A literature review on antecedents of customer satisfaction

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Abstract

With the decrease in value of money and increase in prices of product and services, customer's expectation with the offering have increased. Expectations are then compared with experience and outcome is satisfaction or dissatisfaction. Previous work related with customer satisfaction is done in almost every business type and location. This paper attempts to review the antecedents of satisfaction i.e. Quality of the product and services, features of product and services, trust upon the product and services, communication by the side of company, loyalty and profitability in the form of output of satisfaction. The result reveals strong relationship between factors and customer satisfaction.

Keywords: *Customer Satisfaction, Quality, Trust, Communication, Loyalty*

1.   Introduction

Customer satisfaction

Customer satisfaction refers to that state of customer when their prior feeling regarding a product or service is joined together with the feeling they get about the consumption experience (Oliver, 1981). This state of satisfaction leads to their repurchase intention (Liao, Palvia, & Chen, 2009) and customer loyalty (Eggert&Ulaga, 2002). If the customer has good experiences while using a product or service over a period of time, then he will have collective customer satisfaction. Customer satisfaction reveals the degree of a customer's positive feeling for a product or service, thus it is important for firm to understand the customer's vision as well. In other words a high level of customer satisfaction may have a positive impact on customer loyalty (Mittal, Ross, &Baldasare, 1998).

Customer satisfaction is customer's overall evaluation of the performance of an offering to date (Johnson and Fornell 1991). Customer satisfaction is the result of quality of product and service and price or payment equity on loyalty (Bolton and Lemon 1999; Fornell et al. 1996). Customer satisfaction is used for indicating future possible revenue (Hauser, Simester&Wernerfelt, 1994).Customer satisfaction is necessary base for the company to retain the existing customers (Guo, Xiao & Tang, 2009).Customer satisfaction is a psychological state that happens as a result of an assessment of a relational experience (Crosby et al., 1990). Researchers concluded that buyer-seller relationship is satisfaction (Smith and Barclay, 1997).Customer Satisfaction can be obtained as a result of what was expected earlier. If the supply of a firm is according to the expectations of customers, they would be found satisfied.

According to vavra's(1997) customer satisfaction describes satisfactionas final state of result which comes from the experience of consumption. Final state can be rational state of reward, concern of rewards, cost to the expected result or it can be an expressive reply to an experience.

2.   Antecedents of Customer Satisfaction

2.1   Quality

Quality of service is defined as differences in expectations and actual performance (Parasuraman et al., 1988).supremacy of the product can be judged by the quality of the product (Zeithaml, 1988). According to the previous research it is found that product quality has actual relations with the costs(Crosvy-1979), value (Cronin et. al, 1992), profitability (Rust et. al. 1993), customer satisfaction (Bolten, 1991), customer trust (Morgan and Hunt, 1994), customer retention, and loyalty (Reichheld et. al.-1990).

Quality is defined as confirmation to requirements, Parasuraman, Zeithaml claimed that the quality of services can be defined as the degree and direction of inconsistency between consumers observations and hopes. The definition of service quality is proposed by gronroos (1998) as service quality has functional, technical and economic constant dimensions. Parasuraman et al. (1991) claimed that conformity to expectation starts when we understand and identify customer expectation. Various authors has develop different models to explain service quality.

Customers always expect a high level of service quality, thus it is important for the firms to provide them with same to compete with other competitors (Bharati& Berg, 2005; Kemp, 2005; Yoo& Park, 2007). Service quality is also described as "the extent of discrepancy between the customers' expectations and perceptions" (Zeithaml et al. 1996). Service quality has sub-dimensions of reliability and responsiveness, which leads to customer satisfaction (Dabholkar, Shepherd, and Thorpe, 2000). Parasuraman, Zeithaml, and Berry (1988) say service quality includes five dimensions: reliability, tangibles, responsiveness, assurance, and empathy. Many other researchers confirmed the validity and reliability of these measures for perceived service quality (Cronin & Taylor, 1992; Soteriou& Chase, 1998).

On the basis of the previous researches three competing theories about the linkages of service quality and customer satisfaction come in front: satisfaction is an antecedent of service quality, service quality is the predictor of satisfaction, and the two constructs are interchangeable (Kassim& Abdullah, 2008). Service quality is the impression of the consumer regarding the efficiency of the service provider (Shin and Kim, 2008).

Several empirical studies confirmed that a higher level of service quality is related to a higher level of customer satisfaction (Brady & Robertson, 2001; Cronin, Brady, &Hult, 2000; Dabholkar et al., 2000; Yang, Wu, & Wang, 2009). The customer's perception of service quality is the main factor predicting customer satisfaction (Zeithaml et al. 1996).

2.2   Features of Product

Oliver (1996) stated that Satisfaction can be measured by the consumers' response and it was a judgment regarding features of product or services. Based on his theory customer purchase goods and services with pre buying expectation about expected performance and confirmation occurs when the outcome matches expectation and if expectation and outcome doesn't match dissatisfaction occurs. If performance of product and services are better than the expectation then positive dissatisfaction occurs and negative dissatisfaction occurswhen performance of product and services are less than expectation of customer.

2.3   Trust

Trust can be observed as trusting belief and intention (McKnight and Chervany (2002). Trusting belief is the customer's perceptions regarding the attributes of products or services including the ability, reliability, and goodwill of the firm, on the other hand trusting intention is the user's willingness or purpose to depend on the trustee. Trust is also viewed as a key element of the success of electronic commerce (Lee & Turban, 2001) and mobile commerce (Siau&Shen, 2003). In the context of usage, if customers perceive no risks or unexpected conditions that will weaken their purchase decision regarding the product and services from the seller's side, trust will be built. When a customer trusts a brand or a firm, he or she will expect to increase satisfaction and loyalty towards the vendor (Kassim& Abdullah, 2008). When the customer's feeling of faith is satisfaction with the firm, this level of satisfaction will be enhanced over time (Chiou&Droge, 2006). Earning customer trust is an important and core contributor towards customer loyalty.

When customers trust the product, service or a brand or service provider, they will continually be the user and even recommend them to others. Trust has received significant attention in organizational surroundings, the vast majority of empirical studies have examined main effects of the concept, with unpredictable results associated with the influence of trust on communication and information sharing (akin to advocacy behavior) (Dirks and Ferrin 2001).

Consumers or customers may not know about the outcome of their purchase. Thus, managing consumers' brand trust is important (Berry and Parasuraman, 1991; Chiou and Droge, 2006). Brand trust comes from the past experiences and prior interactions (Garbarino and Johnson, 1999), because it develops due to the result of an individual's experiential process of learning over time. Brand trust précises the knowledge and experiences of the consumer or customer with the brand. If a customer trusts the seller based on past experiences, he or she will almost certainly be satisfied with his/her purchase and as found in the research this consumer's trust have a direct influence on their post-purchase satisfaction.

2.4   Communication

Communication is found to be positively related to customer satisfaction (Mohr and Spekman 1994), trust (Anderson and Narus 1990), commitment (Palmatier et al. 2006), and co-production (Auh, Bell, McLeod, and Shih 2007). Communication seems to be the most universally positive originator in terms of strengthening initial levels of trust and commitment, as well as relating to positive growth rates in the future (Palmatier 2008). The quality of communication is to be focused by the firms as it has received support for being instrumental even in partnership success (Mohr and Spekman 1994; Bantham, Celuch , and Kasouf 2003). Communication is also defined as the customer's perception of the quality of the information received from the sellers regarding their products and services (Mohr and Spekman 1994).

2.5   Customer value

Customer value is considered a concept which includes heterogeneous components (Sweeny et al., 2001).Sheth. Customer's purchase choice is influenced by a multiple consumption value dimension, such as functional value which refers to the practical or technical benefits that users can obtain when using a product or service. Other than this customers do poses conditional value, social value, emotional value, and epistemic value. Different dimensions have different roles in the user's decision (Newman, and Gross, 1991). Emotional value means users' mental or psychological needs which can be satisfied by providing them better products and services.Social value is those benefits which users can feel when they are relating to others by using such products and services. Monetary value means how much the product or service is satisfactory while considering the cost, time or effort spent in usage. This factor is basically an economic factor and cannot be ignored.

2.6   Customer satisfaction andLoyalty

Brand loyalty is said to be a sincere commitment to rebuy or reuse a preferred product or service consistently in the future. It leads to repetitive purchase of the same-brand and also influences the switching behaviour of the customer (Oliver, 1999). Customer loyalty is the ultimate objective of customer satisfaction (Sivadass and Baker-Prewitt, 2000). Loyalty is a key determinant of a brand's long-term viability (Krishnamurthi& Raj, 1991).

Sastisfaction is used to describe loyalty as behavioural intents, i.e. repurchasing and recommending. Verhoef (2003) argues that longitudinal data that combine survey measures with subsequent behaviour should be used to establish a causal relationship between perceptions and behaviour. Bolton (1998) finds a positive effect of overall customer satisfaction on the customer relationship.
Bolton and Lemon (1999) show a positive effect of overall satisfaction on customer usage of telecommunications subscription services. In a large-scale study of automotive customers, Mittal and Kamakura (2001) show a strong, albeit nonlinear, effect of customer satisfaction on repurchase behaviour. They also find large differences in the satisfaction–retention relationship across customer characteristics. On the basis of these studies, we expect customer satisfaction to have a significant influence on customer retention that varies across customers.

Customer loyalty is divided into two components one is behaviour and the other one is attitude (Guillén, Nielsen, Scheike&Marín, 2011).The success of company sales are confirmed by customer loyalty, which can be influenced by management action (Gerpott, Rams & Schindler, 2001).

2.7   Customer satisfaction and profitability

High customer satisfaction is an indicator customer loyalty for current customers. It helps in reduced price elasticity, lower cost of future transactions and attracting new customers, reduced failure cost and an improved image of the firm (Fornell, 1992). Customer satisfaction claims make advertising more effective and allows the firm to offer more attractive warrantees. At the firm level, customer's current experience with the products and services offered by the firm also have a positive influence on the overall assessment of how satisfied they are with the current firm.

3.   Discusion

Customer satisfaction is an overall evaluation of performance. Affective commitment towards the customer captures the trust and interchange in a relationship. With this literature review various antecedents of customer satisfaction such as quality, features, trust, communication and customer value came across in sight.These antecedents have positive significant impact on customer satisfaction. Loyalty and profitability have been found as outcome of customer satisfaction.

4.   References

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