
7. The three-stage model of service consumption¹

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INTRODUCTION

In addition to simultaneous production and consumption and the customer's participation in the service production, process is one of the main characteristics of services (Grönroos 2000a).

Services are produced in a process wherein consumers interact with the production resources of the service firm . . . the crucial part of the service process takes place in interaction with customers and their presence. What the customer consumes in a service context is therefore fundamentally different from what traditionally has been the focus of consumption in the context of physical goods. (Grönroos 2000b, p. 15)

The consumption of services has been considered as 'process consumption' (Grönroos 1994) because production is part of service consumption and is not simply viewed as the outcome of a production process, as is the case in the traditional marketing of physical goods. The service-dominant logic also supports that service should be defined as a process (rather than a unit of output) and refers to the application of competencies (knowledge and skills) for the benefit of the consumer. Here, the primary goal of a business is value co-creation as 'perceived and determined by the customer on the basis of value-in-use' (Vargo and Lusch 2004, p. 7).

Consistent with this reasoning, academics gradually shifted from an output focus adapted from the goods literature to a process focus. Several models describing the various stages of the service consumption process have been proposed in the literature. This chapter adopts the three-stage perspective (comprising the pre-purchase, encounter and post-encounter stages) of consumer behaviour (Lovelock and Wirtz 2011; Tsiotsou and Wirtz 2012) and discusses relevant extant and emerging research on each stage.

The chapter is organized as follows. First, the three-stage model of service consumption is presented, followed by important new research developments concerning each stage. The chapter concludes by outlining emerging research topics and directions for future research.

THE THREE-STAGE MODEL OF SERVICE CONSUMPTION

According to the three-stage model of service consumption, consumers go through three major stages when they consume services: the pre-purchase stage, the service encounter stage and the post-encounter stage (Lovelock and Wirtz 2011, pp. 36–37; Tsiotsou and Wirtz 2012). This approach is helpful because it assists academics in developing a clear research focus and direction, and managers in setting objectives and shaping consumer

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behaviour in a targeted manner, and therefore facilitates efficient resources allocation (Blackwell, Miniard and Engel 2003; Hensley and Sulek 2007). Research has been conducted on all three stages to examine their major determinants, influences (direct and indirect), processes and outcomes (Figure 7.1).

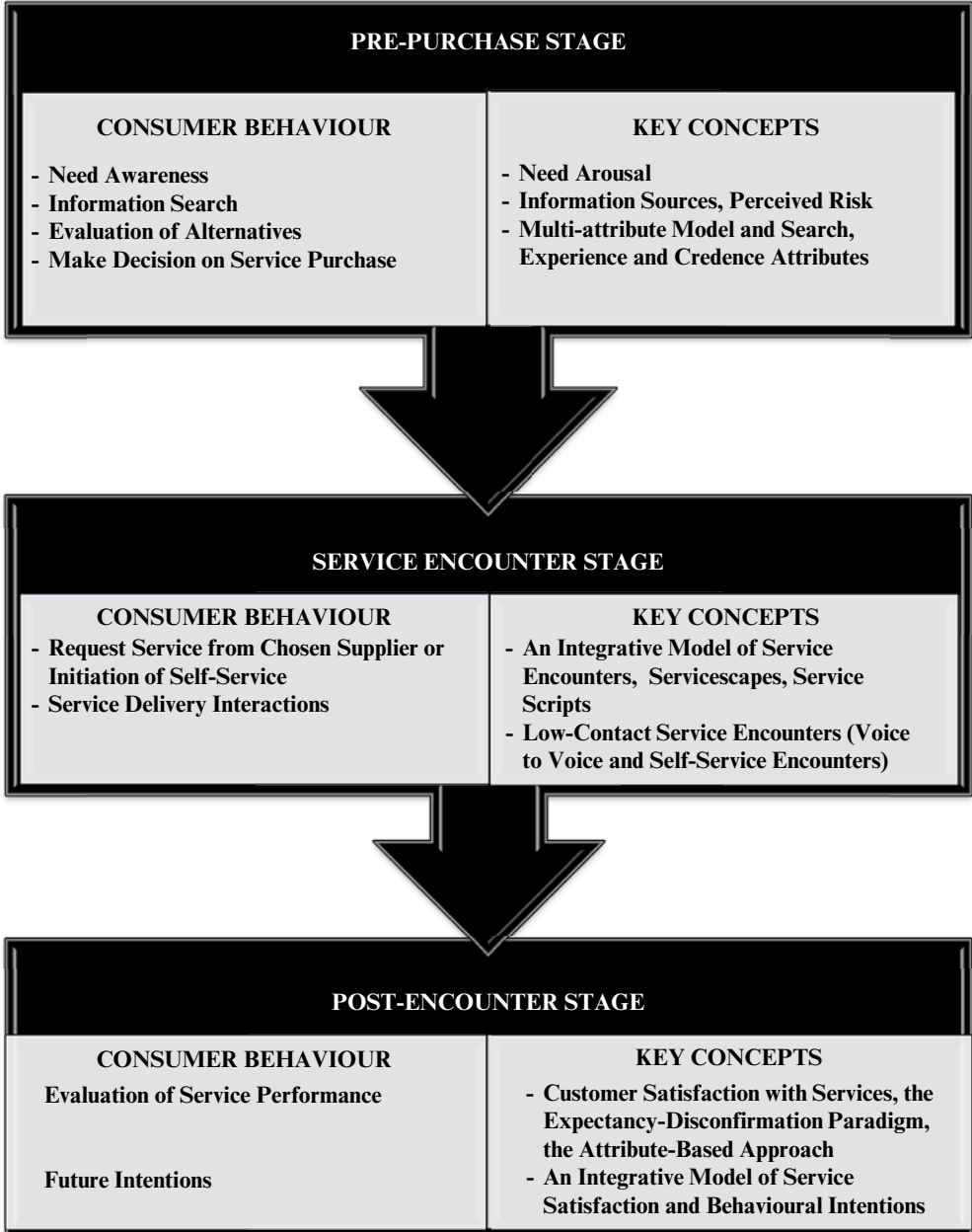


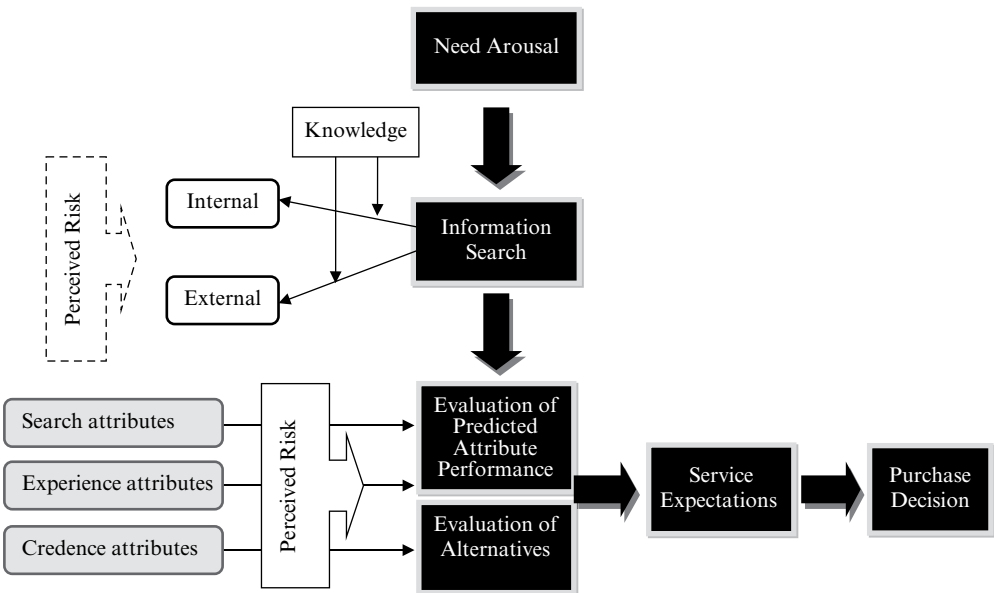
Figure 7.1 *The three-stage model of service consumption*

The Pre-purchase Stage

The pre-purchase stage of the decision-making process for services is more complex in comparison with that for goods as it involves a composite set of factors and activities (Fisk 1981). Because consumers participate in the service production process, the decision-making process takes more time and is more complicated than in the case of goods. Consumer expertise, knowledge (Byrne 2005) and perceived risk (Diacon and Ennew 2001) play important roles in this pre-purchase phase.

In the pre-purchase stage, a need arousal triggers consumers to start searching for information and evaluate alternatives before they make a purchase decision. There are various sources that could trigger needs: the unconscious mind (e.g., impulse buying), internal conditions (e.g., hunger) or external sources (e.g., marketing mix), to name a few. Consumers can engage in impulse buying or ‘unplanned behaviour’. Impulse buying occurs less frequently in services than in goods due to the higher perceived risk and variability associated with services (Murray and Schlacter 1990; Sharma, Sivakumaran and Marshall 2009). However, service research has neglected the role of impulse buying although it is an important phenomenon extensively studied in the goods context (Kacen and Lee 2002; Mattila and Wirtz 2008). As such, the information search process described in the next section focuses on conscious consumer decision-making processes.

According to the notion of planned purchase behaviour, once consumers recognize a need or problem they are motivated to search for solutions to satisfy that need or resolve that problem (Figure 7.2). The information obtained in the pre-purchase stage



Source: Tsiotsou and Wirtz, 2012.

Figure 7.2 The pre-purchase process of consumers in services

has a significant impact on consumers' purchase decisions (Alba and Hutchinson 2000; Konus, Verhoef and Neslin 2008; Mattila and Wirtz 2002).

Information search

Consumer information search in services is more extensive than in goods (Alba and Hutchinson 2000; Mattila and Wirtz 2002) due to the uncertainty and perceived risk associated with a purchase decision. Both uncertainty and perceived risk are considered to be higher in services due to their intangible nature and variability (Bansal and Voyer 2000; Murray and Schlacter 1990) and because of the high degree of price uncertainty due to service firms' revenue management strategies (Kimes and Wirtz 2003; Wirtz and Kimes 2007).

Because of the above, service consumers typically do not limit themselves to a single source of information, but employ multiple sources of information depending on their orientation (multichannel orientation), their tendency to innovate and the perceived pleasure of the shopping experience. They search for information from multiple sources to explore and evaluate alternative service offerings, develop performance expectations of offers in the consideration set, save money and reduce risk (Konus, Verhoef and Neslin 2008).

In addition, service consumers acquire information not only from multiple sources but from different types of sources. Thus, they seek information from trusted and respected personal sources such as family, friends and peers; they use the Internet to compare service offerings and search for independent reviews and ratings; they rely on firms with a good reputation; they look for guarantees and warranties; they visit service facilities or try aspects of the service before purchasing; they examine tangible cues and other physical evidence and ask knowledgeable employees about competing services (Boshoff 2002; Lovelock and Wirtz 2011, pp. 41–42; Zeithaml and Bitner 2003).

In general, consumers not only exhibit a greater propensity to search for more information, but they also tend to explore more personal sources of information such as friends, family and co-workers (Bansal and Voyer 2000; Murray and Schlacter 1990; Wirtz et al. 2012; Xiao, Tang and Wirtz 2011). Consumers use these personal sources of information because they trust them more than any other source. For example, recent research evidence supports that family is a predominantly trustworthy source of information, considered more reliable than professional advisors (e.g., accountants or financial planners) when buying retirement services (Rickwood and White 2009). Moreover, consumer expertise, perceived risk and perceived acquaintances' expertise contribute to the active search for word of mouth (Alba and Hutchinson 2000; Mattila and Wirtz 2002). Thus, word of mouth as a source of consumer information has become a more important and influential concept within services than in the goods context due to their intangibility and higher perceived risk (Bansal and Voyer 2000; Murray and Schlacter 1990).

The Internet constitutes another source of information, although consumers' online behaviour differs in terms of the amount of search time spent on goods versus services websites. A study conducted in an online retailing context found that the average time consumers spent searching on the Web was 9.17 minutes on automotive sites, 9.26 minutes on telecom/Internet sites, 10.44 minutes on travel sites and 25.08 minutes on financial sites (Bhatnagar and Ghose 2004). Demographic characteristics, such as gender, education, age and Internet experience, influence the time consumers spend

searching for information (Bhatnagar and Ghose 2004; Ratchford, Lee and Talukdar 2003). The more time consumers devote to searching for information via the Internet and the more often they do so, the more such online gathered information influences the purchase decision (Bhatnagar and Ghose 2004).

In order to assist consumers in their search, online services have developed electronic recommendation agents, also known as 'smart agents', as an element of their services (Aksoy et al. 2006; Diehl, Kornish and Lynch 2003; Haubl and Murray 2003; Haubl and Trifts 2000). Through the use of recommendation agents and avatars as an entertainment and informational tool, online services aim to fulfil consumers' desire for a more interpersonal shopping experience (Holzwarth, Janiszewski and Neumann 2006). Electronic recommendation agents provide consumers with information about products and their attributes after searching for a large amount of data using consumer-specified selection criteria in order to assist them in their purchase decisions (Aksoy et al. 2006; Diehl, Kornish and Lynch 2003). Research findings support that this practice can lead to desirable outcomes. For example, avatars or virtual salespeople acting as sales agents have been found to increase purchase intentions, enhance positive attitudes toward products and increase consumer satisfaction with products (Holzwarth, Janiszewski and Neumann 2006). Moreover, electronic recommendation agents can reduce the prices paid by consumers (Diehl, Kornish and Lynch 2003) and improve the quality of their decisions (Ariely, Lynch and Aparicio 2004; Haubl and Trifts 2000). However, to be effective, recommendation agents' attribute weightings and decision strategies need to be congruent with those of their target consumers to achieve high-quality purchase decisions, reduced search time and increased website loyalty and satisfaction (Aksoy et al. 2006).

Evaluation of alternative service offers

During the search process, consumers form their consideration set, learn about the service attributes they should consider and form expectations of how firms in the consideration set perform on those attributes (Lovelock and Wirtz 2011, p. 42). Multi-attribute models have been widely used to simulate consumer decision making. According to these models, consumers use service attributes (e.g., quality, price and convenience) that are important to them to evaluate and compare alternative offerings of firms in their consideration set. Each attribute is weighted according to its importance.

An example of a multi-attribute model applied to restaurant services is presented in Table 7.1. To make a purchase decision, consumers might use either the very simple linear compensatory rule (in which case the consumer would choose 'New Restaurant' in the example in Table 7.1) or the more complex, but also more realistic, conjunctive rule (e.g., if price should have a minimum rating of '8', then 'Current Restaurant' would be chosen). Consumers using the same information can ultimately choose different alternatives if they use different decision rules.

Multi-attribute models are based on the assumption that consumers can evaluate all important attributes before making a purchase decision. However, this is often not the case in services because some attributes are more difficult to evaluate than others. According to Zeithaml (1981), there are three types of attributes: search attributes, experience attributes and credence attributes. *Search attributes* refer to tangible characteristics consumers can evaluate before purchase (Paswan et al. 2004; Wright and Lynch

Table 7.1 *Application of a multi-attribute model to restaurant services*

SERVICE ATTRIBUTES	Current Restaurant	'Mom's' Restaurant	New Restaurant	Importance Weight
Quality of Food	8	9	10	30%
Convenience of Location	8	10	9	25%
Price	8	7	6	20%
Opening Hours	9	8	9	5%
Friendliness of Staff	8	9	9	15%
Restaurant Design	6	9	10	5%
MEAN SCORE	7.8	8.7	8.8	100%

Note: A high performance score on price means a low (i.e., attractive) price from the consumer's perspective.

1995). These attributes (e.g., price, brand name, transaction costs) help consumers to better understand and evaluate a service before making a purchase and therefore reduce the sense of uncertainty or risk associated with a purchase decision (Paswan et al. 2004). *Experience attributes*, on the other hand, cannot be reliably evaluated before purchase (Galetzka, Verhoeven and Pruyn 2006). Consumers must 'experience' the service before they can assess attributes like reliability, ease of use and consumer support. *Credence attributes* are characteristics that consumers find hard to evaluate even after making a purchase and consuming the service (Darby and Karni 1973). This can be due to a lack of technical experience or means to make a reliable evaluation, or because a claim can be verified only a long time after consumption, if at all (Galetzka, Verhoeven and Pruyn 2006). Here, the consumer is forced to believe or trust that certain tasks have been performed at the promised level of quality. Because most services tend to be ranked highly on experience and credence attributes, consumers find them more difficult to evaluate before making a purchase (Mattila and Wirtz 2002; Zeithaml 1981).

After consumers have evaluated the possible alternatives, they are ready to make a decision and move on to the service encounter stage. This next step may take place immediately, or may involve an advance reservation or membership subscription.

The Service Encounter Stage

The service encounter stage involves consumer interactions with the service firm. In this stage, consumers co-create experiences and value, and co-produce a service while evaluating the service experience.

Nowadays, customers are empowered and engaged in the service delivery process. *Consumer engagement* has recently attracted research attention in the branding and services literature (Brodie et al. 2011). Consumer engagement has been considered the emotional tie that binds the consumer to the service provider (Goldsmith 2011) and can be used as a proxy for the strength of a firm's consumer relationships based on both emotional and rational bonds consumers have developed with a brand (McEwen 2004). Bowden (2009) supports the view that engagement is a construct particularly applicable to services because services usually involve a certain degree of interactivity such as that

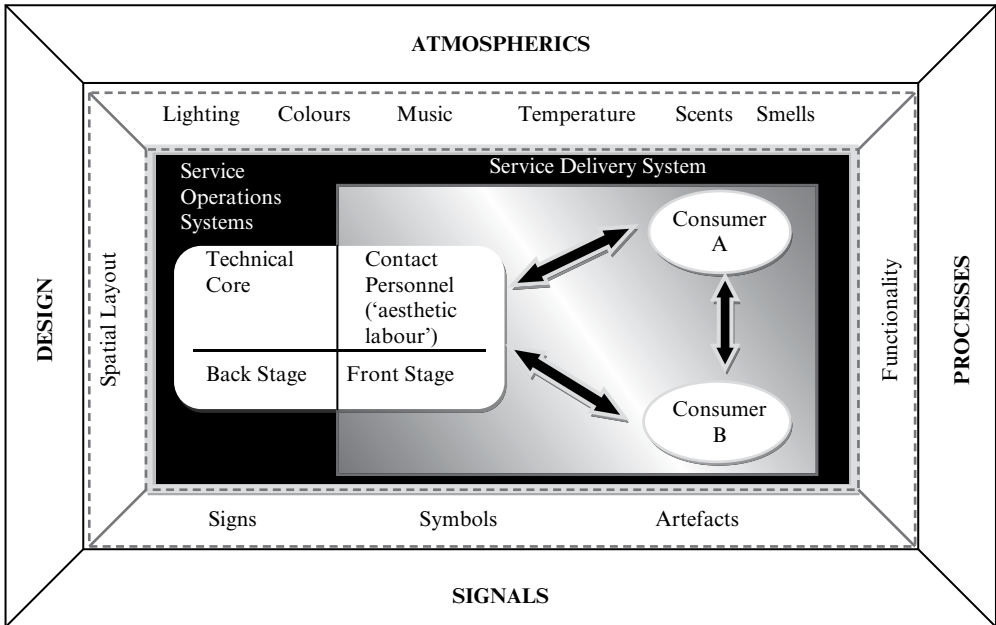
seen between consumers and frontline personnel, and therefore implies a reciprocal relationship. Engagement might include feelings of confidence, integrity, pride and passion in a firm/brand (McEwen 2004). In addition to these affective elements, consumer engagement with service brands has been considered a behavioural manifestation toward a brand or firm that goes beyond a purchase and includes positive word of mouth, recommendations, helping other consumers, blogging, writing reviews and even engaging in legal action (van Doorn et al. 2010). Recent works recognize that consumer engagement involves cognitive (e.g., absorption), emotional (e.g., dedication) and behavioural (e.g., vigour and interaction) elements (Brodie et al. 2011; Patterson, Yu and de Ruyter 2006). Brodie et al. (2011, p.260) define customer engagement as 'a psychological state that occurs by virtue of interactive, cocreative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships'. Thus, service encounters could provide the context in which customers can create, express and enhance their engagement (positive or negative) with a service firm.

However, in order for customers to become engaged in the co-production of a service or in co-creation of value during the service encounter stage, they have to be motivated, and must have the ability and knowledge to provide and integrate various resources (e.g., information, effort and time) (Schneider and Bowen 1995; Lusch and Vargo 2006). According to the service-dominant logic, all social and economic actors are resource integrators (Vargo 2008) who co-create value. Co-creation of value could be distinguished into co-creation for use (for the benefit of the customer) and co-creation for others (for the benefit of other customers) (Humphreys and Grayson 2008). In contact, research has shown that consumers of health care services could not only provide information but also ideas for new service development during the service encounter stage (Elg et al. 2012).

Service encounters are complex processes where consumer interactions and surrounding environmental factors form consumers' expectations (Coye 2004), satisfaction, loyalty, repurchase intentions and word-of-mouth behaviour (Bitner, Brown and Meuter 2000). The service encounter is generally considered a service delivery process, often involving a sequence of related events occurring at different points in time. When consumers visit the service delivery facility, they enter a service 'factory' (e.g., a motel is a lodging factory and a hospital is a health treatment factory) (Noone and Mattila 2009). However, service providers focus on 'processing' people rather than the inanimate objects found in traditional goods factories. Consumers are exposed to many physical clues about the firm during the service delivery process. These include the exterior and interior of its buildings, equipment and furnishings, as well as the appearance and behaviour of service personnel and other customers. The performance along these dimensions constitutes a significant predictor of consumer satisfaction (Verhoef, Antonides and de Hoog 2004).

An integrative model of service encounters

The proposed service encounter model is an integration of the servuction (combining the terms 'service' and 'production') model and the servicescape/environmental model (Figure 7.3). The servuction model focuses on the various types of interactions that take place in a service encounter and together create the consumer's service experience. The servuction system consists of a technical core invisible to the customer and the service



Source: Tsiotsou and Wirtz (2012).

Figure 7.3 *An integrative model of service encounters*

delivery system visible to and experienced by the consumer (Eiglier and Langeard 1977; Langeard et al. 1981). As in the theatre, the visible components can be termed ‘front stage’ or ‘front office’, while the invisible components can be termed ‘back stage’ or ‘back office’ (Chase 1978; Grove, Fisk and John 2000).

The servuction system includes all the interactions that together make up a typical consumer experience in a high-contact service. Consumers interact with the service environment, service employees and even other consumers present during the service encounter. Each type of interaction can either create value (e.g., a pleasant environment, friendly and competent employees, other consumers who are interesting to observe) or destroy value (e.g., another consumer blocking your view in a movie theatre). Firms have to coordinate all interactions to ensure their consumers have the service experience for which they came.

Servicescapes

The Servicescape perspective considers all the experiential elements consumers encounter in a service context. The physical service environment consumers experience plays a significant role in shaping the service experience and enhancing (or undermining) consumer satisfaction, especially in high-contact people-processing services. Service environments, also called servicescapes, relate to the style and appearance of the physical surroundings and other experiential elements encountered by consumers at service delivery sites (Bitner 1992).

According to Lovelock and Wirtz (2011, p.255), servicescapes serve four purposes: (1) they engineer the consumer experience and shape consumer behaviour; (2) they convey the planned image of the firm and support its positioning and differentiation strategy; (3) they are part of the value proposition; and (4) they facilitate the service encounter and enhance both service quality and productivity.

Bitner (1992) identified several dimensions of service environments, including ambient conditions, spatial layout/functionality, and signs, symbols and artefacts. *Ambient conditions* refer to environmental characteristics that pertain to the five senses. Ambient conditions are perceived both separately and holistically and include lighting and colour schemes, size and shape perceptions, sounds such as noise and music, temperature, and scents or smells. *Spatial layout* refers to environmental design and includes the floor plan, the size and shape of furnishings, counters, and potential machinery and equipment, and the ways in which they are arranged. *Functionality* refers to the ability of such items to facilitate the performance of service transactions and, therefore, the *process* of delivering the core service. Spatial layout and functionality create the visual and functional servicescape in which delivery and consumption take place. *Signs, symbols and artefacts* communicate the firm's image, help consumers find their way and convey the service script (the scenario consumers and employees should enact). Signals are aimed at guiding consumers clearly through the service delivery process and teaching the service script in an intuitive manner. Because individuals tend to perceive these dimensions holistically, the key to effective design is how well each individual dimension fits together with everything else (Bitner 1992).

Building on Bitner's (1992) servicescape model and theoretical perspectives on behavioural settings, approach-avoidance models and social facilitation theory, Tombs and McColl-Kennedy (2003) propose the social-servicescape model to conceptualize human elements and provide an account of how they influence consumption experiences. The social-servicescape model recognizes three separate aspects of the overall service experience: elements of the social-servicescape (including the purchase occasion as context and social interaction aspects), consumers' affective responses and consumers' cognitive responses. The social-servicescape model explains the influence of social interaction on consumer affect through social density, the displayed emotions of others, the susceptibility of the consumer to emotional contagion, and consumer awareness of the emotions of others (Tombs and McColl-Kennedy 2003).

In order to assist customers in satisfying their social and physical motives, service firms design servicescapes that create a communal atmosphere and facilitate personalization and ownership. However, often customers exhibit territorial behaviour, which has both positive and negative outcomes. On the one hand, territorial behaviour exhibited by regular customers such as occupying a whole table in a cafe or smoking in a restaurant is an indication of customer comfort and relaxation which might increase their loyalty. On the other hand, such behaviours might affect negatively the service operations as well as other customers' service experience. A recent study by Griffiths and Gilly (2012) has shown that certain servicescape designs encourage approach and territorial behaviours, which in turn positively affect territorial customers' loyalty, and avoidance behaviour by other customers.

Service scripts

Service scripts could assist in all interactions that take place within a service encounter by specifying the behavioural sequences employees and consumers are expected to learn and follow during the service delivery process. Employees receive formal training (cf., Grandey et al. 2010), whereas consumers learn scripts through experience, observation, communication with others, and designed communications and education (Harris, Harris and Baron 2003). 'Customers are not only capable of detecting the presence or absence of a script but can also detect the degree of scripting' (Victorino et al. 2012, p. 397). Moreover, customers' capability to recognize the script of a service encounter does not differ between standardized and customized services (Victorino et al. 2012). The more experience a consumer has with a service company, the more familiar that particular script becomes. Any deviation from this known script may frustrate both consumers and employees and can lead to dissatisfaction. If a company decides to change a service script (e.g., by using technology to transform a high-contact service into a low-contact one), service personnel and consumers need to be educated about the new approach and the benefits it provides. In addition, unwillingness to learn a new script can give customers a reason not to switch to a competing service provider.

Many service dramas are tightly scripted (such as flight attendants' scripts for economy class), thus reducing variability and ensuring uniform quality. However, not all services involve tightly scripted performances. Scripts tend to be more flexible for providers of highly customized services – designers, educators, consultants – and may vary by situation and by consumer.

The remainder of this section on the service encounter presents low-contact service encounters and specifically voice-to-voice encounters and self-service encounters.

Low-contact service encounters

Low-contact services involve little, if any, physical contact between consumers and service providers. Instead, contact takes place at arm's length through electronic or physical distribution channels. In practice, many high-contact and medium-contact services are becoming low-contact services as part of a fast-growing trend whereby convenience plays an increasingly important role in consumer choice (Lovelock and Wirtz 2011). Voice-to-voice and self-service encounters have become increasingly common and have recently attracted research interest.

Voice-to-voice encounters Voice-to-voice encounters have, until recently, been an under-investigated topic in the service literature. Service encounters with a telephone-based customer service representative are often moments of truth that influence consumers' perceptions of a firm. Voice-to-voice encounters can be important because the telephone is frequently the initial contact medium for the consumer (e.g., price checking) with a firm (Unzicker 1999), they can lead to purchase or non-purchase decisions, they are increasingly used as the platform through which transactions are conducted (e.g., making a booking or placing an order), and are used as a channel for after-sales service and service recovery processes (Whiting and Donthu 2006).

Voice-to-voice encounters play a significant role in developing, sustaining and managing consumer relationships (Anton 2000) and enhancing satisfaction (Feinberg et al. 2002). Customers expect that employees responding to their calls will exhibit 'adaptive-

ness', 'assurance', 'empathy' and 'authority'. That is, it is expected that the call centre representative will adjust his or her behaviour to the customer, provide clear information to the customer about the procedures, will empathise with the customer's emotions/situation, and has the authority to solve problems and answer questions (Burgers et al. 2000). Voice-to-voice encounters typically involve waiting time, music and information. Music and information have become two common tools firms use to keep consumers occupied while they wait and thereby reduce their perceptions of waiting time. However, recent research has shown that it is only when the customer likes the music that it reduces the perceived waiting time and increases satisfaction (Whiting and Donthu 2006).

Self-service encounters Self-service technology-enabled encounters allow for the production and consumption of services without relying on service personnel (e.g., automated teller machines, self-scanning checkouts and Internet banking). Self-service technologies (SSTs) allow consumers to 'produce a service independent of direct service employee involvement' (Curran, Meuter and Surprenant 2003, p. 209). For consumers, SSTs often require the co-production of services, increased cognitive involvement and new forms of service behaviour, while they can offer greater customization and more satisfying experiences (Meuter et al. 2000; Prahalad and Ramaswamy 2004). However, self-service encounters not only benefit consumers but also frequently benefit service providers by providing them with direct and immediate feedback from their consumers (Voorhees and Brady 2005), so improving service design, developing consumer loyalty (Voss et al. 2004) and reducing costs (Heracleous and Wirtz 2006).

Research on the application of SSTs has focused on factors that either facilitate or inhibit their adoption and usage by customers. Perceived usefulness, ease of use, reliability and fun have been identified as key drivers of consumer attitudes toward SSTs (Weijters et al. 2007). Dabholkar, Bobbit and Lee (2003) consider self-scanning checkouts in retail stores and find that control, reliability, ease of use and enjoyment are important usage determinants of this kind of SST. Consumer characteristics such as a lack of confidence, anxiety, technology-related attitudes and self-efficacy might inhibit the use of SSTs and successful co-production, especially in complex services (Boyle, Clark and Burns 2006; Dabholkar and Bagozzi 2002; Meuter et al. 2000).

Consumers are often dissatisfied with SSTs if they deliver poor service (Meuter et al. 2000) or the technology fails (Holloway and Beatty 2003; Meuter et al. 2000), and if they cause frustration they might engender poor service delivery and technological failure (Harris et al. 2006). Due to these reasons and because SSTs might deter consumers from voicing their complaints (Forbes, Kelley and Hoffman 2005), consumers might avoid engaging in SST-enabled encounters (Bitner, Ostrom and Meuter 2002) and even switch service providers (Forbes, Kelley and Hoffman 2005). SST-enabled service encounters also reduce the opportunity for service providers to get in touch with consumers, determine their emotional state (Freidman and Currall 2003) and detect service failures (Pujari 2004). This research shows that SSTs have enormous potential but need to be designed with great care and attention to consumer needs and behaviours.

The Post-encounter Stage

The last stage of service consumption is the post-encounter stage and involves consumers' behavioural and attitudinal responses to the service experience. Consumer satisfaction and perceived service quality have dominated the research agenda at this stage of the service consumption process due to their association with business performance (Brady and Robertson 2001). However, consumers who are satisfied and have high perceptions of service quality do not necessarily return to the same service provider or buy their services again (cf., Keiningham and Vavra 2001). As a result, there has recently been a shift in the consumer research agenda toward other important post-purchase outcomes, such as perceived service value, consumer delight, consumer reactions to service failures (e.g., complaining and switching behaviour) and consumer responses to service recovery.

Customer satisfaction with services

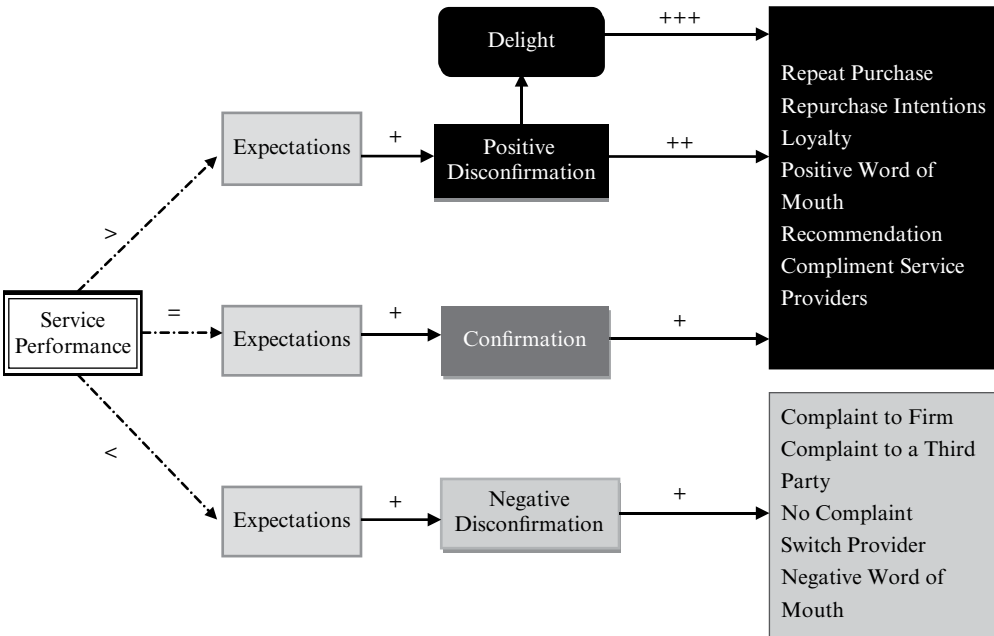
Consumer satisfaction with services has been explained by several conceptual models such as the expectancy–disconfirmation paradigm (Oliver 1980) and the perceived performance model (Churchill and Surprenant 1982), as well as attribution models (Folkes 1984), affective models (Mattila and Wirtz 2000; Westbrook 1987; Wirtz and Bateson 1999) and equity models (Oliver and DeSarbo 1988).

The following section describes two prevailing approaches – the expectancy–disconfirmation paradigm and the attribution model of satisfaction – and reviews current research supporting these approaches.

The expectancy–disconfirmation paradigm Most customer satisfaction research is based on the expectancy–disconfirmation model of satisfaction (Oliver 1980), where confirmation or disconfirmation of consumers' expectations is the key determinant of satisfaction (Oliver 1980; Wirtz and Mattila 2001). According to the expectancy–disconfirmation paradigm, consumers evaluate the service performance they have experienced and compare it with their prior expectations (Figure 7.4).

Consumers will be reasonably satisfied as long as perceived performance falls within the zone of tolerance, that is, above the adequate service level. When performance perceptions approach or exceed desired levels, consumers will be very pleased. Consumers with such perceptions are more likely to make repeat purchases, remain loyal to the service provider and spread positive word of mouth (Liang, Wang and Farquhar 2009; Wirtz and Chew 2002). Thus, satisfaction is related to important post-purchase attitudes and behaviours such as consumer loyalty (Vazquez-Carrasco and Foxall 2006; Yang and Peterson 2004), frequency of service use (Bolton and Lemon 1999), repurchase intentions (Cronin, Brady and Hult 2000), service recommendations to acquaintances (Zeithaml, Berry and Parasuraman 1996) and compliments to service providers (Goetzinger, Park and Widdows 2006).

When service performance is well above the expected level, consumers might be delighted. Consumer delight is a function of three components: (1) unexpectedly high levels of performance; (2) arousal (e.g., surprise, excitement); and (3) positive affect (e.g., pleasure, joy or happiness) (Oliver, Rust and Varki 1997). Consumer delight is distinct from consumer satisfaction and has its own responses to a service experience. Consumer delight has a threshold above which each increase has a greater impact on behavioural



Source: Tsiotso and Wirtz (2012).

Figure 7.4 Consumer satisfaction (expectancy/disconfirmation) and its outcomes in services

intentions (Finn 2012). However, delight might not always act in favour of the service firm, because it raises consumers’ expectations (Santos and Boote 2003). This can lead to consumers becoming dissatisfied if service levels return to the previously lower levels, and it will probably take more effort to delight them in the future (Rust and Oliver 2000). Some firms are therefore strategically focusing delighting customers on soft factors (e.g., personalization) rather than hard process factors (e.g., give a free birthday cake on a customer’s birthday). The latter creates hard expectations – the birthday cake soon becomes ‘as expected’ and loses its power to delight. For the former, customers are less likely to develop hard and raised expectations and customers can continuously be wowed by the firm’s excellent service delivery (Heracleous and Wirtz 2010).

The expectancy–disconfirmation framework generally works well when consumers have sufficient information and experience to purposefully choose a service from the consideration set expected to best meet their needs and wants (Wirtz and Mattila 2001). However, this may not always be the case for services. For example, the expectancy–disconfirmation model seems to work very well for services with search and experience attributes, but less so for those with credence attributes. Consumers cannot assess the latter type of attributes directly and rely on tangible cues and expectations to form their views on satisfaction. If no tangible evidence contradicts their expectations, customers tend to evaluate credence attributes as meeting their expectations and will be satisfied (Wirtz and Mattila 2001).

The attribute-based approach to satisfaction Attribute-based perspectives are frequently used for explaining consumer satisfaction because they complement the multi-attribute choice models and expectancy–disconfirmation paradigm (Busacca and Padula 2005; Kano et al. 1984; Mittal and Kamakura 2001; Oliver 2000, p. 247). Based on the study of Weiner (2000), Oliver (2009, pp. 302–303) proposed that expectancy–disconfirmation precedes attribute evaluations, which in turn affect consumer satisfaction. Recent empirical evidence supports the significance of service attributes in influencing overall satisfaction (Akhter 2010; Mittal, Kumar and Tsiros 1999). The attribute-based approach argues that both cognitive (expectations) and affective (desires-motives associated with personal objectives) elements should be considered when examining the consumer satisfaction formation process (Bassi and Guido 2006; Oliver 2000, p. 250; Wirtz and Bateson 1999). Moreover, the affective component of satisfaction is expected to be greater in services than in goods due to the interactive and experiential nature of the former (Oliver 2000, p. 252).

Multi-attribute models provide several benefits to theory and practice in understanding the satisfaction formation process. Focusing on service attributes: (a) is useful for identifying the specific attributes which act as antecedents of customer satisfaction (Mittal, Kumar and Tsiros 1999); (b) facilitates the conceptualization of commonly observed phenomena such as mixed feelings toward a service (consumers are satisfied with certain attributes and dissatisfied with others) (Mittal, Ross and Baldasare 1998); (c) allows customers to render evaluations of their post-purchase experiences at an attribute level rather than only at the product level (Gardial et al. 1994); and (d) helps firms identify and manage attributes that have a strong impact on satisfaction and dissatisfaction (Mittal, Ross and Baldasare 1998).

The attribute-based approach considers the evaluation of different attributes of a service as an antecedent of overall satisfaction (Oliver 1993). Singh (1991) supports that there is sufficient and compelling evidence to suggest consumer satisfaction can be considered a collection of multiple satisfactions with various attributes of the service experience. Satisfaction with service attributes thus results from the observation of attribute-specific performance and strongly influences consumers' overall satisfaction (Oliver 1993).

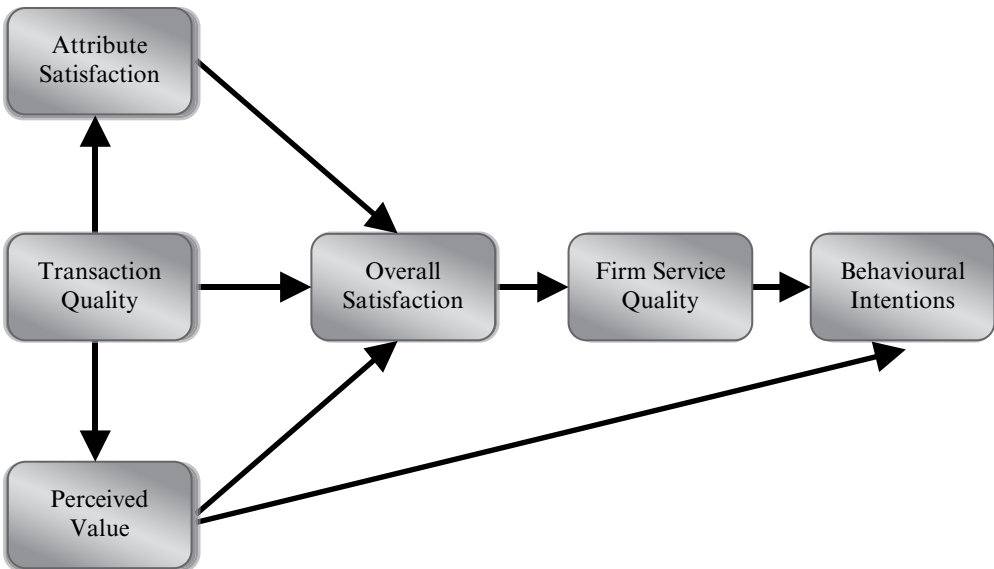
Although these satisfaction approaches offer a framework with which to examine and understand consumer behaviour, they encourage the adoption of a 'zero defects' service paradigm (Bowden 2009). In other words, in their effort to maximize satisfaction, these models treat all consumers within the consumer base as homogeneous. For example, they regard newly acquired consumers as the same as loyal consumers, although the two groups might differ in the importance they place on each attribute (Mittal and Kamakura 2001). Furthermore, service consumers cannot always freely choose the service that best fits their needs, wants and desires. Services are time and location specific, both of which restrict consumer choice, and consumers are frequently locked into a specific provider. For example, in situations where switching costs are high, needs congruency would be a better comparison standard for modelling satisfaction than would expectations (Wirtz and Mattila 2001). Consumers use multiple standards in the satisfaction process (e.g., expectations as well as needs), and because needs-congruence explains satisfaction better than do expectations, it should be incorporated into the modelling of satisfaction in reduced consumer choice situations.

Due to the above deficiencies in existing perspectives modelling satisfaction, we propose an integrative model that combines the abovementioned perspectives to provide a more comprehensive framework for explaining the formation of service satisfaction and its outcomes.

AN INTEGRATIVE MODEL OF SERVICE SATISFACTION AND BEHAVIOURAL INTENTIONS

Our model supports that when consumers use a service, they rate its transaction quality (e.g., the quality of food, the friendliness of the server and the ambiance of a restaurant), which when combined with the satisfaction derived from key attributes (i.e., attribute satisfaction) and the perceived value of the specific transaction then lead to a judgment of the level of overall satisfaction with a particular service experience. Over time and over many satisfaction judgements, customers then form a belief about the overall service quality a firm offers. This in turn influences behavioural intentions (e.g., purchase intentions, remaining loyal to the firm and positive word of mouth) (see Figure 7.5).

Using the general living systems theory, Mittal, Kumar and Tsiros (1999) propose that a consumption system consists of attribute-level evaluations, satisfaction and behavioural intentions, and several subsystems. Their study shows that evaluations of a number of attributes lead to an overall level of satisfaction, which in turn influences customers' behavioural intentions. A service encounter is a multi-attribute experience



Source: Tsiotsou and Wirtz (2012).

Figure 7.5 Consumer satisfaction (expectancy/disconfirmation) and its outcomes in services

comprising satisfaction with service attributes, such as the provider, the offering, the location, information and facilitation, which together form overall satisfaction (Akhter 2010). Overall satisfaction reflects the level of satisfaction with the overall service experience, and is a global evaluation of a specific service consumption experience.

The attribute-based model has also been used in an online context to explain the link between SST attributes and quality satisfaction. Efficiency, ease of use, performance, perceived control and convenience have been identified as the main Internet-based self-service technology (ISST) attributes determining consumer satisfaction with service quality (Yen 2005). Thus, consumer satisfaction with ISST is not only a function of the benefits associated with its usage (e.g., convenience) and the attributes related to reduced barriers to use (e.g., ease of use), but also of its ability to perform the expected functions properly.

However, the relationship between attribute-level performance and overall satisfaction is more complex than it may seem. Evidence has shown that there is a nonlinear and asymmetric relationship between service attribute importance and attribute-level performance evaluations, a relationship that can be unstable over time (Busacca and Padula 2005; Kano et al. 1984; Mittal and Kamakura 2001). Research on consumer delight suggests that there is a nonlinear relationship in attribute-based judgements, probably due to the role affect plays in consumer satisfaction judgements as opposed to the weighting or importance consumers assign to a particular attribute only (Bowden 2009). Moreover, the phenomenon of 'fundamental attribution error' has been observed in the literature (Oliver 2000, p. 252). According to this 'error', negative attribute performance has a greater effect on overall satisfaction than does positive attribute performance (Mittal, Ross and Baldasare 1998). Furthermore, research shows that attribute weights do not remain stable but change over time due to modified consumer goals (Mittal, Kumar and Tsiros 1999). One possible explanation for these findings might be found in the dimensions of attributions proposed by Weiner (2000) and adopted in the marketing field by Oliver (2010, pp. 295–296). The locus of causality (internal-self vs. external-others), the stability of service attribute performance (stable vs. variable) and the degree to which an attribute is under the control of the service provider might influence the relationship between attribute satisfaction and overall satisfaction.

Furthermore, it has been shown that the halo effect can threaten the interpretability of such attribute-specific satisfaction data. For example, a long waiting time not only lowers the attribute rating of speed of service, but research has shown that all other attribute ratings are likely to be reduced as well (Wirtz and Bateson 1995). Halo is particularly acute in satisfaction measurement of services with a high degree of ambiguous and credence attributes (Wirtz 2003).

Finally, factors other than attribute-level evaluations might also influence the formation of consumer satisfaction. Spreng, MacKenzie and Olshavsky (1996, p. 17) stated that 'attribute-specific satisfaction is not the only antecedent of overall satisfaction, which is based on the overall experience, not just the individual attributes'. Lages and Fernandes (2005) suggest that any evaluation of a service provider is made at four abstract levels of a hierarchy, comprising simple attributes of the service offering, transactional service quality, value and more complex personal values. The present model proposes that, in addition to attribute satisfaction, transaction quality and service values are further antecedents of overall satisfaction with services.

The Role of Service Quality and Service Value

Before further proceeding to explain the model in Figure 7.5, it is necessary to distinguish between the transaction-specific and service-related aspects of service quality. Transaction-specific quality refers to consumers' perceptions of a specific service encounter experience, whereas a firm's service quality reflects evaluations of quality based on cumulative experience that are developed over time. Inconsistencies in the literature regarding the role of service quality in relation to satisfaction and purchase intentions can be attributed to interchangeable use of the above types of service quality, which are often not distinguished from each other. We thus posit that transaction quality precedes overall consumer satisfaction, which in turn influences the formation of perceptions of a product's or firm's overall service quality.

At a transaction level, it has been proposed that perceptions of the quality of service attributes are antecedents of satisfaction with the service experience (Otto and Ritchie 1995). Wilson et al. (2008, pp. 78–79) have proposed that satisfaction results from service quality evaluations (in addition to product quality and price) that mirror consumers' perceptions of its five dimensions: reliability, responsiveness, assurance, empathy and tangibles. It should be noted here that the early service literature considered these dimensions to be components of the perceived service quality of the firm (Boulding et al. 1993) and not as transaction specific. Brady and Cronin (2001) proposed that service quality is a multifaceted concept comprising three dimensions and nine sub-dimensions (in parentheses): interaction quality (attitudes, behaviour and expertise), physical environment quality (ambient conditions, design and social factors) and outcome quality (waiting time, tangibles and valence). Consumers evaluate service quality based on these three dimensions assessed via each of their three corresponding sub-dimensions. Additional empirical evidence has also demonstrated that the quality of the service delivery personnel (Johnson and Zinkham 1991) and physical environment (Bitner 1992) attributes have an impact on satisfaction with the service experience.

Another construct gaining increasing research attention is service value. Service value is the 'utility of a product based on perceptions of what is received and what is given' (Zeithaml 1988, p. 14). Empirical evidence shows that transaction service quality is a significant determinant of service value (Cronin, Brady and Hult 2000; Hu, Kandampully and Juwaheer 2009). Perceived service value is considered highly personal, idiosyncratic and variable among consumers (Holbrook 1994). It also seems reasonable to suggest that consumers evaluate transaction-specific attributes first before evaluating the service value of the service encounter experience. Transaction quality-related attributes may therefore represent most of the positive benefit drivers of consumer service value (Hu, Kandampully and Juwaheer 2009). Moreover, service value has been shown to have a direct effect on both consumer satisfaction with the service experience (Cronin, Brady and Hult 2000; Hu, Kandampully and Juwaheer 2009; Lin, Sher and Shih 2005; Varki and Colgate 2001) and behavioural intentions (Cronin, Brady and Hult 2000; Hu, Kandampully and Juwaheer 2009).

Service quality at the firm level has been linked to consumers' behavioural intentions. Boulding et al. (1993) conducted two studies in a service context and found that consumers' perceptions of a firm's overall service quality will influence their behaviour intentions expressed as positive word of mouth and recommendation of the service. Perceptions of

a firm's overall service quality are relatively stable but will change over time in the same direction as transaction satisfaction ratings (Boulding et al. 1993; Palmer and O'Neill 2003). Consumers' repurchase intentions are influenced by their perceptions of overall service quality at the time of repurchase (i.e., consumers try to predict how good the next service transaction will be), and not by the individual transaction satisfaction formed immediately after a consumption experience (Boulding et al. 1993; Palmer and O'Neill 2003). For example, consumers might return to a hair stylist if they think the stylist is generally fantastic, even if they were unhappy the last time they went there because they believe the poor experience was an exception. However, a second or even third dissatisfaction evaluation will reduce the overall service quality perception of the firm more dramatically and jeopardize repeat purchases.

The strength of the relationship between satisfaction and consumers' behavioural intentions is often influenced, moderated or mediated by other factors. For example, consumers' adjusted expectations (Yi and La 2004) and characteristics such as personality traits (e.g., the need for social affiliation and relationship proneness) may act as mediators (Vazquez-Carrasco and Foxall 2006), whereas switching costs and consumer demographics (e.g., age and income) may act as moderators (Homburg and Giering 2001; Wirtz et al. 2014) in the relationship between satisfaction and behavioural outcomes.

DISCUSSION

Consumer behaviour in the services context has increasingly attracted research attention across all three stages of the consumption process. However, post-purchase behaviour seems to dominate consumer behaviour research in the services field, with the other two stages – the pre-purchase and service encounter stages – being under-investigated and requiring further research attention. Moreover, the consumer behaviour literature in services has gradually become delinked from the goods perspective and has moved on from merely adapting models developed in the goods literature and trying to apply and contrast them to a service context. New models and approaches (e.g., the servuction model, the servicescape/environmental approach and relationship marketing) have increasingly been developed from a service perspective.

In addition to presenting new developments in the consumer behaviour literature in services, this chapter also identifies several research gaps that warrant further attention. The first has emerged from the realization that the influence of the service environment on consumers' emotional reactions, evaluations and behaviour is more complicated than generally assumed. New research developments indicate that the effects of environmental elements depend on the service setting (e.g., private vs. public), the congruency between these elements, and consumers' individual characteristics. Research is needed to further clarify the complexities involved in the influence of the service environment, not only on consumers, but also on employees and the social interactions taking place in a servicescape.

The application of new technologies and their impact throughout the three stages of service consumption is another important area for further research. The growth of new technologies, ranging from smart-phone apps to biometrics, and their use in services are giving rise to questions about their acceptance. The Internet has brought about several

changes in consumer expectations, as well as true interactivity, consumer-specific, situational personalization, and the opportunity for real-time adjustments to a firm's offerings (Rust and Lemon 2001). One can expect the advent of smart phones and tablet computers (e.g., the iPhone and iPad) with their many applications being created by individual service firms (e.g., Singapore taxi firms have created applications to make booking taxis easier) to further revolutionize self-service applications.

Furthermore, the Internet has changed the role of consumers from being simply receivers of services to becoming actively involved in the production and delivery processes (Xue and Harker 2002). These new consumer roles and determinants of the co-creation of value in e-services need further examination. In an online context, e-service quality dominates the literature and is followed in importance by e-service value (Parasuraman, Zeithaml and Malhotra 2005; Santos 2003). However, all recent e-service quality and value models are based on traditional service models. Because consumer evaluations of e-services and mobile services differ from those of traditional offline services (Rust and Lemon 2001), there is a need to develop and test new models of e-service quality and value (Parasuraman, Zeithaml and Malhotra 2005).

The role of avatars in enhancing the consumer experience, increasing trust and loyalty and developing consumer relationships with service providers has not been investigated in much detail in the service literature. There is also limited research related to the use of recommendation agents and mobile services and their effect in improving the quality of consumer decisions (Haubl and Trifts 2000).

Finally, more research on consumer behaviour in a service context is needed to shed light on various aspects of the purchase decision process and the development of consumer–firm relationships. In sum, this chapter provides an overview of key developments in the consumer behaviour literature in the services field and highlights relevant issues warranting further research attention.

NOTE

1. This chapter is based on Lovelock and Wirtz (2011) and Tsiotso and Wirtz (2012). It is an adapted and updated version of these earlier publications.

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