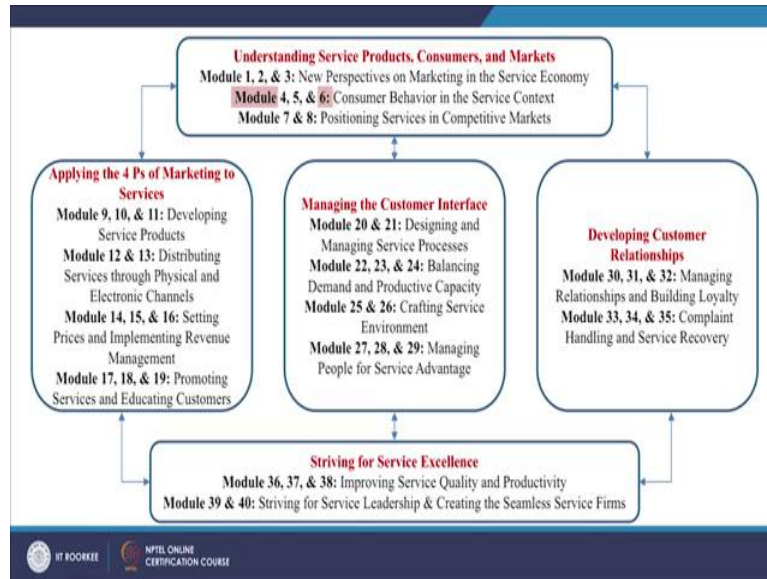


**Services Marketing: Integrating People, Technology, Strategy**  
**Professor Zillur Rahman**  
**Department of Management Studies**  
**Indian Institute of Technology Roorkee**  
**Lecture 06**  
**Consumer Behavior in the Service Context Part III**

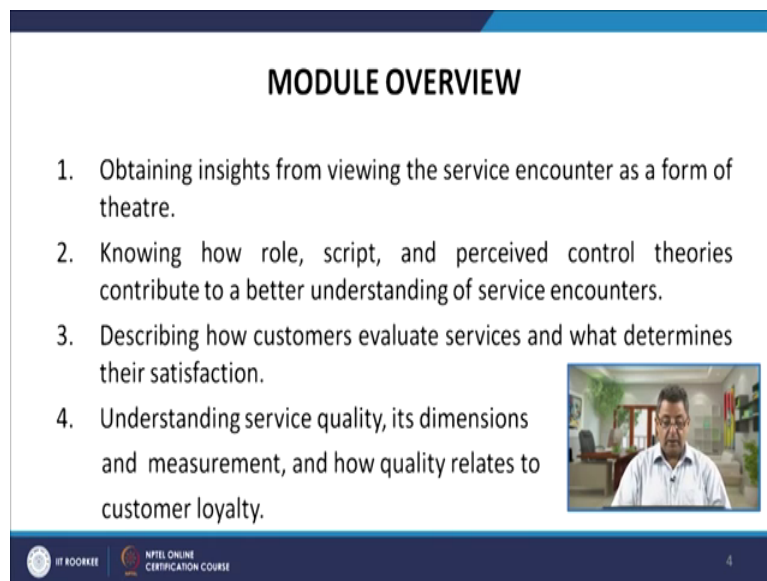
Welcome to this course on Services Marketing: Integrating People, Technology and Strategy.

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We are talking about the first section and in this, we are talking about the consumer behavior in service context. The module four, five and six are dedicated to consumer behavior and services. We have talked about module four and five. Now let us start with the module six. In this module six, we will talk about how to go about obtaining insights from viewing the service encounter as a form of theater.

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The slide is titled "MODULE OVERVIEW" in bold black text. It contains a numbered list of four points. To the right of the list is a small video thumbnail showing a man in a white shirt. At the bottom left, there are logos for IIT KOOBEE and NPTEL ONLINE CERTIFICATION COURSE. A small number '4' is visible at the bottom right of the slide.

### MODULE OVERVIEW

1. Obtaining insights from viewing the service encounter as a form of theatre.
2. Knowing how role, script, and perceived control theories contribute to a better understanding of service encounters.
3. Describing how customers evaluate services and what determines their satisfaction.
4. Understanding service quality, its dimensions and measurement, and how quality relates to customer loyalty.

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So we have seen in module five the moment-of-truth metaphor. Now we will see this service encounter as a form of the theatre. Knowing how role scripts and perceived control theories contribute towards the better understanding of service encounter. So, we will be looking at how this role, the scripts and the perceived controlled theories they affect the service encounter.



Describe how customers evaluate services and what determines their satisfaction. Then we will try to understand service quality, what are its dimensions and how to measure them and how quality relates to customer royalty. So these are the things that we will talk about in this module.

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### THE THREE-STAGE MODEL OF SERVICE CONSUMPTION

	Stages of Service Consumption	Key Concepts
Pre-purchase Stage	<b>Awareness of need</b> <ul style="list-style-type: none"> <li>Information search</li> <li>Clarify needs</li> <li>Explore solutions</li> <li>Identify alternative service products and suppliers</li> </ul>	Need arousal Evoked set Consideration set
	<b>Evaluation of alternatives (solutions and suppliers)</b> <ul style="list-style-type: none"> <li>Review supplier information (e.g. advertising, brochures, websites)</li> <li>Review information from third parties (e.g. published reviews, ratings, comments on web, blogs, complaints to public agencies, satisfaction ratings, awards)</li> <li>Discuss options with service personnel</li> <li>Get advice and feedback from third party advisors and other customers</li> </ul>	Multi-attribute model Search, experience, and credence attributes Perceived risk
	<b>Make decisions on service purchase and often make reservations</b>	Formation of expectations; desired service level, predicted service level, adequate service level, zone of tolerance
Service Encounter Stage	<b>Request service from a chosen supplier or initiate self-service (payment may be upfront or billed later)</b>	Moments of truth Service encounters Service system
	<b>Service delivery by personnel or self-service</b>	Theater as a metaphor Role and script theories Perceived control theory
Post-encounter Stage	<b>Evaluation of service performance</b>	Confirmation/Disconfirmation of expectations Dissatisfaction, satisfaction and delight Service Quality Word of mouth Repurchase Loyalty
	<b>Future intentions</b>	







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We are continuing same three-stage model of service consumption; the pre-purchase stage, service encounter stage and the post-encounter stage.

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## INTRODUCTION

- In the previous module we understood the significance of “moments-of-truth” metaphor in context of services.
- Likewise, “theater” can be used as a metaphor for service delivery, and firms can view their service as “staging” a performance with props and actors, and manage them accordingly. The props are the service facilities and equipment. The actors are the service employees and customers.



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To start with, in this previous module, that is module fifth, we understood the significance of moment-of-truth metaphor in the context of services. Likewise, theater can be used as a metaphor for service delivery. And firms can view their service as staging a performance with props and actors and manage them accordingly. The props are the service facilities and equipment. These actor are the service personnel and the customers.

Now also keep in mind that we are talking about the high contact services where the customers move to the service factory and where they interact with the employees. So look at theater as metaphor for service delivery. As service delivery consist of a series of events, that customer experience as a performance.

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### SERVICE ENCOUNTER STAGE (THEATER AS METAPHOR FOR SERVICE DELIVERY)

- As service delivery consists of a series of events that customers experience as a *performance*, the theater is a good metaphor for services and the creation of service experiences through the servuction system.
- This metaphor is a particularly useful approach for high-contact service providers, such as physicians and hotels, and for businesses that serve many people simultaneously, such as hospitals, professional sports facilities, and entertainment.



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So there are the sequence of events, series of events that customer experience. The theater is a good metaphor for services and the creation of service experience through the servuction system. This metaphor is particularly useful approach for high-contact service providers such as physicians and hotels.

And for businesses that serve many people simultaneously such as hospitals, professional sports facilities and entertainment. Now keep in mind that we are talking about the type of service where the customers and the employees, they come together, the services are to be delivered on the customer. This is the high-contact services and there are other customers also in the service factory.

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**SERVICE ENCOUNTER STAGE**  
**(THEATER AS METAPHOR FOR SERVICE DELIVERY)**

- Let's discuss the stages (i.e., service facilities) and the members of the cast (i.e., the frontline personnel):
  - **Service facilities:** Imagine service facilities as containing the *stage* on which the drama unfolds.
  - Sometimes, the setting changes from one act to another (e.g., when airline passengers move from the entrance to the terminal to the check-in stations and then on to the boarding gate and finally step inside the aircraft).




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So let us discuss the stages that is service facilities and the member of the cast that is the frontline employee. Service facilities: Imagine service facilities as containing the stage on which the drama unfold. So this is the stage where the service employee and the employer they come and the service is delivered. Sometimes the setting change from one act to another. When airline passengers move from entrance to the terminal, to the check-in stations and there on to the boarding gates and finally step inside the aircraft, so the setting keeps on changing.

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**SERVICE ENCOUNTER STAGE**  
**(THEATER AS METAPHOR FOR SERVICE DELIVERY)**

- Some stages have minimal “props”. (e.g., taxi)
- In contrast, other stages have more elaborate “props” (e.g., resort hotels with elaborate architecture, luxurious interior design, and lush Landscaping).



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Some stages have minimal props, for example taxi. In contrast, other stages have much more elaborate props that is a resort, hotel or with elaborate architecture, luxurious interior design and lush landscaping. So there are some kind of services they are the props, they are minimum. For example, all the taxis may look the same inside.

But then there are services where they say, this props may play a distinguishing role, a determining role in customer decision-making, for example, the resort, hotels which have elaborate architecture. Then they may have luxurious interior design and their landscaping. So in this case, in the second case, the services, the props can be used to distinguish between one service and another service, while in the first case, they are, they do not play any important role.

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**SERVICE ENCOUNTER STAGE**  
**(THEATER AS METAPHOR FOR SERVICE DELIVERY)**

- **Personnel.** The front-stage personnel are like the members of a cast playing roles as *actors* in a drama supported by a back-stage production team.
- In some instances, service personnel are expected to wear special costumes when on stage (such as the fanciful uniforms often worn by hotel doormen)
- The theater metaphor also includes the roles of the players on stage and the scripts they have to follow.



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Personnel, the front stage personnel are like the members of a cast, playing roles as actors, in a drama supported by backstage production team. So this front stage employees they are or front stage personnel they are like the actors, in a drama who are playing a role and all their role is being supported by some people at the backstage.

And in some senses, the service personnels are expected to wear special costume around the stage, such as fanciful uniform often worn by hotel doormen. The theater metaphor also includes the role of the players on the stages and the script they have to follow. So it is not only about the stage, but also the role that they will play on the stage and the script that they have to follow, maybe what is the moment of their body and what will they speak, what will be the expressions on their face.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- The actors in a theater need to know what roles they play and familiarize themselves with the script.
- Similarly, in service encounters, knowledge of role and script theories can help organizations better understand, design, and manage both employee and customer behaviors during service encounters.



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So actors in a theater need to know what roles they play and familiarize themselves with the script. Similarly, service encounters knowledge of a role and script theory can help organization better understand, design and manage both employees and customer behavior during service encounters.

So, in services, in high-contact services, the employees have to be knowledgeable about the role that they are going to play on a stage and the script that according to which they have to, the service has to be delivered. Now both of them, both of these since are important for the service delivery.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- **Role Theory:** If we view service delivery from a theatrical perspective, then both employees and customers act out their parts in the performance according to predetermined roles.
- Stephen Grove and Ray Fisk define a role as “a set of behavior patterns learned through experience and communication, to be performed by an individual in a certain social interaction in order to attain maximum effectiveness in goal accomplishment”.
- Roles have also been defined as combinations of social cues or expectations of society that guide behavior in a specific setting or context.



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So there is this role theory, Role and Script Theory. So if we view service delivery from a theoretical perspective, then both employees and customer act out their parts in the performance according to a pre-determined role. So this Role Theory is that. As their, as is there in the theoretical perspective, both employees and customers, they have their part to play and that is pre-determined. Now if both of them know what part they have, what role they have to play, what is their role, respective roles in the overall service delivery, then it becomes very easy and the total experience can easily be managed.

Stephen Grove and Ray Fisk define a role as a set of behavior pattern learn through experience and communication, to be performed by an individual in a certain social interaction in order to attain maximum effectiveness in goal accomplishment. So, the set of behavior pattern that learnt through experience and communication. And that will determine the role to be performed by an individual in a certain social interaction, and that will give maximum effectiveness in the goal accomplishment.


Roles have also been defined as combination of social cues or expectations of society that guide behavior in a specific setting or context. So roles they are defined as a combination of social cues or expectations of society that guide the behavior in a specific setting or the particular kind of context.



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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- The satisfaction and productivity of both parties depend on role congruence, or the extent to which each person acts out his or her prescribed role during a service encounter.
- Employees must perform their roles in accordance to customer expectations or risk dissatisfying customers.
- As a customer, you too must “play by the rules” or risk causing problems for the firm, its employees, and even other customers.



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The satisfaction and productivity of both parties depend on role congruence. Keep in mind that we are talking of satisfaction and productivity of both parties that will depend on the role congruence. Or the extent to which each person acts out his or her prescribed role during the service encounter. If anyone or both of them they do not act out the prescribed role, then obviously the satisfaction and productivity will go down.

Employees must perform their role in accordance to customer expectations or the customer will get dissatisfied. As a customer, you too have a role to play, play by the rules or risk causing problems for the firm, its employees or even other customers. So the customers do have a role to play, they have to play by the rules or that may cause the problem for the firm, its employees or the other customers who are there.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- **Script Theory:** Much like a movie script, a service script specifies the sequences of behavior employees and customers are expected to learn and follow during service delivery.
- Employees receive formal training.
- Customers learn scripts through experience, through communication with others, and through designed communications and education.



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Then there is another theory that is called as script theory. Much like a movie script, a service script specifies the sequence of behavior, employees and customers are expected to learn and follow during the service delivery. So, the service delivery is also have a script and this is, this specify the sequence of behavior, that both the employees and customers will exhibit. Employee receive formal training for delivering on this script.

Customers learn the script through experience, through communication with others, or through designed communication and education. So although employee may, obviously employees can be given training but customers cannot. And the customers they learn the script over a period of time through the experience or through the communication with other people or the communication they receive from the company or the education that company does for its customers.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- The more experience a customer has with a service company, the more familiar that particular script becomes.
- Unwillingness to learn a new script may be a reason not to switch to a competing organization.
- Any deviations from this known script may frustrate both customers and employees, and can lead to dissatisfaction.



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The more experience a customer has with the service company, the more familiar that particular script becomes. So now it becomes easier for the customer to play out his role, because now he is familiar with the script. Unwillingness to learn a new script maybe a reason not to switch to a competing organization.



So the customers may not like to learn a new script and unlearn the older script, so that makes him complacent and he may not move to another competing organization. Any deviation from this known script may frustrate both customers and employee and can lead to dissatisfaction. So, this script have to be followed because any deviation from the script, either by the customers or employees can lead to dissatisfaction.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- 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 customers need to be educated about the new approach and the benefits it provides.
- Many service dramas are tightly scripted (like the flight attendants' scripts for economy class), which reduces variability and ensures uniform quality.
- However, not all services involve tightly scripted performances.



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If a company decides to change a service script by using technology to transform a high-contact service into a low-contact one service personnel and customers need to be educated about the new approach and the benefit it provides. So if by any chance a company is changing the service script, maybe they are using technology to transform high-contact services to low-contact services.



So now, there is a need not only to educate the service personnel but also the customers. And about this new approach and the benefit it is going to provide to them. Many service dramas are tightly scripted, like the flight attendants script for the economy class, which reduces variability and ensure uniform quality. So the advantage of this script theory is that it reduces the variability and it leads to the uniform quality being delivered to the customers. However, not all services involve highly scripted performances.

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**SERVICE ENCOUNTER STAGE  
(ROLE AND SCRIPT THEORIES)**

- Scripts tend to be more flexible for providers of highly customized services — designers, educators, consultants — and may vary by situation and by customer.
- Role and Script Theory complement each other.
- Excellent service marketers understand both perspectives and proactively define, communicate and train their employees and customers in their roles & service scripts to achieve a performance that yields high customer satisfaction and service productivity.



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Script tend to be more flexible for providers of highly customized services. Now when the services are highly customized, this script maybe flexible while on the other hand, when the services are standardized then the script also becomes standardized. So, this script tends to be more flexible for providers of highly customized services, for example, the designers, educators, consultants and may vary by situation and by the customers. So this script may vary by situation and by the type of customer.

And this Role and Script Theory is they complement each other. Excellent service marketers understand both perspective and proactively define, communicate and train their employees and customers in their roles and services scripts. So, both the employees and the customers they are to be trained in the roles and services script to achieve performance, that yields high customer satisfaction and also at the same time service productivity. Because you see that satisfaction is important for the customer and productivity is to a large extent important for the service provider.

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**SERVICE ENCOUNTER STAGE  
(PERCEIVED CONTROL THEORY)**

- Another underlying dimension of every service encounter is perceived control.
- It holds that customers have a need for control during the service encounter, and that control is a major driving force of their behavior and satisfaction.
- The higher the level of perceived control during a service situation, the higher their level of satisfaction will be.
- The perception of control can be managed via different types, including behavioral, decisional, and cognitive control.



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Another underlying dimension of every service encounter is the perceived control. So we are now talking about the perceived control theory. It holds that customers have a need for control during the service encounter, and that control is a major driving force of their behavior and satisfaction. So this theory says that the customers have a need for control.


During this service encounter and that control drives their behavior and satisfaction. The higher the level of perceived control during a service situation, the higher their satisfaction will be. Now you see how important it is for customers that if they think that the level of perceived control is higher so the satisfaction will also go up.

The perception of this control can be managed via different types, including behavioral, decisional or cognitive control. So now we are, now the company has to manage this perception of control, via different types that include behavioral, decisional and cognitive control.

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**SERVICE ENCOUNTER STAGE  
(PERCEIVED CONTROL THEORY)**

- **Behavioral control:** It means that the customer can change the situation and ask for customization beyond what the firm typically offers (e.g., by asking frontline employees to accommodate a special arrangement for a romantic candle light dinner).
- **Decisional control:** It means that the customer can choose between two or more standardized options, but without changing either option (e.g., choose between two tables in a restaurant).




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Now let us see what does these type of control means. So behavioral control mean that customers can change the situation and ask for customization beyond what the firm typically offers. That is by asking frontline employees to accommodate a special arrangement for a romantic candle light dinner. The decisional control means that the customers can choose between two or more standardized option, but without changing either option. Choose between two tables in a restaurant.

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**SERVICE ENCOUNTER STAGE  
(PERCEIVED CONTROL THEORY)**

- **Cognitive control:** It refers to the customer understanding why something happens (e.g., a flight delay due to a technical problem with the aircraft), and knowing what will happen next (also called predictive control, e.g., know how long the flight will be delayed).
- We are often mollified when someone keeps us informed about the situation.




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And the cognitive control, it refers to the customer understanding why something happens. For example, flight delayed due to technical problems with the aircraft and knowing what will happen next. Also called as predictive control, know how long the flight will be delayed. We are often mollified when someone keeps us informed about the situation.

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**SERVICE ENCOUNTER STAGE  
(PERCEIVED CONTROL THEORY)**

- In short, it is important to design perceived control into service encounters.
- However, if processes, scripts and roles are tightly defined (as is the case for self-service technologies and highly scripted services such as fast-food and consumer banking), the scope for customization is limited.
- This means, firms cannot give much behavioral control as carefully designed processes would simply collapse, and productivity and quality would suffer.



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In short, it is important to design perceived control into service encounters. So in those encounters and in moment of truth, it is important that the control is designed. The perceived control is designed. However, if processes, scripts and roles are tightly defined as in the case of self-service technologies and highly scripted services such as fast-food and consumer banking, the scope for customization is limited. So when the contain between the company and the customers go, so then there is a scope of this customization is limited. This means firms cannot give much behavioral control as carefully designed service processes would simply collapse and productivity and quality will suffer.


So it means in those, when the scripts and roles are tightly defined, when they are standardized, then companies they cannot give behavioral control to the customers, because then the whole service delivery process will collapse and that will lead to the reduction in productivity and also the quality and therefore the satisfaction of the customer.





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**SERVICE ENCOUNTER STAGE  
(PERCEIVED CONTROL THEORY)**

- In those cases, firms can focus on giving customers decisional control (e.g., offer two or more fixed options), cognitive control (e.g., hospitals often go through great lengths to explain what is being done and why), and predictive control (e.g., never let the customer wait without giving an indication how long the wait will be).
- Nevertheless, perceived control is largely a compensatory additive, which means that a reduction in behavioral control can be compensated through higher decisional and cognitive control.



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In those cases, firms can focus on giving customers decisional control, offer two or more fixed options. Cognitive control, hospitals often go through greater lengths to explain what is being done and why. And predictive control, never let the customers wait without giving an indication how long the wait will be.


Nevertheless, perceived control is largely a compensatory additive, which means that a reduction in behavior control can be compensated through higher decision and cognitive control. So the perceive control can, so the reduction in behavioral control can be trade out, can be compensated by giving the higher level of decisional and cognitive control to the customers.

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### POST-ENCOUNTER STAGE

- The last stage of service consumption is the post-encounter stage which involves consumers' attitudinal and behavioral responses to the service experience.
- Important consumer responses are:
  - customer satisfaction,
  - service quality perceptions,
  - Repeat purchase, and
  - customer loyalty.



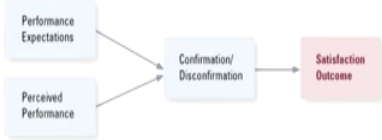
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Now this is the last stage of the consumer behavior that is the post-encounter stage. So the last stage of service consumption is the post-encounter stage, which involves consumer attitudinal and behavior responses to the service experience. So now we are worried about the consumers attitudinal and behavioral responses to the service experience. The important customer responses are; that they are satisfied, they have service-quality perceptions, they will come for repeat purchase and they become loyal.

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### POST-ENCOUNTER STAGE (CUSTOMER SATISFACTION)



- The Expectancy-Disconfirmation Model of Satisfaction:
- Satisfaction is a judgment following a series of consumer product interactions.
- In the model, confirmation or disconfirmation of pre-consumption expectations is the essential determinant of satisfaction.



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graph LR; PE[Performance Expectations] --> CD[Confirmation/Disconfirmation]; PP[Perceived Performance] --> CD; CD --> SO[Satisfaction Outcome]
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Adapted from Richard L. Oliver (1997), *Satisfaction: A Behavioral Perspective on the Consumer*, (New York: McGraw-Hill) 110.

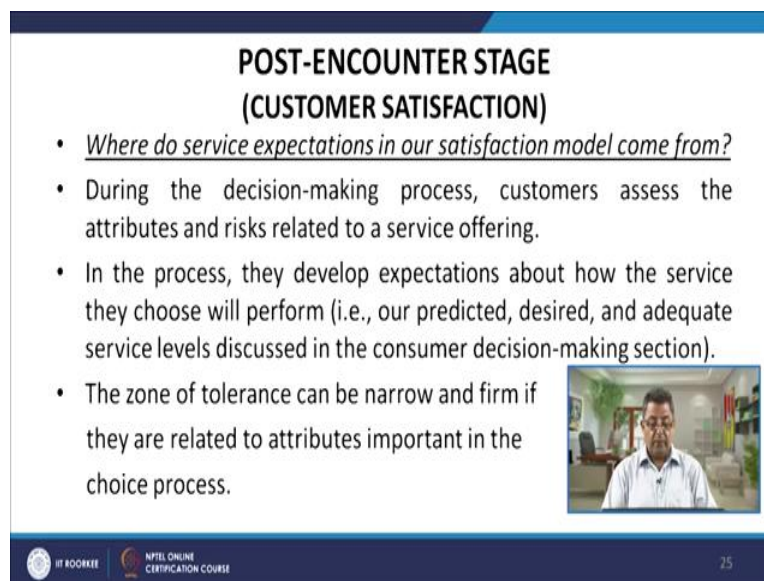


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This is the model of customer satisfaction that is based on the expectancy-disconfirmation. This is called as The Expectancy-Disconfirmation Model of Satisfaction. Satisfaction is a judgment following a series of consumer product interactions. So the satisfaction is what happens after over a period of time, when the customers and the product or customer of the service interaction happens. In the model confirmation or disconfirmation of pre-consumption expectation is the essential determinant of satisfaction.

So now these are the two factors on the left-hand side, that is performance expectations and perceived performance. Now these two, they lead to confirmation or disconfirmation and this may lead to the satisfaction outcome. If the performance meet the perceptions then it is confirmation and the outcome is satisfied customers. If they do not meet then there is disconfirmation and it leads to dissatisfied customers.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Where do service expectations in our satisfaction model come from?
- During the decision-making process, customers assess the attributes and risks related to a service offering.
- In the process, they develop expectations about how the service they choose will perform (i.e., our predicted, desired, and adequate service levels discussed in the consumer decision-making section).
- The zone of tolerance can be narrow and firm if they are related to attributes important in the choice process.


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So, where do service expectations in our customer, in our satisfaction model come from? During the decision-making process, customer assesses the attribute and risk related to the service offerings. They assess the attributes of the services and the risk of related to the service offerings. In the process, they develop expectations about how the service they chose will perform. Our predicted desired and adequate service levels that we have discussed in the consumer decision-making section. The zone of tolerance can be narrow and firm if they are related to attributes important to the choice processes.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- For example, if a customer paid a premium of \$350 for a direct flight rather than one that has a four-hour stopover, the customer will not take it lightly if there is a six-hour flight delay.
- A customer will also have high expectations if he paid a premium for high-quality service, and will be deeply disappointed when the service fails to deliver.




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For example, if a customer paid a premium of 350 dollars for a direct flight rather than one that has a four-hour stopover, the customer will not take it lightly if there is a six-hour flight delay. A customer will also have high expectations, if he paid a premium for high-quality service and will be deeply disappointed when the service fails to deliver. So when they pay a premium for high quality service, then they have higher expectations. And if the, those expectations are not met, then obviously the customers will be dissatisfied.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- During and after consumption, consumers experience the service performance and compare it to their expectations.
- Satisfaction judgments are then formed based on this comparison.
- If performance perceptions are worse than expected, it is called **negative disconfirmation**.
- If performance is better than expected, it is called **positive disconfirmation**, and
- If it is as expected, then it is simply called **confirmation of expectations**.

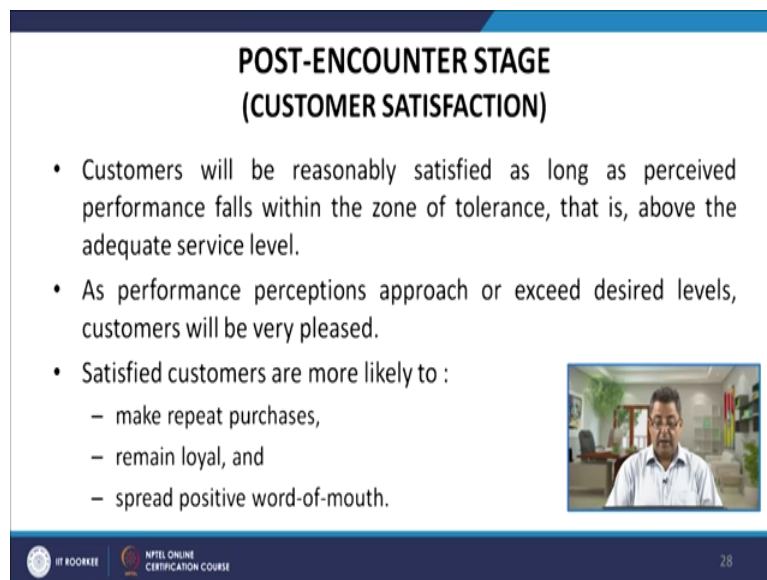


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During and after consumption, costumers experience the service performance and compare it to their expectations. Satisfaction judgments are then formed based on this comparison. If performance perceptions are worse than expected, it is called as negative disconfirmation, if the performance is better than expected, it is called as positive disconfirmation, and if it is expected, then it is simply called as confirmation of expectations.


So when expectations are met, it is called as confirmation of expectations. When they are below the expectations then they are called negative disconfirmation. When they are better than the expected, then they are called as positive disconfirmation.


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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Customers will be reasonably satisfied as long as perceived performance falls within the zone of tolerance, that is, above the adequate service level.
- As performance perceptions approach or exceed desired levels, customers will be very pleased.
- Satisfied customers are more likely to :
  - make repeat purchases,
  - remain loyal, and
  - spread positive word-of-mouth.



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Customers will be reasonably satisfied as long as perceived performance falls within the zone of tolerance. That is above the adequate service levels. So when the service delivery is between the adequate and the desired, then the customers will be reasonably satisfied.



As performance perceptions approach or exceed desired levels, customers will be very pleased. So as you move up the zone of tolerance then the customers will be very pleased. And satisfied customers are obviously more likely to make repeat purchase, they may remain loyal and they will spread positive word-of-mouth.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- However, if the service experience does not meet their expectations, customers may:
  - suffer in silence,
  - complain about poor service quality, or
  - switch providers in the future.
- Satisfaction with service attributes thus results from the experience of attribute-specific performance and strongly influences consumers' overall satisfaction.




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However, if service experience does not meet their expectations, then customers, they may suffer in silence, complain about poor service quality, or switch providers in the future. Satisfaction with service attributes thus results from the experience of attribute-specific performance and strongly influence consumers' overall satisfaction.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Multi-attribute models help to better understand the formation process of customer satisfaction.
- Specifically, they help managers identify specific attributes with strong impacts on overall satisfaction, which is especially important if customers are satisfied with some attributes but dissatisfied with others.
- Understanding this helps managers to cement the strengths of the firm's services and to focus improvement efforts on where it matters most.



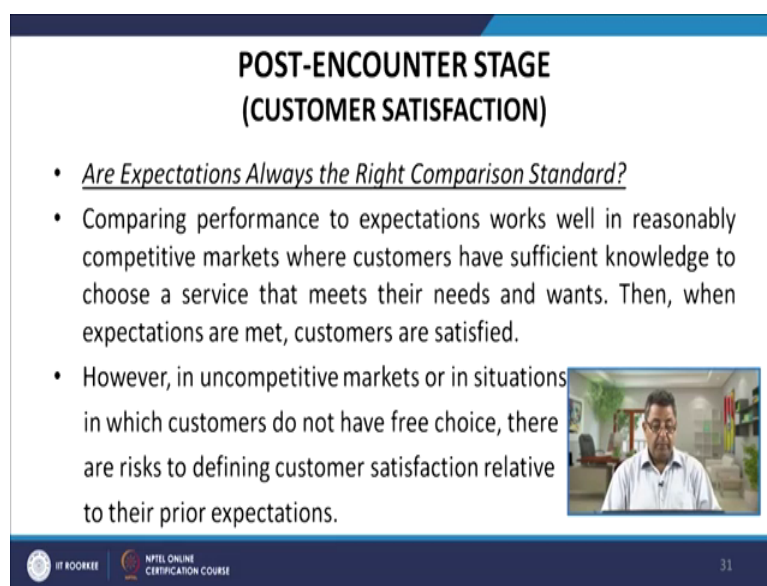
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This multi-attribute model help to better understand the formation of process of customer satisfaction. So now we are worried about how the customer satisfaction is formed. So this multi-attribute model they help, it helps us to understand how this customer satisfaction is

formed. Specifically they help managers identify specific attributes with a strong impact on overall satisfaction.

Which attributes have a strong impact on overall satisfaction? Which is especially important if customers are satisfied with some attributes, but dissatisfied with others. Understanding this helps managers to cement the strength of the firm services and to focus improvement efforts on where it matters most. So, it will tell the managers where to invest their energy and resources and which areas are important for the customers.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Are Expectations Always the Right Comparison Standard?
- Comparing performance to expectations works well in reasonably competitive markets where customers have sufficient knowledge to choose a service that meets their needs and wants. Then, when expectations are met, customers are satisfied.
- However, in uncompetitive markets or in situations in which customers do not have free choice, there are risks to defining customer satisfaction relative to their prior expectations.


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Are expectation always the right comparison standards? Comparing performance to expectations work well in reasonably competitive markets, where customers have sufficient knowledge to choose a service that meets their needs and wants. Then when expectations are met, customers are satisfied. However, in uncompetitive market or in situations in which customers do not have a free choice, there are risks to defining customer satisfaction relative to their prior expectation.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Are Expectations Always the Right Comparison Standard?
  - For example, if customer expectations are low and actual service delivery meets the dismal level that was expected, customers will hardly feel they are receiving good service quality.
  - In such situations, it is better to use needs or wants as the standard for comparison, and to define satisfaction as meeting or exceeding customer wants and needs rather than expectations.




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For example, if customer expectations are low and actual service delivery meets the dismal level that was expected, customers will hardly feel they are receiving good service quality. In such situations, it is better to use needs or wants as the standard for comparison and to define satisfaction as meeting or exceeding customer wants and needs rather than the expectations.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- Are Expectations Always the Right Comparison Standard?
- Furthermore, the disconfirmation-of-expectations model works very well for search and experience attributes (e.g., "I know whether you kept your promise and delivered by 1 p.m."), but less so for credence attributes.
- Firms therefore have to understand how customers evaluate their service to proactively manage those aspects of their operations that have a strong effect on customer satisfaction, even if these attributes may be unrelated to the core attributes (such as, the quality of a surgery).



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Furthermore, the disconfirmation-of-expectation model works very well for search and experience attributes, that is, I know whether you kept your promise and delivered by 1 PM, but less for those services which are high on credence attributes. Firms therefore have to understand how customers evaluate their service to proactively manage those aspects of their operations that have a strong effect on customer satisfaction. Even if this attributes maybe unrelated to the core attributes such as the quality of a surgery.

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**POST-ENCOUNTER STAGE  
(CUSTOMER SATISFACTION)**

- How Is Customer Delight Different From Satisfaction?
- Customer 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).
- In contrast, high satisfaction alone is a function of positively disconfirmed expectations (better than expected) and positive affect.




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When is customer delight different from the satisfaction? So customer delight is a function of three components; one is, unexpectedly high level of performance; arousal that is surprise or excitement and positive affect, that is pleasure, joy or happiness. In contrast, high satisfaction alone is a function of positively disconfirmed expectation, better than expected and positive affect.

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### POST-ENCOUNTER STAGE (CUSTOMER SATISFACTION)

- How Is Customer Delight Different From Satisfaction?
- So, achieving a customer's delight requires focusing on what is currently unexpected.
- Once a customer is delighted, it has a strong impact on a customer's loyalty.
- Moreover, once customers have been delighted, their expectations are raised. They may be dissatisfied if service levels return to the previous levels, and it probably will take more effort to "delight" them again in future.



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So, achieving customer delight requires focusing on what is currently unexpected. Once a customer is delighted, there is a strong impact on the customers' loyalty. Moreover, once a customer have been delighted, their expectations are raised, the expectations also go up. They may be dissatisfied if service level returns to the previous levels and it probably will take more efforts to delight them again in the future.

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### POST-ENCOUNTER STAGE (SERVICE QUALITY)

- Excellent service quality is a high standard of performance that **consistently** meets or exceeds customer expectations.
- Nevertheless, it is critical to improve service quality and keep it at high levels, as it is a key driver of important customer behaviors, including
  - word-of-mouth recommendations,
  - repurchasing, and
  - loyalty.




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Now let us look at what is service quality. Excellent service quality is the highest standard of performance that consistently meets or exceeds customer expectations. Nevertheless, it is critical to improve service quality and keep it at high levels as it is the key driver of important customer behavior, including the word-of-mouth recommendation, repurchasing and loyalty.

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**POST-ENCOUNTER STAGE  
(SERVICE QUALITY)**

- Customer Satisfaction versus Service Quality
- Both customer satisfaction and service quality are defined as contrasting customers' expectations with their performance perceptions.
- **Satisfaction** is an evaluation of a single consumption experience, a fleeting judgment, and a direct and immediate response to that experience.
- **Service quality** refers to relatively stable attitudes & beliefs about a firm, which can differ significantly from satisfaction.



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What is the relationship between customer satisfaction and service quality? Both customer satisfaction and service quality are defined as contrasting customer expectations with their performance perceptions. So, we are talking of customer expectations, matching customer expectations with their performance perception. So what are the perceptions regarding the performance of this service.


Satisfaction is an overall, is an evaluation of a single consumption experience, a fleeting judgment and a direct and immediate response to that experience. While service quality refers to relatively stable attitudes and beliefs about the firm. Service quality refers to relatively stable attitudes and beliefs about a firm, which can differ significantly from satisfaction.

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### POST-ENCOUNTER STAGE (SERVICE QUALITY)

- Dimensions of Service Quality

Tangibles	• appearance of physical elements
Reliability	• dependable and accurate performance
Responsiveness	• promptness and helpfulness
Assurance	• credibility, security, competence, and courtesy
Empathy	• easy access, good communications, and customer understanding



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Now these are the five dimensions of service quality. So the five dimensions are; tangible, reliability, responsiveness, assurance and empathy. Now tangibles means appearance of the physical element. That is those element when the customer meets the company. Reliability means dependable and accurate performance. Responsiveness means promptness and helpfulness. Assurance is credibility, security, competence and courtesy. And empathy is easy access, good communications and customer understanding.

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### POST-ENCOUNTER STAGE (SERVICE QUALITY)

- The SERVQUAL Scale

**Tangibles**

- Excellent banks (refer to cable TV companies, hospitals, or the appropriate service business throughout the questionnaire) will have modern-looking equipment.
- The physical facilities at excellent banks will be visually appealing.
- Employees at excellent banks will be neat in appearance.
- Materials (e.g., brochures or statements) associated with the service will be visually appealing in an excellent bank.

**Reliability**

- When excellent banks promise to do something by a certain time, they will do so.
- Excellent banks will perform the service right the first time.
- Excellent banks will provide their services at the time they promise to do so.
- Excellent banks will insist on error-free records.

**Responsiveness**


- Employees of excellent banks will tell customers exactly when service will be performed.
- Employees of excellent banks will give prompt service to customers.
- Employees of excellent banks will always be willing to help customers.
- Employees of excellent banks will never be too busy to respond to customer requests.

**Assurance**

- The behavior of employees of excellent banks will instill confidence in customers.
- Customers of excellent banks will feel safe in their transactions.
- Employees of excellent banks will be consistently courteous with customers.
- Employees of excellent banks will have the knowledge to answer customer questions.

**Empathy**

- Excellent banks will give customers individual attention.
- Excellent banks will have operating hours convenient to all their customers.
- Excellent banks will have employees who give customers personal attention.
- The employees of excellent banks will understand the specific needs of their customers.
- Excellent banks have your best interest at heart.



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And for measuring this service quality, there is a scale that is called a SERVQUAL, which is called as service quality. So SERVQUAL is service plus quality, so this is service quality scale. Again this scale is based on these five dimensions of service quality that are tangibles, reliability, responsiveness, assurance and empathy. So you see that there are 21 questions here. There are four questions related to tangibles.

For example, excellent bank refers to cable TV companies, hospitals or appropriate service businesses throughout the questionnaire, we will have modern-looking equipments. The physical facilities at excellent bank will be visually appealing. Employees at excellent bank will be neat in appearance and material, for example, brochures or statements associated with the service will be visually appealing in an excellent bank.


And therefore, and again they are four questions related to reliability, again four for responsiveness and four for assurance and five for empathy. For example, excellent bank will give customers individual attention. Excellent banks will have operating hours convenient to all of their customers. Excellent banks will have employees who give customers personal attention.

The employees of excellent bank will understand the specific needs of their customers. So excellent banks have your best interest at heart. So this SERVQUAL Scale is developed for keeping the banks in mind. So you can use this scale for other kind of service providers also.

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**POST-ENCOUNTER STAGE  
(CUSTOMER LOYALTY)**

- Loyalty is a customer's willingness to continue patronizing a firm over the long-term, preferably on an exclusive basis, and recommending the firm's products to friends and associates.
- Customer loyalty extends beyond behavior and includes preference, liking, and future intentions.
- The opposite of loyalty is defection, which is used to describe customers who drop off a company's radar screen and transfer their loyalty to another supplier.



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Now what is customer loyalty? Loyalty is a customer's willingness to continue patronizing a firm over a long-term, preferably on an exclusive basis, and recommend the firms product to friends and associates. Customer loyalty extends beyond behavior and include preferences, likings and future intentions. So it is not only about recommending the firms, but it also include preferences, likings and future intentions. The opposite of loyalty is defection, which is used to describe customers who drop off a company's radar screen and transfer their loyalty to another suppliers.



So the loyalty is the customer's willingness to continue buy from the same company over a period of time, over a long period of time and preferably they will not buy from some, any other and they will continue to buy from their firm and they will also continue to recommend the firms product to their friends and associates. But loyalty defection is opposite of loyalty in which, which is used to describe customer who drop off a company's radar screen and they may start buying from someone else.

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## CONCLUSION

- The various models we explored for each of the stages are complementary and together provide a rich and deep understanding of consumer behavior in a services context.
- In all types of services, managing customer behavior in the three stages of service consumption effectively is central to creating satisfied customers who will be willing to enter into long-term relationships with the service provider.




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To conclude, we have studied the various model we explored for each of the stages. They are complementary and together provide a rich and deep understanding of the consumer behavior in a service context. In all types of services, managing customer behavior in the three stages of service consumption effectively is central to creating satisfied customers who will be willing to enter into long-term relationship with the service providers.

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And these are three books that have been used to prepare this module. Thank you.