

2 Customer Satisfaction, Culture, and Personality – Definition of the Research Variables

The example of the automobile industry shows that customer satisfaction and dissatisfaction is of highest relevance in today's marketing practice and marketing research.³¹ In modern marketing, customer satisfaction is considered as a key-element of a company's success. Satisfaction is directly linked to the performance of companies. Systematizing previous studies on the effects of customer satisfaction, Luo and Homburg (2007) distinguished four main categories of satisfaction outcomes:

- customer-related,
- overall performance-related,
- employee-related, and
- efficiency-related outcomes.

The majority of the discussed studies refer to *customer-related* outcomes which include behavioral intention and customer behavior. The major findings of the research stream are that customer satisfaction influences repurchase intentions, changes in frequency of use, loyalty/disloyalty, word-of-mouth communication, cross selling, and price sensitivity. Only few studies that examined the effects of customer satisfaction on *employee-related outcomes* were identified. For example Ryan, Schmit and Johnson (1996) found that satisfaction has a positive effect on employee satisfaction. Lou and Homburg (2007) showed that customer satisfaction enhances human capital performance (employee talent and manager superiority). Defining *efficiency-related outcomes* as ratios of resource inputs and desirable outputs, Lou and Homburg (2007) found that satisfaction is positively related to promotion efficiency (ratio of the costs of promotion activities and the resulting sales). In the context of employee efficiency Anderson, Fornell, and Rust (1997) showed that customer satisfaction positively influences the sales to employee ratio. In terms of *overall performance-related outcomes* the literature indicates that there is a positive relationship between changes in customer satisfaction and changes in productivity as well as changes in profitability. Anderson, Fornell, and Rust (1997) especially outlined the combination of high customer satisfaction and high productivity as a strategy combination earning the greatest average Return on Investment in the automobile industry, among others.

Taking these findings into account, a focal point for any corporation should be the satisfaction of consumer needs resulting from, in the customers' perspective, more than adequate performance of a service or good. The following chapter will introduce and define the term customer satisfaction and its related constructs and models such as perceived expectations, perceived performance, and disconfirmation. The major theories explaining the emergence of satisfaction will be outlined followed by the introduction of culture and personality as variables influencing a consumer's behavior.

³¹ See Morgeson et al. (2011), pp. 198-215; Szymanski/Henard (2001), pp. 16-35; Giese/Cote (2000), pp. 1-24; Yi (1990), pp. 68-123 for a review.

2.1 Customer Satisfaction and its Related Variables and Constructs – Definitions and Findings from Literature

Churchill and Surprenant (1982) identified four relevant variables explaining the formation process of customer satisfaction. They include perceived expectations, perceived performance, disconfirmation, and satisfaction. According to Kanning and Bergmann (2009) “... a customer’s level of satisfaction (*S*) with a service or product is determined by the difference between the customer’s expectation (*E*) and the customer’s perception of the actual performance (*P*).”³², and can be expressed as:

$$S = P - E$$

The definition specifies perceived expectations and perceived performance as the main variables influencing satisfaction. A majority of studies discuss satisfaction as an outcome of the comparison between expectations and perceived performance.³³ Such a comparison results in a specific level of disconfirmation or confirmation that again leads to dissatisfaction, satisfaction, or even delight.

2.1.1 Customer Expectations

Before buying and consuming a product, individuals have a certain idea in mind how the good might for example taste, smell, feel, or function. This first idea of a product with its different attributes (product characteristics) is defined as a customer's (perceived) expectations or the expected performance of a good. The construct *customer expectation* is critically discussed in the satisfaction literature and a variety of definitions exists. Expectations serve as a comparison standard against which the perceived performance of a good is assessed. Fournier and Mick (1999) suggested four different types of expectations presented in Table 2-1.

³² Kanning/Bergmann (2009), p. 377.

³³ See Giese/Cote (2000), p. 1.

Table 2-1: Definitions of Expectations in Customer Satisfaction Research

Type of Expectations	Definition	Selected Authors
Predictive or Will Expectations	A level of performance the consumer realistically expects from a given provider.	Tse/Wilton (1988); Boulding et al. (1993)
Desires	An individual's values (or needs, wants, desires) serving as comparison standards.	Westbrook/Reilly (1983)
Equity Expectations	What the consumer believes reasonably should occur given the product's/service's price.	Woodruff/Cadotte/Jenkins (1983); Oliver/Swan (1989)
Experience-Based Norms	The expected performance level derived from personal experiences or information received.	Woodruff/Cadotte/Jenkins (1983); Cadotte/Woodruff/Jenkins (1987)

Source: Adapted from Fournier/Mick (1999), p. 6.

Predictive or will expectations correspond to the level of performance consumers realistically expect from a given provider in a given situation. It is the most likely performance of a product. Consumers form predictive expectations based on their perception of the average product performance which they are used to in that specific product category as well as based on advertising effects.³⁴ Westbrook and Reilly (1983) suggested *desires* as a comparison standard which includes product attributes that are considered as ideal or desirable by the consumer. *Equity expectations* or equitable performance represent a performance level that (from the customer's perspective) a consumer ought to receive given his or her costs or investments and the anticipated rewards for these costs. The comparison standard is influenced by the price paid for a product/service, the effort invested when choosing and buying a product or service as well as by previous product or service experiences.³⁵ *Experience-based norms* represent a comparison standard which individuals developed after prior product and/or related brand experience. These kinds of experiences cause the consumer to form norms or performance standards which the particular brand or product/service should be able to meet.³⁶

Fournier and Mick (1999) stressed that the use of a specific type of a comparison standard depends on the situation and context of a research problem. Further, individuals may use multiple standards simultaneously when forming the satisfaction judgment.³⁷

³⁴ See Tse/Wilton (1988), p. 205.

³⁵ See loc cit.

³⁶ See Woodruff/Cadotte/Jenkins(1983), p. 298.

³⁷ See Fournier/Mick (1999), pp. 9-12.

2.1.2 Performance

As consumers buy a certain product they observe its performance while using it. The performance of a good can be distinguished in objectively and subjectively perceived performance. The *objective performance* is the actual product performance which is measurable and hence, equal for all consumers. Still, the perception of the objective performance can vary from consumer to consumer.³⁸ Spreng (1999) distinguished between perceptual performance and evaluative performance in their definition of *perceived performance*. Perceptual performance is “...the evaluationless cognitive registering of the product attributes, levels of attributes, or outcomes...”³⁹. Spreng offered the example of a stereo system to illustrate the definition. The consumer might be able to distinguish the amount of bass that stereo system offers and estimates the level of this product attribute (high or low). Such a performance perception depends on the abilities of the individual to sense a variation in the actual product performance (the ability to actually hear if the bass is high or not). The link to the individual’s abilities differentiates the perceptual performance from the actual or objective, technically measurable performance. In contrast to that, evaluative performance is “...an evaluative judgment of product attributes or the product outcomes that is made by assessing the ability of the product to meet one’s needs or desires.”⁴⁰ The definition of perceived performance includes the assumption that individuals differ in their preferences. If one person likes a lot of bass in a stereo system but another person does not like it, their perception of performance will be different not only because they might hear different things but also because they evaluate the performance differently.

The consumers’ perception of quality has been subject to considerable research.⁴¹ Reviewing this body of literature, Teas and DeCarlo (2004) grouped the underlying theoretical frameworks that explain the perception of quality into two groups: performance-based and standards-based frameworks. The performance-based definitions of perceived quality relate solely to the perception of performance without any comparison standards. In contrast, the standards-based theories apply reference points to which the perceived performance is compared to, such as expectations about a good.⁴² Both approaches will be used in the following chapters to explain the process of satisfaction formation.

2.1.3 Disconfirmation

As described before, consumers form pre-purchase expectations about a product or service. With these expectations in mind they buy the good, use it, and while using it, perceive its performance. According to Churchill and Surprenant (1982) disconfirmation is the result of a discrepancy between the expectations about a product before the purchase and usage and the perceived performance after actually using it.⁴³ The magnitude of the discrepancy and the level of the resulting disconfirmation generate the corresponding individual level of satisfaction or dissatisfaction. According to the definition, expectations serve as a comparison

³⁸ See Yi (1990), p. 81.

³⁹ Spreng (1999), p. 101.

⁴⁰ Loc. cit., p. 102.

⁴¹ See Teas/DeCarlo (2004), p. 272.

⁴² See loc. cit.

⁴³ See Churchill/Surprenant (1982), p. 492.

standard of an individual which defines the base for evaluating the perceived performance. An individual's comparison standard is (1) confirmed when a product performance meets the expectations, (2) positively disconfirmed when the performance is better than expected, or (3) negatively disconfirmed when the performance is below the comparison standard.

2.1.4 Defining Customer Satisfaction

A wide variance in definitions of satisfaction can be found in the consumer behavior literature making it difficult to select an appropriate definition, to develop useful measures and to compare, and to interpret empirical satisfaction data.⁴⁴ Discrepancies already occur in the designation of the research variable. The expressions consumer satisfaction, customer satisfaction, or solely satisfactions are commonly used in the literature. The terms are rather interchangeable⁴⁵ and are used synonymously in the following.

A major source of inconsistency in the existing definitions is the argumentation whether satisfaction is an outcome or a process.⁴⁶ Table 2-2 offers an overview of selected definitions of satisfaction outlining the type of response to which satisfaction refers (e.g., based on evaluation, an affective or cognitive response), the focus (e.g., product or service) and the time scope (e.g., before, during, or after consumption). In the overview special attention is paid to the definitions relating to satisfaction in product-based researches.

Process-oriented definitions of satisfaction focus on the target-performance comparison of individuals. Fornell (1992) for example defined satisfaction as "...an overall post-purchase evaluation."⁴⁷ Process-oriented definitions underpin the importance of the evaluation process and the corresponding elements included in the satisfaction or dissatisfaction judgment.

In terms of an **outcome**, satisfaction is considered as a result of an evaluation. In this context, for example Tse and Wilton (1988) defined satisfaction as "*The consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some norm of performance) and the actual performance of the product as perceived after its consumption.*"⁴⁸ An evaluation process including a conscious or unconscious comparison of a certain comparison standard (e.g., expectations) to the perception of a product or service takes place. Thus, satisfaction is defined as the result of the comparison process and does not belong to the comparison itself.

According to Giese and Cote (2000), most definitions follow the idea of satisfaction as an outcome or response to an evaluation process.⁴⁹ The above mentioned definitions show that satisfaction is a kind of summary concept resulting from the influence of various variables. But again there are discrepancies in defining the nature of satisfaction. Satisfaction is, on the one hand, defined as a cognitive response.⁵⁰ That means that an active, conscious comparison

⁴⁴ See Giese/Cote (2000), p. 1.

⁴⁵ See loc. cit.

⁴⁶ See Giese/Cote (2000), p. 1; Yi (1990), p. 2.

⁴⁷ Fornell (1992), p. 11.

⁴⁸ Tse/Wilton (1988), p. 204.

⁴⁹ See Giese/Cote (2000), p. 1.

⁵⁰ See Tse/Wilton (1988), p. 206.

takes place resulting in a certain degree of satisfaction. On the other hand, satisfaction can be an affective result meaning that it is based on emotions and feelings rather than an objective evaluation.⁵¹

To systematize the existing definitions and to offer a framework for future research Giese and Cote (2000) identified three general components the examined definitions had in common.⁵²

1. Customer satisfaction is a response that can be emotional (affective) or cognitive and that varies in intensity.
2. The response pertains to a particular focus, for example, expectations, product, or consumption experience.
3. The response is time specific, for example, after consumption and experience.

Applying these three aspects of satisfaction, researchers have the possibility to clearly outline and define satisfaction as a research variable. As one aim of the research project is to identify potential differences of the structure of the process of satisfaction formation satisfaction will be defined as follows:

Customer satisfaction is (1) the result of an evaluation processes with cognitive and affective elements (2) comparing expectations with the perceived performance (3) after the purchase and use of a product.

⁵¹ See Woodruff/Cadotte/Jenkins (1983), p. 297.

⁵² See Giese/Cote (2000), p. 14.

Table 2-2: Selected Definitions of Customer Satisfaction

Source	Definition	Response Type	Focus	Time
Hill/Roche/Allen (2007)	The feeling a customer has about the extent to which their experiences with an organization have met their needs (p. 32)	Overall evaluation	An organization	During or after experience
Hill/Alexander (2006)	A measure of how a total product performs in relation to a set of customer requirements (p. 2)	Overall evaluation	Product performance compared to some pre-purchase standard	During or after consumption
Halstead/Hartman/Schmidt (1994)	A transaction-specific affective response resulting from the comparison of product performance to some pre-purchase standard (p. 122)	Affective response	Product performance compared to some pre-purchase standard	During or after consumption
Mano/Oliver (1993)	(Product satisfaction) is an attitude - like post-consumption evaluative judgment (Hunt, 1977) varying along the hedonic continuum (Oliver, 1989; Westbrook/Oliver 1991) (p. 454).	Attitude - evaluative judgment varying along the hedonic continuum	Product	Post-consumption
Fornell (1992)	An overall post-purchase evaluation (p.11).	Overall evaluation	Post-purchase perceived performance compared with pre-purchase expectations	Post-purchase
Oliver (1992)	Examined whether satisfaction was an emotion. Concluded that satisfaction is a summary attribute phenomenon coexisting with other consumption emotions (p. 242).	Consumption emotions	Product attributes	During consumption
Westbrook/Oliver (1991)	A post-choice evaluative judgment concerning a specific purchase selection (Day, 1984) (p. 84).	Evaluative judgment	Specific purchase selection	Post-choice
Tse/Wilton (1988)	The consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some norm of performance) and the actual performance of the product as perceived after its consumption (p. 204).	Response to the evaluation	Perceived discrepancy between prior expectations (or some norm of performance) and the actual performance of the product	Post-consumption

Table 2-2: Selected Definitions of Customer Satisfaction (cont.)

Source	Definition	Response Type	Focus	Time
Cadotte/Woodruff/Jenkins (1987)	Conceptualized as a feeling developed from an evaluation of the use experience (p. 305).	Feeling developed from an evaluation	Use experience	During consumption
Westbrook (1987)	Global evaluative judgment about product usage/consumption (p. 260).	Global evaluative judgment	Product usage/consumption	During consumption
Day (1984)	The evaluative response to the current consumption event; the consumer's response in a particular consumption experience to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product perceived after its acquisition (p. 496).	Evaluative response	Perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product	Current consumption event; a particular consumption experience
Churchill/Suprenant (1982)	Conceptually, an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase relative to anticipated consequences. Operationally, similar to attitude in that it can be assessed as a summation of satisfactions with various attributes (p. 493).	Outcome	Comparison of the rewards and costs of the purchase relative to anticipated consequences	Implies after purchase and use
Swan/Trawick/Carroll (1982)	A conscious evaluation or cognitive judgment that the product has performed relatively well or poorly or that the product was suitable or unsuitable for its use/purpose. Another dimension of satisfaction involves affect of feelings toward the product (p. 17).	Conscious evaluation or cognitive judgment	Product has performed relatively well or poorly or that the product was suitable or unsuitable for its use/purpose	During or after consumption
Oliver (1981)	An evaluation of the surprise inherent in a product acquisition and/or consumption experience. In essence, the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience (p. 27).	Evaluation	Disconfirmed expectations coupled with the consumer's prior feelings	Product acquisition and/or consumption experience

2.2 Theoretical Approaches Explaining Customer Satisfaction

Perceived expectations, perceived performance, and disconfirmation are considered as key-variables explaining the emergence of satisfaction.⁵³ Researchers in consumer psychology and marketing provide theoretical explanations of the relationships between these variables. Table 2-3 provides an overview of major psychological theories applied in the satisfaction literature in order to explain product evaluation and satisfaction formation of consumers. These theories will be discussed in the following.

Table 2-3: Theories on the Formation of Customer Satisfaction

Theory	Content	Major Authors
Adaptation Level Theory	Satisfaction is an additive combination of an adapted standard (the expectation level) and the resulting disconfirmation.	Helson (1948, 1959); Oliver (1980)
Assimilation Theory	In case of under or over fulfillment of expectations customers adapt their expectations or performance perception ex-post to achieve satisfaction at confirmation level.	Festinger (1957); Hovland/Harvey/Sherif (1957); Pieters/Koelemeijer/Roest (1995)
Contrast Theory	If a disparity between expectations and perceived performance exists the resulting contrast between these variables and its surprise effect will cause the individual to exaggerate the disparity.	Howard/Sheth (1969); Oliver (1980)
Assimilation-Contrast Theory	The magnitude of the discrepancy between expectations and perceived performance determines if an assimilation or contrast effect occurs.	Hovland/Harvey/Sherif (1957); Sherif/Hovland (1961)
Generalized Negativity Theory	Any discrepancy between expectations and performance will be perceived as negative.	Carlsmith/Aronson (1963)
Prospect Theory	The nonfulfillment of expectations will lead to a higher degree of dissatisfaction than the corresponding overfulfillment of expectations would lead to satisfaction.	Kahneman/Tversky (1979); Anderson/Sullivan (1993)

Source: Adapted from Oliver/Yau (1994), p. 15; Yi (1990), pp. 78-82; Anderson/Sullivan (1993), pp. 126-133.

2.2.1 Adaptation Level Theory

According to Oliver (1980), expectations form a frame of reference, which is used for a comparative judgment resulting in satisfaction or dissatisfaction. Product performance that is perceived poorer (better) than expected is rated below (above) this reference point. Such understanding of expectations goes back to Helson's (1948) adaptation level theory. According to the theory, an individual perceives a certain stimuli only in reference to an adapted

⁵³ See Churchill/Surprenant (1982), p. 492.

standard. “*The standard is a function of perceptions of the stimulus itself, the context, and psychological characteristics of the organism.*”⁵⁴ The adaption level serves as a base for comparing a stimulus, for example, product performance in the satisfaction formation process. Applying the theory to customer satisfaction, Oliver (1980) stated that expectations are influenced by the following factors:⁵⁵

- 1) the product and the individual’s prior experiences with the product plus related brand associations and symbolic elements,
- 2) the context of product experience including communication content from salespeople and referents and
- 3) individual characteristics such as persuasibility and perceptual distortion.

Positive or negative disconfirmation is determined by the degree of post-consumption deviation from the adaptation level. If the product performance falls short of expectations, the individual is negatively disconfirmed whereas a performance better than expected will lead to positive disconfirmation. As a result, satisfaction is the additive combination of the expectation level and the experienced level of disconfirmation.

2.2.2 Assimilation Theory

As defined before, expectations serve as a comparison standard against which individuals compare the performance they receive and perceive. Still, various studies have shown that also direct effects of expectations on perceived performance and satisfaction exist.⁵⁶ According to Hovland et al.’s (1957) assimilation theory, individuals tend to adjust their performance perception according to their prior expectations. If one has high pre-consumption expectations of a product he/she will perceive the performance better than it actually is. The theory builds on the assumptions of Festinger’s (1957) theory of dissonance, which states that individuals strive for cognitive consistency or consonance.

The state of consonance is achieved if, for example, the expectations of the individual correspond to the actual experience. If a discrepancy between expectations and reality exists (dissonance) the individual will be motivated to do anything to decrease the dissonance, meaning to achieve consonance. Applied to the context of customer satisfaction the assimilation theory implies that an individual is motivated to try to reduce the gap between expected performance and perceived performance.⁵⁷ Figure 2-1 serves as an illustration of the assimilation effect. If the ex-ante expectations are high (t_1) the individual is likely to adapt his or her performance perception to the prior expectations. After experiencing the actual performance (t_2) the individual perceives the performance better than it actually is (t_3). The individual strives for keeping the gap between expectations and performance perceptions small resulting in a positive relationship between expected performance and perceived performance.

⁵⁴ Oliver (1980), p. 461.

⁵⁵ See loc. cit.

⁵⁶ See Pieters/Koelemeijer/Roest (1995), p. 18; for an overview see Yi (1990), pp. 68-123.

⁵⁷ See Pieters/Koelemeijer/Roest (1995), p. 18.

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