CHAPTER 2

LITERATURE REVIEW

Customer Satisfaction / Dissatisfaction Model (CS/D)

The study of post acquisition processes introduces three important areas - product disposition, CS/D, and brand loyalty. (Mowen 1993) This is presented in Figure 2.1.

The customer postacquisition begins after the purchase of a brand. After obtaining the acquisition, the customer uses it, follows by product disposition and development of CS/D. In the CS/D stage, three separate effects may occur. If expectations are surpassed, emotional satisfaction results, which may lead to development of brand loyalty. If expectation are confirmed, repeat buying behaviour tends to occur as long as no clearly superior alternatives emerge. And if expectations are not met, emotional dissatisfaction results, which may lead to complaint behaviour. (Mowen 1993)
Oliver (1980) stated that customer satisfaction may be defined as a specific attitude formed toward a good or service as a result of its

**FIGURE 2.1: A MODEL FOR POSTACQUISITION PROCESSES**

![Diagram showing the model for postacquisition processes]

- Brand Purchase
  - Product usage/consumption
    - Consumer satisfaction
    - Emotional satisfaction
      - Brand loyalty
    - Expectancy confirmation
      - Repeat buying behavior
    - Emotional dissatisfaction
      - Complaint behavior
    - Product disposition

Source: Mowen (1993)

purchase. A theoretical model used to explain the development of CS/D is the Expectancy Disconfirmation model developed in
the 70's. (Oliver 1980). The model is shown in Figure 2.2. Customer forms expectation of how the brand should perform based on his past experience of using the brand, its price, promotion and also experience of using other brands. Customer then compares actual performance with expected performance. If performance falls below expectations, emotional dissatisfaction results. If performance is above expectation, emotional satisfaction occurs. (Woodruff 1993) If performance not noticeably different from expectation, expectation confirmation occurs. (Oliver 1980) In this expectancy state, customer does not have strong feeling on satisfaction.

**Quality (Service and Product)**

The concept of Expectancy Disconfirmation by measuring the difference between customer expectation and perceive performance is being used in the studies of quality measurement. Recent studies (Parasuraman, Zeithaml & Berry 1985) also defines service quality as the comparison between customer expectations and perceptions of service. Good quality on the other hand is defined as "conformance to requirements" (Crosby 1979). Service quality is also found to be antecedent of customer satisfaction (Cronin & Taylor 1992).
SERVQUAL Scale

Berry, Parasuraman and Zeithaml (1985) studied the quality of service. Their early research was of customer-perceived quality in four service industries: banks, credit card companies, stockbrokers and service companies for household machines. They used focus group interviews with three groups in each industry, and a service quality model utilizing the gap concept was developed. The model is presented in Figure 2.3.
• Gap 1  Customer Expectation -- Management Perception Gap. Service firm executives may not always understand what features connote high quality to customers in advance, what features a service must have in order to meet customer needs, and what levels of performance on those features are needed to deliver high quality service.

• Gap 2  Management Perception -- Service Quality Specification Gap. A discrepancy between management conceptions of customer expectations and the actual specifications established for a service due to resources and market constrains.

• Gap 3  Service Quality Specification -- Service Delivery Gap. The variability of contact personnel leads to difficulty in standardizing employee performance. Even guidelines are established but high quality service performance may not be a certainty.

• Gap 4  Service Delivery -- External Communications Gap. Media advertising and other communications by a firm can affect consumer expectations, as was discussed in CS/D model. Firms may promise more than it can deliver and raise customer initial expectations.
Gap 5 Expected Service -- Perceived Service Gap.
Judgments of high and low service quality depends on how consumers perceive the actual service performance in the context of what they expected.

As shown in Figure 2.3, Service quality as perceived by customer depends on the size and direction of Gap 5 which, in turn, depends on nature of the gaps associated with the design, marketing, and delivering of services:

\[ \text{Gap5} = f(\text{Gap1, Gap2, Gap3, Gap4}) \]

Parasuraman, Zeithaml and Berry (1988) analyzes their findings into 10 factors or dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer. In a later study they develop a multiple-item scale named SERVQUAL to measure Gap 5 and reduces the number of dimensions to five: tangibles, reliability, responsiveness, assurance and empathy. (Parasuraman, Zeithaml and Berry 1988)
FIGURE 2.3 THE GAP MODEL

Customer

Word of mouth communication → Personal needs → Past experience → Expected services → Perceived service

Provider

Service delivery (including pre- and post contacts) → External communications to consumers

Translation of perceptions into service quality specs

Management perceptions of consumer expectations

Gap 1

Gap 2

Gap 3

Gap 4

Gap 5

Source: Parasuraman 1988
Tangibles: refer to the physical environment in the service organization: facilities, staff and their dress, i.e. concrete things that the customer can easily observe.

Reliability: Company's ability to perform the promised service. Price arrangements and other conditions should be fulfilled, time limits kept and the service performed accurately from the start.

Responsiveness: Performing the service promptly and quickly, helping the customer and being available when he or she needs help.

Assurance: The knowledge and competence of the staff and their ability to elicit trust and confidence.

Empathy: The caring, individualized attention the staff provide its customer.

The SERVQUAL 22-item scale first ask on customer expectation of an excellent company's service quality, then followed by the same 22-item scale for customer to rate on perceived service quality of the focal firm. Other researchers used the SERVQUAL scale and found inconsistency of the 5 dimensions and SERVQUAL results. A literature review on service quality done by Dabholkar, Thorpe & Rentz (1996) found out of ten research
using the SERVQUAL scale, only one obtained a five factor structures, others find either more than or less than 5 factors. Locally in Malaysia, studies using SERVQUAL has been used to survey on rail traffic.

SERVPERF Scale

A research on relationship between service quality, consumer satisfaction and purchase intentions done by Cronin and Taylor(1992) found that a performance-based measure of service quality is superior than a disconfirmation-based measure as developed in SERVQUAL. A SERVPERF scale was developed by taking only the 22 performance items directly from SERVQUAL, and compared its correlation as against SERVQUAL scale with overall service quality. It was found SERVPERF explained more of the variation in service quality than does SERVQUAL. The SERVPERF is also more efficient, utilizing 22 items instead of 44 items. The Cronin and Taylor(1992) research also suggest that service quality is an antecedent of consumer satisfaction, not the reverse, and that consumer satisfaction exerts a stronger influence than does service quality.

In a subsequent research Zeithaml, Berry & Parasuraman(1993) further expand Gap 5 and suggested a PSQ GAP 5A and 5B as shown in figure 4.

PSQ GAP 5A: Perceived Service Superiority Gap is the comparison between desired service and perceived service, and
PSQ GAP 5B: Perceived Quality Service Adequacy Gap is the comparison between adequate service and perceived service. (Zeithaml Berry & Parasuraman 1993)

These two service quality assessment therefore replace the single Gap 5 in the Gaps Model. Zeithaml Berry & Parasuraman (1993) suggested that

"customer satisfaction is distinct from service quality assessment in that satisfaction results from a comparison between predicted service and perceived service...While predicted service plays a direct role in satisfaction assessment, it only indirectly affects service quality assessment" (Page 9)

The distinction between Gap 5A and 5B may explain the superiority of SERVPERF over SERVQUAL. SERVQUAL Expectation scale asks customers to rate expectation on an excellent company's service quality, which leads to establish an expected desired service level. While SERVPERF utilizing only the performance scale measuring customer attitude, which resulted from a judgment made by customers after comparing the perceived service and expected adequate service. Consequently Gap 5B is more closely related to comparison between predicted service and perceived service, which develop satisfaction.
FIGURE 2.4: COMPARISON BETWEEN CUSTOMER EVALUATION OF PERCEIVED QUALITY AND SATISFACTION

This study on copier industry utilizing SERVQUAL scale will strongly enhance the understanding on the consistency of service dimensions on a non-pure service industry. The comparison between SERVQUAL and SERVPERF ability in measuring service quality will also helps to enhance knowledge on the nature of service quality and customer satisfaction.