DETERMINANTS OF CUSTOMER EXPECTATIONS OF SERVICE: IMPLICATIONS FOR FOSTERING CUSTOMER SATISFACTION

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Abstract- This conceptual paper aims to identify the key determinants of customer expectations of service (CEOS), which serves as the basis for fostering customer satisfaction. The literature review of customer expectations of service is mainly based on the theories by Kotler (2002); Buttle (2004, 2008); Miller (1997); Oliver (1997); Parasuraman, Zeithaml, and Berry (1985, 1988, 1991, 1994); and Zeithaml, Berry, and Parasuraman (1993). Literature on the classification, levels, and determinants of CEOS is synthesized, which is followed by the presentation of the significance of identifying the determinants of CEOS in enhancing customer satisfaction. The paper comprises three main sections: (1) Features of service and service quality, (2) Concept and types of customer expectations of service, and (3) Implications for fostering customer satisfaction.

Keywords- Determinants, Customer Expectations, Service, Customer Satisfaction.

I. INTRODUCTION

The term “customer expectations” has received increasing treatment among researchers in the service sector. Customer expectations have been explored in various research contexts, but have been most thoroughly investigated in the customer satisfaction and dissatisfaction, and service quality research studies (Zeithaml et al., 1993). There has been a consensus in the related literature that “expectations serve as standards with which subsequent experiences are compared, resulting in evaluations of satisfaction or quality” (op. cit., p. 1). Service quality entails customer expectations, customer perception, and customer satisfaction. This highlights the significance of this study, which is intended to identify the key determinants of customer expectations of service as an essential step to enhance customer satisfaction. When customers are satisfied with the service performance, there will be a high probability of their repurchase intention.

This paper may be of interest to those involved in service quality management, and may inspire empirical research in the area.

II. FEATURES OF SERVICE AND SERVICE QUALITY

“A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product,” defines Kotler (2000, p. 200). According to Kotler, “services are often part of a company’s total offering in the marketplace”, and he distinguishes categories of service mix as follows:

- Pure tangible good: The offering is a tangible good.
- Hybrid: The offering consists of equal parts of goods and services.
- Major service with accompanying minor goods and services: The offering consists of a major service along with additional services or supporting goods.
- Pure service: The offering consists primarily of a service.

(op. cit., p. 200)

1. Features of service

Kotler (2000) identifies four features of services:

- Intangibility: Different from tangible goods, services cannot be perceived via human five senses before purchase. Therefore, customers are unsure of what they are going to buy, and tend to search for concrete signs of evidence in the physical environment.
- Inseparability: Services are typically produced, delivered and consumed simultaneously. It is notable that both the provider and the customer are part of the service, and there is a provider-customer interaction during the process of service delivery. That is, the customer really takes part in producing the outcome of the service.
- Variability: Services are variable in that they depend on who provides them, who receives them, when and where they are delivered. The heterogeneity results in various customers’ needs, demands, expectations, tastes, moods, perception and preference.
- Perishability: Services cannot be stored, resold or returned.

In addition to the four features mentioned above, services possess the following characteristics:

- Delivery of services requires some degree of human contact.
- Services quality control requires the monitoring of processes and the attitudes of all staff.
- Bad services cannot be replaced or repaired.
- It is both difficult and undesirable to attempt to standardize services.

2. Service quality

Quality is defined as the “totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” (ISO 8402: 1986, 3.1).

In the service industry, service quality is recognized as the degree of difference between customer expectations and their perceptions of the service they receive (Parasuraman, Zeithaml and Berry, 1985; Bebko, 2000). Nicolaides (2008) specifies that service quality is obtained in the following situations:

- Employees deliver a service which they are proud of and are willing to put their name to.
- The service is delivered timely.
- The customer needs are met immediately and appropriately right at the first time.
- The service delivered exceeds the customer expectations.
- Service providers or employees are readily accessible when needed.

II. DETERMINANTS OF CUSTOMER EXPECTATIONS OF SERVICE

“Customer expectations are pretrial beliefs about a product (Olson and Dover 1979) that serves as standards or reference points against which product performance is judged” (Zeithaml et al., 1993, p. 1). Customer expectations are also defined as beliefs about service delivery that serve as standards for the judgment of the actual service delivered to the customer (Zeithaml, Biter & Gremler, 2009; Hill, 2000; Buttle, 2004; and Pizam, 2010).

1. Types of customer expectations of service

Zeithaml et al. (1993) identify two main approaches to CEOS classification: “expectations-as-predictions standard” and “expectations-as-ideal standard”.

Expectations-as-predictions standard

Zeithaml et al. (1993) mention researchers taking this approach to customer satisfactions identification, including Miller (1977), Swan and Trawick (1980), Oliver (1981), and Prakash (1984). The concept shared by these researchers is that “expectations are consumer-defined probabilities of the occurrence of positive and negative events if the consumer engages in some behavior” (Oliver, 1981, p. 33; cited in Zeithaml et al., 1993). Some related terms have been accordingly coined:

- “expected standard” (devised by Miller, 1997) referring to “an objective calculation of probability of performance”, and
- “predictive expectations” (named by Swan and Trawick, 1980; and Prakash, 1984) addressing “estimates of anticipated performance level”.

Zeithaml et al. (1993) state that this approach has not received total agreement by such researchers as Gilly (1979); Gilly, Cron, and Barry (1983); and Swan and Trawik (1980) themselves. These authors argued that there a consideration of alternative standards should be taken into consideration.

Expectations-as-ideal standard

Authors identifying this kind of CEOS include Miller (1977), Swan and Trawick (1980), and Prakash (1984). These authors concur that CEOS play the key role in service quality evaluation by customers, and that CEOS are viewed as desires or wants (Zeithaml et al., 1993). Three related terms have been circulated within the literature of this type of CEOS:

- “ideal expectations” (proposed by Miller, 1977) meaning the “wish for” level of performance,
- “desired expectations” (generated by Swan and Trawick, 1980) defined as “the level at which the customer wanted the product to perform” (Zeithaml et al., 1993, p. 2), and
- “normative expectations” (termed by Prakash, 1984) addressing the way performance is taken for customer complete satisfaction.

In addition to the two approaches above, Zeithaml et al. (1993) list other expectations standards as elaborated below:

Other expectations standards

Zeithaml et al. (1993) describe a list of other types of customer expectations standards proposed by Miller (1977); Woodruff, Cadotte, and Jenkins (1983); and Prakash (1984):

- “minimum tolerable expectations” (proposed by Miller, 1977) referring to “the lowest level of performance acceptable to the customer”,
- “deserved expectations” (proposed by Miller, 1977) “reflecting the consumers’ subjective evaluation of their own product investment”,
- “experience-based norms” (devised by Woodruff, Cadotte, and Jenkins, 1983) capturing not only the ideal but also the realistic aspects of customer expectations, and
- “comparative expectations” (named by Prakash, 1984) denoting “consumer expectations from other similar brands”.

2. Levels of CEOS

Pizam (2010) shares the same view with Zeithaml et al. (1993) that there have been two common approaches to the nature of standards conveyed in CEOS:
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- **predictive expectations**, defined as the predictions made by customers about their experience,
- **ideal/desired expectations**, defined as the level at which customers want the service provider to perform.

In an attempt to conceptualize the levels of CEOS, Zeithaml, Berry, and Parasuraman (1993) differentiate three kinds of service:
- “predicted service”: the level of service customers believe they are likely to get;
- “desired service”: the level of service representing a blend of what customers believe “can be” and “should be” provided; and
- “adequate service”: the minimum level of service customers are willing to accept.

These authors then devised the term “zone of tolerance”, referring to the gap between the desired service and the adequate service, which is illustrated in Figure 1. They also distinguished “customer satisfaction” from “service quality assessments” as follows (Pizam, 2010):
- customer satisfaction resulting from customers’ comparison between predicted service and perceived service,
- Service quality assessments resulting from customers’ comparison between desired service and perceived service.

Johnston (1995) and Kotler (2000) clarify three levels of customer satisfaction feelings created by the gap between customer expectations and customer perceptions, explaining that customers feel:
- Satisfied when their perceptions align with their expectations;
- Delighted when their perceptions are better than their expectations; and
- Dissatisfied when their experience does not meet their expectations.

“These feelings of satisfaction influence whether the customer buys the product again and talks favorably or unfavorably about the product to others,” concludes Kotler (2000, p. 101).

The heterogeneous nature of the service industry leads to a variety of customer expectations of the same service at the same time. Miller (1997) presents a four-level scale of customer expectations:
- The ideal level (‘what can be’),
- The predicted level (‘what will be’),
- The minimum tolerable level (‘what must be’), and
- The deserved level (‘what should be’).

Oliver (1997) integrates the “zone of tolerance” proposed by Zeithaml et al. (1993), and the levels above to form a framework below (Buttle, 2004):

As described in Figure 1, CEOS range from the “minimum tolerable level” to the “ideal level”, constituting the “zone of tolerance” defined earlier. The level below this zone is called “intolerable” at which the delivered service is believed to result in customer frustration and decrease their loyalty. The “zone of indifference”, in which customers are willing to accept the service delivered indubitably, comprises three levels: “needed” to “deserved” and “desired”.

“What the customer wants” capture five levels listed in descending order here: “ideal”, “excellent”, “desired”, “deserved”, and “needed”. “What the customer predicts” embraces six levels, ascending from “intolerable” to “desired”. The sharing zone between “What the customer wants” and “What the customer predicts” consists of three levels “needed”, “deserved” and “desired”. This sharing zone is the “zone of indifference” explained earlier.

3. Determinants of CEOS

In 1985, Parasuraman, Zeithaml and Berry proposed the Gaps Model of Service Quality, which can be used to measure service quality by identifying five gaps below:
- Gap 1: between what customers expect and what managers think customers expect
- Gap 2: between what managers think customers expect and service quality specifications
- Gap 3: between service quality specifications and actual service delivery
- Gap 4: between actual service delivery and the promises communicated to customers
- Gap 5: between customers’ perceived service and expected service

Figure 1: Oliver’s customer expectations hierarchy (Source: Buttle, 2004)
Zeithaml et al. (1993) develop the following model, describing the nature and determinants of customer expectations of service:

![Determinants of Customer Expectations of Service](image)

Determinants of both desired and predicted service expectations include explicit service promises, implicit service promises, word-of-mouth communication, and past (personal) experience:

- Explicit service Promises: personal and non-personal statements about the service made by the organization
- Implicit service promises: service related cues that lead to inferences about what service should be like
- Word-of-mouth communication: social networking sites, very important in services that are difficult for customers to evaluate before purchase
- Past (personal) experience: the customer’s previous exposure to service that is relevant to the focal service

### III. IMPLICATIONS FOR FOSTERING CUSTOMER SATISFACTION

1. CEOS and customer satisfaction

Customer satisfaction is defined as “the customer’s evaluation of a product or service in terms of whether that product or service has met the customer’s needs and expectations” (Zeithaml et al., 2009, p.104).

The following illustration by Oliver (1980) highlights the role of customer expectations as the cornerstone for customer satisfaction which leads to customer repurchase intention.

![Model of Expectation Confirmation Theory](image)

Following are the reasons Buttle (2004) mentions to explain the significance of the identification of customer expectations in order to enhance customer satisfaction:

- Customer expectations of service quality are variable over time.
- Not all service quality attributes are subject to customer expectations.
- Customers usually have certain expectations of a number of service quality attributes, and not all of these attributes are equally important.
- Customer expectations act as the basis for customer satisfaction judgment.
- There are limits to each customer’s tolerance zone.
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2. Determinants of CEOS and customer satisfaction
A full awareness of the determinants of customer expectations is the precursor to the identification of customer expectations. Zeithaml et al. (1993, p. 6-10) generate seventeen propositions which should be taken into consideration in the effort to raise customer satisfaction. These propositions fall under four categories illustrated in Figure 2: the expected service component, antecedents of desired service, antecedents of adequate service, and antecedents of both desired and predicted service:

The expected service component
- P1: Customers assess service performance based on two standards: what they desire and what they deem acceptable.
- P2: A zone of tolerance separates desired service from adequate service.
- P3: The zone of tolerance varies across customers.
- P4: The zone of tolerance expands or contracts within the same customer.
- P5: The desired service level is less subject to change than the adequate service level.

Antecedents of desired service
- P6: Enduring service intensifiers elevate the level of desired service.
- P7: A positive relationship exists between the level of personal needs and the level of desired service.

Antecedents of adequate service
- P8: In the presence of transitory service intensifiers, the level of adequate service will increase and the zone of tolerance will narrow.
- P9: The customer's perception that service alternatives exist raises the level of adequate service and narrows the zone of tolerance.
- P10: The higher the level of a customer's self-perceived service role, the higher the level of adequate service.
- P11: Situational factors temporarily lower the level of adequate service, widening the zone of tolerance.
- P12: Two types of service quality assessments are made by consumers: perceived service superiority, which results from a comparison between desired service and perceived service; and perceived service adequacy, which results from a comparison between adequate service and perceived service.
- P13: The higher the level of predicted service, the higher the level of adequate service and the narrower the zone of tolerance.

Antecedents of both desired and predicted service
- P14: The higher the level of explicit service promises, the higher the levels of desired service and predicted service.
- P15: Implicit service promises elevate the levels of desired service and predicted service.
- P16: Positive word of mouth communication elevates the levels of desired and predicted service.
- P17: A positive relationship exists between levels of past experience with a service and the levels of desired service and predicted service.

3. Scales for measuring customer service expectations
Parasuraman, Zeithaml, and Berry (1994b) incorporate the expanded conceptualization of customer expectations in their three alternative service quality measurement formats in which there are applicable scales for identifying CEOS.
- Three-Column Format: This format generates separate ratings of desired, adequate, and predicted service with three identical, side-by-side scales.
- Two-Column Format: This format generates direct ratings of service-superiority and service-adequate gaps ... with two identical, side-by-side scales.
- One-column Format: This also generates direct ratings of the service-superiority and service-adequate gaps

CONCLUSION

Customer expectations play the key role in customers’ evaluation of service quality (Zeithaml et al., 1993; Gronroos, 1982; Lehtinen and Lehtinen, 1982; Parasuraman, Zeithaml, and Berry, 1985, 1988; and Brown ans Swartz, 1989). In the service sector, to increase customer repurchase intention, it is crucial to enhance service quality. Enhancing service quality requires fostering customer satisfaction. In order to foster customer satisfaction, it is essential to be aware of customer perception of service experience. A deep awareness of customer perception cannot be obtained without identifying customer expectations. It has been recognized via the discussion in this paper that a full understanding of customer expectations results from a deep knowledge of the key determinants of customer expectations.

REFERENCES

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