Customer Satisfaction
A Proposed Conceptual Framework

by VŨ THẾ DŨNG, MBA.

1. Consequences of customer satisfaction

a. Complaining behavior

Consumers' tendency to complain to sellers has been discussed in the literature as one mechanism available to consumers for relieving cognitive dissonance when the consumption experience is dissatisfying (Oliver 1987). Complaining has also been discussed as a mechanism for venting anger and frustration and a mechanism for initiating or seeking redress for failed consumption experiences (Nyer 1999). Although consumers have the option of voting with their feet (exiting) or remaining loyal (staying) in the face of a dissatisfying experience (Andreasen 1988; Day 1984; Hirschman 1970), greater dissatisfaction is traditionally thought to prompt complaining, especially when the problem leading to dissatisfaction is severe, the degree of external attribution of blame is to the retailer or manufacturer, or the likelihood of redress is relatively high (e.g., Folkes 1984; Richins 1983; Ursic 1985). In other words, given proper ability (e.g., channel knowledge, access and communication skills) and motivation (e.g., cultural norms, willingness to confront) to complain ("behavioral model of complaining"), as well as a favorable alignment of perceived costs (e.g., time, effort, and monetary importance), benefits (e.g., money back, replacement) and assessments of success (e.g., firm's reputation, threat to business) in regard to complaining ("economic model of complaining" [see Oliver 1997]), the expectation is that greater dissatisfaction would be manifested in more complaining to sellers.

b. Negative WOM behavior

Negative WOM (words of mouth) behavior to other consumers represents yet another form of complaining behavior that is expected to increase in the face of a dissatisfying experience. This effect is especially likely when the product or service failure is severe, attributions for the failure are external, or high levels of social activity characterize the disappointed consumer (Folkes 1984;

Richins 1983). Negative WOM offers consumers a mechanism for releasing tension, getting back at the entity by informing others of disappointing encounters, regaining control over a distressing situation, gaining sympathy from others, and conveying to others that the consumer has high standards (Nyer 1999). These motivations for telling potential buyers about a particularly dissatisfying experience, in turn, suggest that negative WOM and satisfaction would be inversely related on average.

c. Repeat purchasing

Satisfaction is further thought to affect the likelihood that consumers will buy the offering again. Oliver (1997), for example, discusses loyalty as an outcome of customer satisfaction. He proposes three phases of satisfaction—cognitive, affective, and conative— that culminate in action loyalty (operationalized as repeat usage). This positive relationship between satisfaction and repeat purchasing is evidenced in the extant data (e.g., Bearden and Teel 1983).

Gronholdt et al. (2000) empirically tested the relationship between customer satisfaction and customer loyalty, in which customer loyalty is operationalized by four indicators: the customer's intention to repurchase, intention of cross-buying (buy another product from the same company); intention to switch to a competitor, and intention to recommend the brand / company to other consumers. The authors used the data obtained from the Danish part of the European Customer Satisfaction Index (ESCI). The regression analysis revealed that the relationship between customer satisfaction and customer loyalty is strongly significant: the estimated regression coefficient is 1.14, i.e. for every point change in satisfaction, loyalty change by 1.14 point, on average (R^2=0.69).

d. Trust

Trust generally is viewed as an essential ingredient for successful relationships (Berry 1995; Dwyer, Schurr, and Oh 1987; Moorman, Deshpande, and Zaltman 1993; Morgan and Hunt 1994). Moorman, Deshpande, and Zaltman (1993, p. 82) define trust as "a willingness to rely on an exchange partner in whom one has confidence." They propose that an expectation of trustworthiness results from the ability to perform (expertise), reliability, and intentionality. Morgan and Hunt

(1994, p. 23) define trust as the perception of "confidence in the exchange partner's reliability and integrity." Both definitions highlight the importance of confidence and reliability in the conception of trust.

Some research has tended to emphasize trust as confidence in the honesty and integrity of the other party, such as in a salesperson (e.g., Crosby, Evans, and Cowles 1990). Rather than focusing on trust in individuals, our study examines customers' trust in an organization, captured as customer confidence in the quality and reliability of the services offered. Using a similar definition of trust, Gwinner, Gremler, and Bitner (1998) find the psychological benefit of confidence and trust to be more important than special treatment or social benefits in consumer relationships with service firms.

Customer satisfaction is considered one of the major antecedents of trust in the literature (see Gruent 1995).

e .Commitment

Similar to trust, commitment is recognized as an essential ingredient for successful long-term relationships (Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994). Commitment has been defined as "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpande 1992, p. 316). Gundlach, Achrol, and Mentzer (1995) argue that commitment has three components: an instrumental component of some form of investment, an attitudinal component that may be described as affective commitment or psychological attachment, and a temporal dimension indicating that the relationship exists over time.

The relationship between satisfaction and commitment in the existing literature is substantial and in general agreement (Gruent 1995). Wilson and Mummalaneni (1986) proposed this relationship in their conceptual model of relationship development. Brown and Peterson (1993) hypothesize and empirically test the relationship of satisfaction to commitment. They found that satisfaction primarily exerts a direct causal effect on commitment rather than vice versa. They state that the preponderance of conceptual and empirical evidence generally supports their findings.

2. Research framework

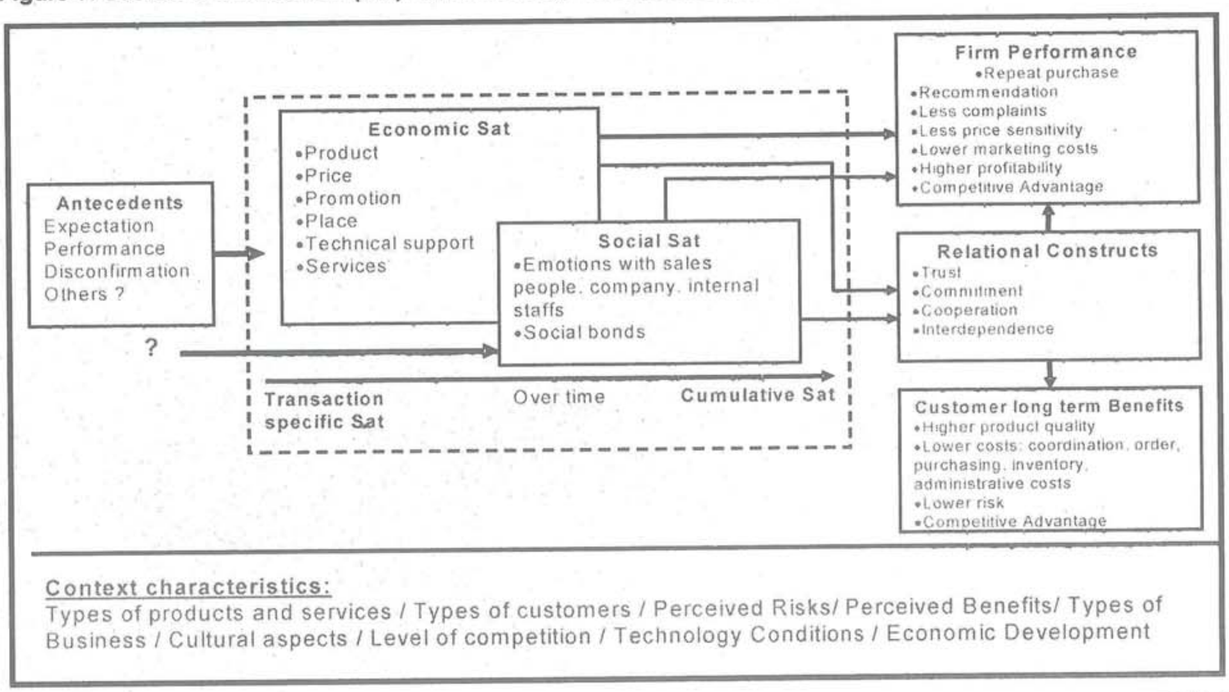
In this section, I try to synthesize the findings in the preceding sections and develop a conceptual framework to examine the linkages among types of customer satisfaction, its antecedents, consequences, and the impact of context factors. Figure 1 illustrates the framework.

Expectation, disconfirmation and performance are three main antecedents of customer satisfaction. However, depending on the characteristic of the context we can expect other antecedents such as affect and equity. In the center, customer satisfaction is discomposed into economic and social satisfaction. At an early stage of relationship between customers and firms, economic satisfaction should be the major focus. But later on, when relationship proceeds to more committed phase (see Dwyer et al. 1988), social satisfaction becomes an important factor. Therefore:

P1: In transactional context (short run), economic factors are the major driver of customer satisfaction; while in more relational context (long-run) both social and economic factors are the major driver.

Customer satisfaction can directly effect firm performance or indirectly impact performance through relational constructs such as loyalty, commitment or trust. Garbarino and Johnson (1999) argue that depending on the context and customer characteristics, customer satisfaction plays a different role. In their empirical study at a New York off-Broadway theater company, they divide customers into 2 groups: low relational customers (individual ticket buyers and occasional subscribers) and high relational customers (consistent subscribers) and found that for low relational customers, overall customer satisfaction is the major driver of customer future intention, while for high relational customers, commitment and trust are the major drivers

Figure 1: Customer satisfaction (Sat): antecedents, consequences, and context factors



of customer future intention. Therefore:

P2: Depending on the context characteristics, firm performance will be influenced by customer satisfaction or by mixed effects of both satisfaction and relational constructs.

From the customer's perspective, being loyal to a relationship with a supplier, customers can reduce their searching cost (Sheth and Parvatiyar 1995), enjoy high product quality (Bitner 1995, Sheth and Parvatiyar 1995), and therefore minimize purchasing risks (Dwyer et al. 1987). Therefore:

P3: By entering a long-term relationship with a supplier, customers achieve long-term benefits other than only economic and social satisfaction.

3. Managerial implications

Given that disconfirmation plays a dominant role in satisfaction assessments, one component of strategy should be designed around systems and programs geared toward improving disconfirmation levels through performance and expectations. It would, therefore, be judicious for managers to consider the negative ramifications that can result when firms overpromise and underdeliver (Parasuraman, Zeithaml, and Berry 1985). A second component of strategy should focus on managing the consumer's ratio of outcomes to inputs to ensure the ratio is not less than the ratio realized by a referent group and hence that consumers do not come away dissatisfied. The issue of treating customers fairly takes on added relevance in the context of equity and its significant impact on satisfaction.

From a managerial standpoint, it is suggested that national satisfaction indices provide meaningful insight into the value added by companies and industries both within and across countries. Satisfaction measures have been used for some time to benchmark the performance of product against product and firm against firm. There are empirical evidences showed their value in benchmarking the performance of industry against industry or even one economy against another. At the same time, evaluating the differences requires consideration of a variety of economic as well as cultural differences.

The long-run nature of the economic returns from improving customer satisfaction also has broad strategic implications. If increasing customer satisfaction primarily affects future performance, then resources allocated to improving quality and customer satisfaction should be treated as investments rather than expenses. Loyal and satisfied customers are a revenue-generating asset to the firm that is not without cost to acquire, retain, and develop. This is very different from viewing sales as a set of more or less disjoint and mutually exclusive transactions. Implementing a customer-asset orientation means aligning the firm's processes, resources, performance measures, and organizational structure for treating customers as an asset.

The review also provides a preliminary indication of trade-offs between customer satisfaction and market share goals. Customer satisfaction actually may fall as market share increases. For example, whereas a small market-share firm may serve a niche market quite well, a large market-share firm often must serve a more diverse and heterogeneous set of customers. Gains in market share may come from attracting customers with preferences more distant from the target market. The firm may overextend its service capabilities as the number of customers and/or segments grows. In such a situation, even though the overall level of customer satisfaction is falling, a firm's sales and profits may be increasing. It is worth noting that this may be a short run versus long run phenomenon. In the long run, it is possible that customer satisfaction and market share go together, but there is growing evidence that this is not always the case in the short run or a cross-sectional analysis.■

Reference

Abdul-Muhmin, A.G. (2003), "Instrumental and interpersonal determinants of relationship satisfaction and commitment in industrial markets", *Journal of Business Research,* (Article in Press).

Anderson, E.W., Fornell, C. and Lehman, D.R. (1994), "Customer satisfaction, market share, and profitability: findings from Sweden", *Journal of Marketing,* Vol.58, pp.53-66.

Athanassapoulos, A., Gounaris, S. and Stathakopoulos, V. (2001), "Behavioural responses to customer satisfaction: an empirical study", *European Journal of Marketing,* Vol.35, No.5/6, pp.687-707.

Bearden, W. and Teel, J. (1983), "Selected determinants of consumer satisfaction and complaint reports", *Journal of Marketing Research,* Vol.20, No.1, pp.21-28.

Bearden, W., Durand, R., Mason, B. and Tell, J. (1979), "Dimensions of consumer satisfaction/ dissatisfaction with services: the case of electric utilities", *Journal of the Academy of Marketing Science,* Vol.6, No.4, pp.278-290.

Behrman, D. and Perreault, W. (1984), "A role stress model of the performance and satisfaction of industrial sales persons", *Journal of Marketing,* Vol.48, No.4, pp.9-21.