaviour (Cătoiu and Teodorescu, 2004) and of multiple elements that influence the consumer. Moreover, there is a close relationship between products and services quality, customer satisfaction and company's profit. A higher level of quality attracts a higher level of customer satisfaction, which implies higher prices and, sometimes, reduces costs. Therefore, programs for quality improvement usually have their share to profit growth.

A company has to be aware of the way clients perceive quality and what quality they expect to receive. Given the circumstances, that company should offer a higher degree of quality than its competitors. As a consequence, quality has to be

treated as a satisfaction antecedent, i.e. if there is service quality, there is also customer satisfaction. Another important aspect is the way consumers distinguish between customer satisfaction and services quality, more exactly how marketers set the differences between psychological processes that are underlying their comprehension.

This paper aims at pointing the similarities, the differences and the relationship existing between services quality and consumer satisfaction by making a brief overview of customer satisfaction literature, by emphasizing the factors that influence the customer satisfaction of services and the importance service quality has among these factors.

Both satisfaction and perceived services quality are based on distinctive research models that use both *expectations* and *perception* as their *key determinants*. Similarly to satisfaction, perceived services quality is often defined as being the comparison between expectations regarding a service and real perceptions. However, perceived service quality been defined as a determinant of customer satisfaction and not as a concept similar to it.

From this short introduction, one can deduce that the two concepts are apparently similar; both are based on a *comparison* between the *consumer's expectations* and *perceived performance.*

A brief overview of customer satisfaction literature

In the specialty literature, there is a series of variants defining consumer satisfaction or dissatisfaction. Nevertheless, Richard Oliver, a famous researcher in the field, considers that everyone seems to know what satisfaction is until one is asked to actually define it, when no one knows what it is anymore. According to Oliver (1997), satisfaction is "the consumer's fulfilment response". It refers to the judgement on the features of a product or service and the degree of fulfilment they provide after consumption, including over-fulfilment or under-fulfilment. On the other hand, Tse and Wilton (1988) argue that customer satisfaction stems from the client's reaction as result of evaluating the perceived expectations and the actual performance of a product or service.

Philip Kotler considers that *consumer satisfaction* "reflects comparative judgments of a person connected to the *difference* between the *perceived performance* of a purchased product (or of a provided service) and the *expectations* that he made concerning this performance. If the performance fails to meet expectations, the client will be unsatisfied or disappointed. If the performance meets expectations, the client will be satisfied. If the performance exceeds expectations, the client will be extremely satisfied or delighted" (Kotler and Keller, 2008).

Even if in the specialty literature there are numerous definitions of customer satisfaction, they still have in common the following three elements (Muntean, 2010):
— consumer satisfaction in an emotional or cognitive answer;

— the answer is centred on the expectations, product, consumption experience;

— the answer manifests at a certain moment in time (after consumption, after choice, based on an experience cumulated in time etc.)

Satisfaction is thus the result a buyer feels in his relation with a company whose performances have met his expectations. The buyers are satisfied when their expectations are met and delighted when they are exceeded. Satisfied customers stay loyal for a longer period of time, purchase in larger quantities, are less influenced by price and present the company favourably to their friends.

There are several methods used to measure customer satisfaction. These are: periodic surveys, regularly measuring the customer loss rate, mystery shoppers and monitoring competitive performance (Kotler and Keller, 2006). Another model to measure consumer satisfaction is the *customer satisfaction index*. The American Customer Satisfaction Index (ACSI) developed at the University of Michigan at the National Quality Research Centre quarterly measures consumer satisfaction in USA by interviewing 80000 Americans every year about their satisfaction regarding durable and non-durable goods, local and federal government services etc.

Customer satisfaction is thus a particularly special indicator for evaluating the persons who formulate the demand. To be aware about the satisfaction or the dissatisfaction degree of consumers means to evaluate the success or the failure of some action, but also forecasting on their future behaviour. At the same time, it allows comparisons between different market segments.

Factors that influence consumer satisfaction of services

Expectations mix clients' experience with a service, i.e. with information on the sales agents and other buyers' opinions. The level of expectations influences the appreciation of qualitative parameters, as well as sales forecasts. Zeithaml, Parasuraman and Berry (1990) suggest as key factors influencing customers' expectations: word-of-mouth communications, personal needs, past experience and external communications.

Client's expectations concerning standard services they anticipate are thus influenced by the accumulated experience due to previously delivered services, the standard for the respective service and by the price level for that particular service. As a consequence, customer satisfaction measurement mainly depends on their expectations concerning the services customers want, expectations which have known in time a whole series of modifications generated by the information provided by television, great choice possibilities, higher education standards and a great mobility etc., which led to the formation of customers with superior discernment, with a lot more knowledge and more expertise.

Perceived service quality is measured through three dimensions: the overall service quality, its reliability and the extent to which the service fulfils clients' needs. Cetină (2009) argues that "Even if quality's benefits are known not only by producers, but also by consumers, quality represents an issue for the majority of companies of services. Quality's definition, its features, its influence factors, its

113

strategies of improvement, as well as the causes leading to performing medium-quality services are extensively debated in specialty literature, which treats quality as a component of products."

Zeithaml, Parasuraman and Berry (1990) define service quality as: "the extent of the discrepancy between customers' expectations or desires and their perceptions". They define ten dimensions representing evaluative criteria that clients make use of regarding service quality: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, understanding the consumer. The SERVQUAL model used to measure service quality includes five of these dimensions considered the most important: reliability, assurance, tangibles, empathy and responsiveness. According to Shoemaker, Lewis and Yesawich (2007): "These dimensions lead to the acronym RATER. All dimensions together result in the total experience the customer takes away." Cronin and Taylor (1992) argued that using SERVPERF to measure service quality is better than SERVQUAL in terms of validity, reliability and forecasting. According to Lovelock and Wirtz (2004), service quality has different meanings for customers and it also depends on service delivery perception.

Satisfaction is thus deeply influenced by the quality of the product or service. C. Miller from the American Society for Quality considers that quality is represented by all attributes and traits of a product or service that manage to satisfy all clients' needs. (Miller, C. in Kotler and Keller, 2006). This customer-centred definition refers to the fact that one may talk about true quality whenever the service meets or exceeds customer's expectations.

Perceived performance is a variable, which intervenes in the process of non-confirmation of expectations, as previously mentioned and it directly influences consumer satisfaction. "It has been empirically demonstrated that direct causal connections between satisfaction and perceived performance may explain satisfaction variation; moreover, some authors argue that perceived performance would be a better predictor of satisfaction than expectations non-confirmation variable." (Muntean, 2010)

As far as *perception* is concerned, the consumer of a product or service is subject to numerous sensorial inputs, which reach him through his five senses and to whom consumer gives certain significance through his inner perception. "The perception process starts or is activated through a certain form of sensorial impulse that is directed towards the individual's sensorial receptors. The five basic units of the stimuli that form the sensorial inputs are hearing, seeing, taste, smell and the tactile sense. Besides these five ways individuals are bombarded with all kinds of inputs" (Cătoiu, 2004). Philip Kotler argues that "people may form different impressions about one and the same object" due to perceptual processes such as *selective attention*, *selective distortion*, *selective memorization* and *subliminal perception* that take place for each consumer. (Kotler, 2008)

A useful framework is *customer perceived value (CPV)* that provides useful insights for customer satisfaction. According to Kotler and Keller (2006), value perceived by customers (CPV) is triggered by the perceived and actual difference between the evaluation of all advantages and costs of a product or service and their

114

competitors. Firstly, the seller must assess the total customer value and cost of all offers of the competitors. Then, the seller who finds himself/is situated at the customer perceived value disadvantage must take action. He has the following options: to increase total customer value or to decrease total customer cost, each options having their specific modes of action such as strengthening the attributes of the product or service or simplifying the delivery process, etc.

In fact, Shoemaker, Lewis and Yesawich, (2007) point out that perception is reality for the consumer and that one of the greatest mistakes marketers make is to believe that what they perceive is what customers perceive. The only reality is what consumers perceive and marketers should focus on influencing consumer's perceptions, irrespective of their own.

Advantages generated by consumer satisfaction and its relation to service quality

Fornell (1992) has proposed the following benefits generated by consumer satisfaction:

— *Consumer loyalty* – in the case of satisfied customer there is a greater probability to repurchase a certain product or service. Strong loyalty of customers will ensure a constant and sure cash flow for the company that shall be reflected in its earnings.

— *Reduced price elasticity* – consumer satisfaction reduces price elasticity for current customers. Satisfied customers are much more willing to pay for benefits they obtain and are much more tolerant to price increases.

— *Reduced transaction costs* – a high level of consumer satisfaction will reduce the future transaction costs, because the company will not need to spend extra money to attract new customers. Satisfied customers will purchase with an increased frequency and a greater quantity not only the product that satisfied them, but also other products offered by the company.

— *New customers* – the costs for choosing new clients are smaller for companies that provide satisfaction for their consumers. They will recommend the respective product / service to other persons (relatives, friends, acquaintances etc.). The media sources shall also be more willing to provide positive information for prospecting new buyers.

— *Enhanced reputation* – a high level of consumer satisfaction will determine an improvement of the company's reputation, which will be an advantage for making a decision on introducing new products because they increase consumer's trust and the risk he associates to the choice. Good reputation is also an advantage regarding the maintenance of good relations with the providers, distributors and potential business partners.

Dătculescu (2006) considers that care for customers is a concept, which implies specific actions through which customers are permanently satisfied, thus transforming them in loyal clients, which come back with new and enhanced expectations. Customer satisfaction has thus benefits not only for them, but also for the supplier. A satisfied customer will repurchase, becoming a loyal customer, will

transmit the post-purchase satisfaction feeling to his friends, relatives, colleagues, will increase self-trust in the choice he made and will give less attention to competitor products. This will result in the creation of favourable company image and of market prestige.

As far as the relation between service quality and consumer satisfaction is concerned, Davis-Sramek et al. (2009) evinced that both technical and relational service quality greatly influence satisfaction, which consequently impacts both affective and calculative commitment.

Conclusions

As already stated, not only quality, but also consumer satisfaction are extremely important subjects that gain more and more attention worldwide. The importance of measuring the satisfaction degree of consumers of any company stems from the possibility to create a competitive advantage that helps the company differentiate on the market (Porter, 1985). Khan (2010) considers that service quality measurement helps companies acknowledge their real position on the market and thus it contributes to the increase of its competitiveness.

Quality is the best insurance policy for and has great impact on both customer loyalty and satisfaction, it is the most efficient defence against competition and the only way to develop and obtain income. Miller (1993) from the American Society for quality argues that true marketing specialists should have as ultimate goal to become *customer satisfiers;* they should constantly improve quality in order not to become outdated and by using all tools of traditional marketing to ensure the best level of quality and, in consequence, deep customer satisfaction.

Marketers should bear in mind that their mission is to satisfy their customers at the highest level possible. Therefore, companies should constantly measure the level of satisfaction of their customers. Suggestive positive consequences formulated by Kotler and Keller (2006) refer to the fact that satisfied customers are loyal on the long run, buy in larger quantities than normal customers and recommend the company's products or services to others; they are less attentive to competitors and not very sensitive to prices, they provide ideas for improving products or services and it is more easy to serve them in comparison with new clients. At the same time, companies should be aware that deep satisfaction may be, may mean or may refer to different degrees of satisfaction for two different customers. A person may be easier to satisfy than another person and for different reasons and customer perceived value provides useful tips for customer satisfaction.

Last but not least, the company has to act according to the conception that it has to ensure a high level of customer satisfaction, but at the same time it has to ensure an acceptable degree of satisfaction for the stakeholders, taking into consideration its total resources.

REFERENCES

Cătoiu, Iacob and Nicolae Teodorescu. *Comportamentul consumatorului*, Bucure ti: Editura Uranus, 2003.

Cetină, Iuliana. *Marketingul serviciilor. Fundamente şi domenii de specializare*, Bucureşti: Editura Uranus, 2009.

Cronin, J. Joseph jr., and Steven A. Taylor, S. A. "Measuring service quality: A Re-examination and extension." *Journal of Marketing*, 56 (1992): 55-68.

Dătculescu, Petre. *Cercetarea de marketing: Cum pătrunzi în mintea consumatorului, cum măsori şi cum analizezi informaţia*, Bucureşti: Editura Brandbuilders, 2006.

Davis-Sramek et al. "Creating commitment and loyalty behaviour among retailers: what are the roles of service quality and consumer satisfaction?", *Journal of the Academy of Marketing Science* 37 (2009): 440-454, DOI 10.1007/s11747-009-0148-y.

Fornell, C. "A National Customer Satisfaction Barometer: The Swedish Experience.", *Journal of Marketing*, 55 (1992): 6-21.

Khan, M. A. "An Empirical Assessment of Service Quality of Cellular Mobile Telephone Operators in Pakistan. *Asian Social science*, 6(10) 2010: 164-177.

Kolter Philip and Kevin Lane Keller. *Management Marketing, 12th edition,* Upper Saddle River, New Jersey: Pearson Prentice Hall, 2006.

Kotler, Philip, and Kevin Lane Keller. *Managementul marketingului*, Ediţia a V-a, Bucure ti: Editura Teora, 2008.

Lovelock, C. & Wirtz, J. *Service Marketing People, Technology, Strategy.* United States of America: Hamilton Printing Co, 2004.

Miller C. "U.S. Firms Lag in Meeting Global Quality Standards", *Marketing News*, February 15, 1993.

Muntean, Andreea. *Satisfacţia consumatorilor de servicii bancare*, Cluj-Napoca: Editura Casa Cărţii de Ştiinţă, 2010.

Oliver, Richard. *Satisfaction: A Behavioural Perspective on the Consumer*, New York: The McGraw-Hill Companies Inc., 1997.

Porter, Michael. *Competitive Advantage: Creating and Sustaining Superior Performance,* New York: The Free Press, 1985.

Shoemaker, S., Lewis, Robert C. and Peter C. Yesawich. *Marketing Leadership in Hospitality and Tourism. Strategies and Tactics for Competitive Advantage*, 4th Edition, Upper Saddle River, New Jersey: Pearson Education International, 2007.

Tse, D.K. and Wilton, P.K. "Models of consumer satisfaction formation: an extension." *Journal of Marketing Research,* 25(2) 1998: 204-212.

American Customer Satisfaction Index, accessed January 28, 2012, http://en.wikipedia.org/wiki/American_Customer_Satisfaction_Index