Handbook of Developments in Consumer Behaviour

Edited by

Victoria Wells
Durham Business School, Durham University, UK

Gordon Foxall
Cardiff Business School, Cardiff University, UK

Edward Elgar
Cheltenham, UK • Northampton, MA, USA
Contents

List of contributors vii

1 Developments in consumer behaviour 1
   Gordon R. Foxall and Victoria K. Wells

PART I CONSUMER CULTURE

2 People and things 15
   Russell Belk

3 Culture and consumer behaviour: contextual and compositional components 47
   C. Samuel Craig and Susan P. Douglas

4 The role of culture in advertising humour 83
   Marc G. Weinberger, Charles S. Gulas and Michelle F. Weinberger

PART II CONSUMERS IN CONTEXT

5 Retail and spatial consumer behaviour 121
   Harry Timmermans

6 Consumer behaviour in a service context 147
   Rodoula H. Tsiotsou and Jochen Wirtz

7 Researching the unselfish consumer 202
   Ken Peattie

8 New developments in the diffusion of innovations 246
   Ronald E. Goldsmith

PART III CONSUMER IMPULSIVITY, COMPULSIVENESS AND BEYOND

9 Discounting and impulsivity: overview and relevance to consumer choice 285
   Luis L. Oliveira and Leonard Green
Handbook of developments in consumer behaviour

Addictive, impulsive and other counter-normative consumption
Don Ross

A template matching technique of personality classification for the study of consumer behavior: case study of Lois the compulsive buyer
Paul J. Albanese

PART IV  NEUROSCIENCE AND CONSUMER CHOICE

Consumer neuroscience
Peter Kenning, Mirja Hubert and Marc Linzmajer

The role of neurophysiology, emotion and contingency in the explanation of consumer choice
Gordon R. Foxall, Mirella Yani-de-Soriano, Shumaila Y. Yousafzai and Uzma Javed

Consumer involvement: review, update and links to decision neuroscience
Judith Lynne Zaichkowsky

PART V  CONSUMER BEHAVIOUR IN EVOLUTIONARY PERSPECTIVE

Consumers are foragers, not rational actors: towards a behavioural ecology of consumer choice
Donald A. Hantula

Index
6 Consumer behaviour in a service context

Rodoula H. Tsiotsou and Jochen Wirtz

6.1 INTRODUCTION

In its early stages, the service literature focused on the unique characteristics of services (e.g., intangibility, heterogeneity, inseparability, and perishability, also referred to as “iHip”) and their impact on consumer behaviour in this context (Shostack 1977; Zeithaml 1981; Wolak et al. 1998). Although there is much criticism about the uniqueness of these service characteristics, the process nature of services cannot be doubted. Grönroos (2000a) proposes that process is one of the main characteristics of services, in addition to simultaneous production and consumption and the customer’s participation in the service production process. The consumption of services has been characterized as “process consumption” (Grönroos 1998) because the production process is considered to form an element of service consumption and is not simply seen as the outcome of a production process, as is the case in the traditional marketing of physical goods.

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

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

The early service consumer behaviour literature applied paradigms and approaches taken from the literature on goods. More recent research initiatives reflect an attempt to liberate services from the goods logic and develop new approaches more appropriate and relevant to services. In practice, the relationship marketing and service-dominant perspectives
constitute recent theoretical developments that have enriched the research agenda and provided new lenses in explaining phenomena in services.

Originating in the B2B literature, the relationship-marketing paradigm prevails in contemporary marketing. According to Patterson and Ward (2000), relationship marketing “is the establishment of a long-term relationship between the service supplier and customer to their mutual benefit” (p. 320). Relationship marketing liberated current research from cognitive and attitudinal approaches in explaining consumer behaviour in a service context. The relational perspective views traditional constructs such as trust and loyalty as qualitative elements of the relationship between consumers and service firms, and not as outcomes of transactions.

The service-dominant (S-D) or “service for service” logic has shifted the center of attention from a goods-dominant view, based on tangible outcomes, to one in which intangibility, relationships and service are central (Vargo and Lusch 2004). According to this notion, service is defined as a process (rather than a unit of output) and refers to the application of competencies (knowledge and skills) for the benefit of the consumer. Here, the primary goal of a business is value co-creation as “perceived and determined by the customer on the basis of value-in-use” (Vargo and Lusch 2004, p. 7).

The remainder of this chapter is organized as follows. First, the three-stage model of service consumption is presented along with key new research developments concerning each stage. This is followed by a discussion of the relational marketing perspective and the service-dominant logic. The chapter concludes by outlining emerging research topics and directions for future investigation.

6.2 THE THREE-STAGE MODEL OF SERVICE CONSUMPTION

The services marketing literature can be organized according to a multi-stage approach to analyzing consumer behaviour and service performance. In particular, consumers go through three major stages when they consume services: the pre-purchase stage, the service encounter stage and the post-encounter stage (Lovelock and Wirtz 2011, pp. 36–37). This framework is helpful because it assists academics in forming a clear research focus and direction, and businesses in identifying the stages that need the most improvement and therefore need more resources allocated to them (Blackwell et al. 2003; Hensley and Sulek 2007). Research has been conducted on all three stages to examine their major determinants, influences (direct and indirect), processes and outcomes (Figure 6.1).
**Consumer behaviour in a service context**

### Figure 6.1 The three-stage model of service consumption

#### PRE-PURCHASE STAGE

<table>
<thead>
<tr>
<th>Consumer Behavior</th>
<th>Key Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Need awareness</td>
<td>Need Arousal</td>
</tr>
<tr>
<td>• Information search</td>
<td>Information Sources</td>
</tr>
<tr>
<td>• Evaluation of alternatives</td>
<td>Perceived Risk</td>
</tr>
<tr>
<td>• Make decision on service purchase</td>
<td>Multi-Attribute Model</td>
</tr>
<tr>
<td></td>
<td>Search, Experience and Credence Attributes</td>
</tr>
</tbody>
</table>

#### SERVICE ENCOUNTER STAGE

<table>
<thead>
<tr>
<th>Consumer Behavior</th>
<th>Key Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Request service from chosen supplier or initiation of self-service</td>
<td>Theoretical Approaches:</td>
</tr>
<tr>
<td>• Interaction with service personnel</td>
<td>- Moments of Truth</td>
</tr>
<tr>
<td>• Service delivery by personnel or self-service</td>
<td>- Role Theory</td>
</tr>
<tr>
<td></td>
<td>- Script Theory</td>
</tr>
<tr>
<td></td>
<td>- The Servuction Model</td>
</tr>
<tr>
<td></td>
<td>- The Servicescape/Environmental Perspective</td>
</tr>
</tbody>
</table>

#### POST-ENCOUNTER STAGE

<table>
<thead>
<tr>
<th>Consumer Behavior</th>
<th>Key Concepts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Evaluation of service performance</td>
<td>The Expectancy/Disconfirmation Paradigm</td>
</tr>
<tr>
<td>• Evaluation of service recovery</td>
<td>The Attribute-Based Approach: Attribute Satisfaction, Service Quality, Service Value</td>
</tr>
<tr>
<td>• Future intentions</td>
<td>Service Failure &amp; Dissatisfaction</td>
</tr>
<tr>
<td></td>
<td>– Complaining Behavior</td>
</tr>
<tr>
<td></td>
<td>– Dysfunctional Behavior</td>
</tr>
<tr>
<td></td>
<td>– Switching Behavior</td>
</tr>
<tr>
<td></td>
<td>Satisfaction and the “Service Recovery Paradox”</td>
</tr>
<tr>
<td></td>
<td>Repurchase Intentions, Trust, Engagement &amp; Loyalty</td>
</tr>
</tbody>
</table>
6.2.1 The Pre-Purchase Stage

According to Fisk (1981), the pre-purchase phase of the decision-making process for services is not linear, but is more complex in comparison with that for goods as it involves a composite set of factors and activities. Due to the participation of consumers in the service production process, the decision-making process takes more time and is more complicated than in the case of goods. Research supports the view that consumer expertise, knowledge (Byrne 2005) and perceived risk (Diacon and Ennew 2001) all play significant roles in this purchase decision process for services.

In the pre-purchase stage, consumers are triggered into action by arousing a need to start searching for information and evaluate alternatives before deciding whether or not to buy a particular service. Needs may be triggered by the unconscious mind (e.g., impulse buying), internal conditions (e.g., hunger) or external sources (e.g., marketing mix).

The information search process described in the next section assumes that consumer decision-making processes take place at a conscious level. However, it should be remembered that consumers can also engage in impulse buying or “unplanned behaviour”. Although impulse buying is an important phenomenon extensively studied in the goods context, it has been neglected in services research (Kacen and Lee 2002). Because services are generally associated with higher perceived risk and variability, it is suggested that impulse buying occurs less frequently in services than in goods (Murray and Schlacter 1990; Sharma et al. 2009).

According to the notion of “planned purchase behaviour”, once a need or problem has been recognized, consumers are motivated to search for solutions to satisfy that need or resolve that problem (Figure 6.2). It is well established in the marketing literature that a consumer’s purchase decision is based on the information obtained in the pre-purchase stage (Alba and Hutchinson 2000; Mattila and Wirtz 2002; Konus et al. 2008).

6.2.1.1 Information search

The way in which consumers search for information on services differs from the way in which they search for information on goods in terms of the amount of information sought and the number and type of sources used for gathering information. Given that the uncertainty and perceived risk associated with a purchase decision are considered higher in services due to their intangible nature and variability (Murray and Schlacter 1990; Bansal and Voyer 2000) and because of the high degree of price uncertainty due to service firms’ revenue management strategies (Kimes and Wirtz 2003; Wirtz and Kimes 2007), consumers engage in more extensive information search activities to reduce both (Alba and Hutchinson 2000; Mattila and Wirtz 2002).
Service consumers do not usually confine themselves to a single source of information, but employ multiple sources of information depending on their orientation (multichannel orientation), their tendency to innovate and the perceived pleasure of the shopping experience. They search for information from multiple sources to save money, to reduce risk, to develop performance expectations of service offers and to explore alternative service providers (Konus et al. 2008).

Consumers use a variety of methods to gather information: they seek information from trusted and respected personal sources such as family, friends and peers; they use the Internet to compare service offerings and search for independent reviews and ratings; they rely on firms with a good reputation; they look for guarantees and warranties; they visit service facilities or try aspects of the service before purchasing; they examine tangible cues and other physical evidence and ask knowledgeable employees about competing services (Boshoff 2002; Zeithaml and Bitner 2003; Lovelock and Wirtz 2011, pp. 41–42).

In the pre-purchase decision-making process for services, consumers not only exhibit a greater propensity to search for more information than they do in the goods context, but they also tend to explore more personal sources of information such as friends, family and co-workers (Murray and Schlacter 1990; Bansal and Voyer 2000; Mattila and Wirtz 2002; Xiao et al. 2011). Thus, word of mouth as a source of consumer information has become an important and influential concept within services due to their
intangibility and higher perceived risk (Murray and Schlacter 1990; Bansal and Voyer 2000; Mattila and Wirtz 2002).

Consumers trust more specific personal sources of information. For example, it has been found that family is a predominantly trustworthy source of information considered more reliable than friends or professional advisors (e.g., accountants or financial planners) when buying retirement services (Rickwood and White 2009). Moreover, consumer expertise, perceived risk and perceived acquaintances’ expertise contribute to the active search for word-of-mouth (Alba and Hutchinson 2000; Bansal and Voyer 2000; Mattila and Wirtz 2002).

Another source of information is the Internet, although consumers’ online behaviour differs in terms of the amount of search time spent on goods versus services websites. A study conducted in an online retailing context found that the average time consumers spent searching on the Web was 9.17 minutes on automotive sites, 9.26 minutes on telecom/Internet sites, 10.44 minutes on travel sites and 25.08 minutes on financial sites (Bhatnagar and Ghose 2004). Gender, education, age and Internet experience also influence the time consumers spend searching for information (Bhatnagar and Ghose 2004; Ratchford et al. 2003), while search patterns vary by product category in retail services (Bhatnagar and Ghose 2004). Moreover, the more time consumers devote to searching for information via the Internet and the more often they do so, the more the information gathered online influences the purchase decision (Bhatnagar and Ghose 2004).

One way in which online vendors help consumers make their choices is by providing electronic recommendation agents also known as “smart agents” as an element of their services (Aksoy et al. 2006; Diehl et al. 2003; Haubl and Murray 2003; Haubl and Trifts 2000). The use of recommendation agents and avatars as an entertainment and informational tool to fulfill consumers’ desire for a more interpersonal shopping experience has recently attracted research attention (Holzwarth et al. 2006). Electronic recommendation agents assist consumers with their purchase decisions by providing information about products and their attributes after searching for a large amount of data using consumer-specified selection criteria (Aksoy et al. 2006; Diehl et al. 2003). Similarly, avatars or virtual salespeople acting as sales agents have been found to increase consumer satisfaction with the firm, enhance positive attitudes towards products, and increase purchase intentions (Holzwarth et al. 2006). Electronic recommendation agents can reduce the prices paid by consumers (Diehl et al. 2003) and improve the quality of their decisions (Ariely et al. 2004; Haubl and Trifts 2000). However, recommendation agents should have similarities with consumers in terms of either attribute weights or decision
strategies to achieve higher quality choices, reduced search time for consumers, and increased website loyalty and satisfaction (Aksoy et al. 2006).

### 6.2.1.2 Evaluation of alternative services

During the search process, consumers form their consideration set and learn about the service attributes they should consider, in addition to forming expectations of how firms in the consideration set perform on those attributes (Lovelock and Wirtz 2011, p. 42).

Once the consideration set and key attributes are understood, consumers typically proceed to making a purchase decision. Multi-attribute models have been widely used to simulate consumer decision making. According to these models, consumers use service attributes (e.g., quality, price and convenience) that are important to them to evaluate and compare alternative offerings of firms in their consideration set. Each attribute is weighted according to its importance. An example of a multi-attribute model applied to dry cleaning services is presented in Figure 6.3. To make a purchase decision, consumers might use either the very simple linear compensatory rule (in which case the consumer would choose “New Dry Cleaner” in the example in Figure 6.3) or the more complex but also more realistic conjunctive rule (e.g., if price should have a minimum rating of “9”, then “Campus Dry Cleaner” would be chosen). Consumers using the same information can ultimately choose different alternatives if they use different decision rules.

---

**Figure 6.3 Application of the multi-attribute model in dry cleaning services**
Multi-attribute models assume that consumers can evaluate all important attributes before making a purchase. However, this is often not the case in the services arena, as some attributes are harder to evaluate than others. Attributes can be categorized into three types (Zeithaml 1981): search attributes, experience attributes and credence attributes. Search attributes refer to tangible characteristics consumers can evaluate before purchase (Wright and Lynch 1995; Paswan et al. 2004). These attributes (e.g., price, brand name, transaction costs) help consumers to better understand and evaluate a service before making a purchase and therefore reduce the sense of uncertainty or risk associated with a purchase decision (Paswan et al. 2004). Experience attributes, on the other hand, cannot be reliably evaluated before purchase (Galetzka et al. 2006). Consumers must “experience” the service before they can assess attributes such as reliability, ease of use and consumer support. Credence attributes are characteristics that consumers find hard to evaluate even after making a purchase and consuming the service (Darby and Karni 1973). This can be due to a lack of technical experience or means to make a reliable evaluation, or because a claim can be verified only a long time after consumption, if at all (Galetzka et al. 2006). Here, the consumer is forced to believe or trust that certain tasks have been performed at the promised level of quality. Because most services tend to be ranked highly on experience and credence attributes, consumers find them more difficult to evaluate before making a purchase (Zeithaml 1981; Mattila and Wirtz 2002).

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

6.2.2 The Service Encounter Stage

Consumers move on to the core service experience after making the decision to purchase. The service encounter stage is when the consumer interacts directly with the service firm, and is the means by which consumers co-create value and co-produce a service while evaluating the service experience.

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

6.2.2.1 Theoretical approaches to service encounters
A number of approaches have been proposed to provide a better understanding of consumer behaviour and experiences during service encounters.

Moments of truth  Service encounters have been regarded as moments of truth (Normann 1991; Edvardsson et al. 2000). The concept of moments of truth underlines the importance of effectively managing touch-points. Richard Normann borrowed the moment of truth metaphor from bullfighting to show the importance of contact points with consumers. At the moment of truth, the relationship between the consumer and the firm is at stake (Normann 1991). The service encounter is a “moment of truth” because the consumer’s experience of the encounter is the main factor contributing to their perception of overall service quality.

Role theory  Grove and Fisk (1983) define a role as “a set of behaviour 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” (p. 45). Roles have also been defined as expectations of society that guide behaviour in a specific setting or context (Solomon et al. 1985). In service encounters, employees and consumers both have roles to play. If either party is uncomfortable in a role, or if they do not act according to their roles, it will affect the satisfaction and productivity of both parties.

According to this metaphor, service facilities constitute the stage and frontline personnel represent the members of the cast. The theater metaphor also includes the roles of the players on stage and the scripts they have to follow. The actors in a theater need to know what roles they are playing and be familiar with the script. Similarly, in service encounters, knowledge of role and script theories can help organizations to better understand, design and manage both employee and consumer behaviour (Grove et al. 2000; Baron et al. 2003; Lovelock and Wirtz 2011).
Script theory  Just like a movie script, a service script specifies the behavioural sequences employees and consumers are expected to learn and follow during the service delivery process. Employees receive formal training (cf., Grandey et al. 2010), whereas consumers learn scripts through experience, observation, communication with others, and designed communications and education (Harris et al. 2003). The more experience a consumer has with a service company, the more familiar that particular script becomes. Any deviation from this known script may frustrate both consumers and employees and can lead to dissatisfaction. If a company decides to change a service script (e.g., by using technology to transform a high-contact service into a low-contact one), service personnel and consumers need to be educated about the new approach and the benefits it provides. In addition, unwillingness to learn a new script can give customers a reason not to switch to a competing service provider.

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

The theater is a good metaphor for understanding the creation of service experiences through the service production system, called the servuction system in short. This is because service delivery consists of a series of events that consumers experience as a performance (Grove et al. 2000; Baron et al. 2003). Role theory and script theory complement each other in how we understand both consumer and employee behaviour during a service encounter. Together with the script and role theories, the theater metaphor gives us insights into how firms can look at “staging” service performances to create the desired experience.

The servuction model  The servuction model focuses on the various types of interactions that together create the consumer’s service experience (Figure 6.4). The servuction system (combining the terms service and production) consists of a technical core invisible to the customer, and the service delivery system visible to and experienced by the consumer (Eiglier and Langeard 1977; Langeard et al. 1981). As in the theater, the visible components can be termed “front stage” or “front office”, while the invisible components can be termed “back stage” or “back office” (Chase 1978; Grove et al. 2000). The servuction system includes all the interactions that together make up a typical consumer experience in a high-contact service. Consumers
Consumer behaviour in a service context

Interact with the service environment, service employees, and even other consumers present during the service encounter. Each type of interaction can either create value (e.g., a pleasant environment, friendly and competent employees, and other consumers who are interesting to observe) or destroy value (e.g., another consumer blocking your view in a movie theater). Firms have to coordinate all interactions to ensure their consumers have the service experience they came for.

The servicescape/environmental perspective This approach considers all the experiential elements consumers encounter in service delivery settings. The physical service environment consumers experience plays a key role in shaping the service experience and enhancing (or undermining) consumer satisfaction, especially in high-contact people-processing services (Figure 6.4).

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

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

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

The remainder of this section on the service encounter stage is arranged according to the key interactions that together make up the service encounter experience: the employee to consumer, consumer to environment, and consumer to consumer interactions. All these interactions are better used to explain high-contact service encounters than to illuminate low-contact or self-service encounters. The latter are discussed further at the end of this section.
6.2.2.2 Frontline employees and customer interactions

High-contact service encounters facilitate the development of high-quality relationships with consumers by encouraging consumer–employee bond-building (Heracleous and Wirtz 2010; Wirtz et al. 2008). Employees play an important role in service encounters because consumers’ interactions with frontline personnel are a significant determinant of their satisfaction or dissatisfaction with the service firm. Customer interactions with courteous, knowledgeable and efficient frontline employees lead to an enhanced corporate image (Nguyen and Leblanc 2002) and to increased perceptions of service excellence, customer satisfaction (Swan et al. 1999) and repurchase intentions (Reynolds and Arnold 2000). In a similar vein, employee friendliness has been found to have a positive influence on unplanned purchasing behaviour among consumers (Mattila and Wirtz 2008).

Recent empirical evidence also shows that consumer self–employee congruency directly influences consumer satisfaction with employee relationships and their loyalty towards employees, which in turn contribute to overall consumer satisfaction with the firm (Jamal and Adelowore 2008). Consumers’ perceptions of their similarity to service employees allows them to identify with service personnel on a personal basis, which subsequently increases their comfort, reduces interpersonal barriers, enhances consumer satisfaction and trust (Coulter and Coulter 2002) and engenders positive word of mouth (WOM) (Gremler et al. 2001). Other reported sources of satisfaction in service encounters include consumer delight with unprompted and/or unsolicited employee actions, the ability of employees to accommodate consumer needs for customized services, and employee responses to difficulties related to core service delivery (Bitner et al. 1990).

However, employees do not always generate positive reactions from consumers. For example, the inability or unwillingness of employees to respond to service failures and to consumer needs for customized services have been found to be significant sources of consumer dissatisfaction (Bitner et al. 1990).

Furthermore, the appearance and behaviour of both service personnel and consumers can reinforce or detract from the impression created by a service environment. Nickson et al. (2005) use the term “aesthetic labor” to capture the importance of the physical imagery of service personnel who serve consumers directly. Frontline personnel should play their roles effectively, including by ensuring their appearance, speech and movement are consistent with the servicescape in which they work.

6.2.2.3 Customer–service environment interactions

The service environment (i.e., “the stage” in the theater metaphor) refers to the physical surroundings of the servicescape (Pullman and Gross 2004)
and can be used as an important proxy signaling the quality of the firm’s services and its portrayal of its desired image.

Service environments are composed of hundreds of design elements and details that must work together if they are to create the desired service environment (Dunne et al. 2002). Even when not noted consciously, these elements may still affect emotional wellbeing, perceptions and even attitudes and behaviour. The resulting atmosphere creates a mood that is perceived and interpreted by the consumer (Davies and Ward 2002). Recent research shows that the service environment is not only a cue for anticipated service quality, but also influences consumers’ evaluations of the intangible elements of a service firm, especially for hedonic services (Reimer and Kuehn 2005). Moreover, the physical service environment influences consumers’ perceptions of the experiential value of a service expressed in terms of aesthetics and playfulness, which in turn affect their purchase intentions (Keng et al. 2007).

Ambient conditions might also influence consumer behaviour in a positive or negative way. For example, pleasant scents promote a favorable perception of the service environment (Morrin and Ratneshwar 2003) and have a positive effect on mood (Spangenberg et al. 1996), on the amount of time consumers spend in stores (Donovan et al. 1994; Spangenberg et al. 1996), and on overall expenditure and the number of brands purchased (Bone and Ellen 1999).

Contrary to the findings of early research endeavors on the topic, new developments support the conjecture that ambient conditions do not always affect consumer behaviour or influence consumers in the same way. One precondition is that ambient conditions in the same service environment should be congruent with consumers’ affective expectations (Wirtz et al. 2000, 2007b). Furthermore, Mattila and Wirtz (2001) report that when ambient scents and music are congruent with each other in relation to their arousing qualities, consumers make a significantly more positive evaluation of the service environment, exhibit a higher propensity for approach and impulse buying behaviour, and are more satisfied than when these cues do not fit with each other.

Another precondition is that ambient conditions should be adapted to the service setting (e.g., a lavender aroma that is considered relaxing might not be the best choice for a dancing club, and loud music might not be appropriate for a hotel room). In the case of scents, evidence supports the proposition that not all scents affect consumer behaviour. In an experiment conducted by Gueguen and Petr (2006), lemon and lavender aromas were diffused in a restaurant and compared to a no-aroma control condition. The study showed that the lavender aroma—but not the lemon aroma—increased the length of stay among consumers and the amount
they purchased. Moreover, elements of the service environment should vary according to the setting—private (e.g., a guest room) versus public (e.g., a bar)—and be adjusted to consumer characteristics (e.g., arousal seeking tendency) (I. Lin 2010).

The importance of ambient conditions has also been recognized in online contexts. Companies have used technological advances to develop attractive online service environments equivalent to offline settings to enrich the experience of their consumers. Thus, companies like British Telewest Labs plug into PCs air fresheners that spray a scent related to a message to make the consumer’s experience more effective. The U.S. Department of Defense cooperates with ScentAir, a company specializing in scent appliances, and uses air fresheners in simulators employed for its military education programs.

In an online context, scents have been found to enhance consumers’ perceptions of interactivity (Ehrlichman and Bastone 1992) and vividness (Steuer 1992), as well as measures of approach behaviour operationalized as time spent in the virtual store, number of brands examined, and money spent (Vinitzky and Mazursky 2011). However, new developments in the area suggest that environmental factors (e.g., scents) might not operate in the same way for all consumers, and might also have an interruption effect on their cognitive shopping processes depending on their cognitive thinking style (an intuitive style versus a systematic cognitive style). It has been found that consumers with a highly systematic cognitive thinking style are more affected by the presence of scents, which in turn reduces their ability to perform an effective search process (disruption of the consumer’s focus and challenge). Thus, the use of scents to enrich the consumer experience might not always be desirable (Vinitzky and Mazursky 2011).

In line with the above reasoning, several environmental elements might have a negative impact on consumers’ emotions, evaluations and behaviour. Design elements such as a lack of mirrors in dressing rooms, inadequate directions, items being rearranged and small stores also irritate consumers (d’Astous et al. 1995). Social elements of the service environment might also affect consumers. For example, the sardine phenomenon—when too many consumers compete for space and service resources at the same time—can result in consumers experiencing discomfort (Chen et al. 2009). Crowding has a negative effect on (a) consumer satisfaction when the primary motive for the service experience is utilitarian; (b) the desire to spend more money; and (c) the time spent in a restaurant (Noone and Mattila 2009).

In addition to consumers, the service environment is a highly aesthetic element in the corporate image creation process and plays a significant role in employee experience and performance in the servicescape (Nguyen
and Leblanc 2002). After all, employees spend much more time there than do consumers, and it is crucially important that the design of the service encounter environment enables frontline personnel to be productive and deliver quality services. Internal consumer and employee responses can be categorized into cognitive responses (e.g., quality perceptions and beliefs), emotional responses (e.g., feelings and moods), and psychological responses (e.g., pain and comfort) (Mattila and Wirtz 2008). These internal responses lead to overt behavioural responses such as avoiding a crowded department store or responding positively to a relaxing environment by remaining there longer and spending extra money on impulse purchases. It is important to understand that the behavioural responses of consumers and employees must be shaped in ways that facilitate production and the purchase of high-quality services (Mattila and Wirtz 2008).

6.2.2.4 Consumer-to-consumer interactions

In Grove and Fisk’s (1983) theater metaphor, other consumers are identified as the service audience, whereas in Baker’s (1987) framework, other consumers represent the social factor of the physical service environment. Other consumers have been found to play several roles: acting as help-seekers, reactive helpers, admirers, competitors, proactive helpers, observers, followers, judges, accused and spoilers (McGrath and Otnes 1995).

The presence of other consumers in the same service environment during an encounter can affect the service experience of a consumer in a negative or positive way (Grove and Fisk 1997). When consumers receive social support from other consumers, consumer-to-consumer interactions might enhance their service experience, build loyalty, and therefore increase the profits of the service firm (Rosenbaum et al. 2007). A study conducted in a gym setting revealed that consumers receiving social-emotional support (and not so much instrumental support) from other consumers exhibit more voluntary performance behaviour toward the service firm and its other customers (Rosenbaum and Massiah 2007). In addition, Harris and Baron (2004) find that conversations between consumers in the same service environment stabilize their expectations and perceptions of the service experience, which in turn reduces their dissatisfaction.

Other factors proposed to affect satisfaction include consumers’ compatibility and service settings. Consumers are more satisfied with the service experience when they perceive a high degree of compatibility with other consumers in the same service context (Martin and Pranter 1989; Grove and Fisk 1997). For example, non-smoking consumers in a restaurant will be more satisfied when the other consumers are non-smokers as well. However, it has been proposed that situational and service context variations are more important factors influencing consumer satisfaction.
For example, shouting might constitute acceptable behaviour in a bowling center, but not in a restaurant (Martin 1996). A recent study reported that the degree of interaction with other consumers depends on the level of importance attached to other consumers according to the service setting (Zhang et al. 2010). For example, the presence of and interactions with other consumers are an essential element of the service experience of a sporting event, whereas this might not be the case in services such as hair salons or financial services. Moreover, Zhang et al. (2010) found that not only does the impact of other consumers differ across service settings, but certain settings are more strongly associated with negative incidents between consumers (e.g., movie theaters and skiing slopes) or positive incidents (e.g., retail stores, hair salons, and amusement parks), while others are related to both negative and positive incidents (e.g., restaurants and public transportation).

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

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

Voice-to-voice encounters play a significant role in developing, sustaining and managing consumer relationships (Anton 2000) and enhancing satisfaction (Feinberg et al. 2002). Voice-to-voice encounters often involve waiting time, music and information. Music and information have become two common tools firms use to keep consumers occupied while they wait and thereby reduce their perceptions of waiting time. However, recent research has shown that it is only when the customer likes the music that
it reduces the perceived waiting time and increases satisfaction (Whiting and Donthu 2006).

**Self-service encounters**  Self-service technology-enabled encounters can benefit consumers because they allow for the production and consumption of services without relying on service personnel (e.g. automated teller machines, self-scanning checkouts and Internet banking). Self-service technologies (SSTs) allow consumers to “produce a service independent of direct service employee involvement” (Curran et al. 2003, p. 209). For consumers, SSTs often require the co-production of services, increased cognitive involvement, and new forms of service behaviour, while they can offer greater customization and more satisfying experiences (Meuter et al. 2000; Prahalad and Ramaswamy 2004). However, self-service encounters not only benefit consumers, but also frequently benefit service providers by providing them with direct and immediate feedback from their consumers (Voorhees and Brady 2005), improving service design, developing consumer loyalty (Voss et al. 2004) and reducing costs. Research on the application of SSTs has focused on factors that either facilitate or inhibit their adoption and usage by customers. Perceived usefulness, ease of use, reliability and fun have been identified as key drivers of consumer attitudes toward SSTs (Weijters et al. 2007). Dabholkar et al. (2003) consider self-scanning checkouts in retail stores and find that control, reliability, ease of use and enjoyment are important usage determinants of this kind of SST. Consumer characteristics such as a lack of confidence, anxiety, technology-related attitudes, and self-efficacy might inhibit the use of SSTs and successful co-production, especially in complex services (Boyle et al. 2006; Dabholkar and Bagozzi 2002; Meuter et al. 2000).

Consumers are often dissatisfied with SSTs if they deliver poor service (Meuter et al. 2000) or the technology fails (Holloway and Beatty 2003; Meuter et al. 2000), and if they cause frustration they might engender poor service delivery and technological failure (Harris et al. 2006; Dabholkar et al. 2003). Due to these reasons and because SSTs might deter consumers from voicing their complaints (Forbes et al. 2005), consumers might avoid engaging in self-service technology-enabled encounters (Bitner et al. 2002) and even switch service providers (Forbes et al. 2005). Recent research shows that the ease with which complaints can be made in SST settings mediate the relationship between consumers’ perceptions of the likelihood of voice success and their likelihood of complaining (Robertson and Shaw 2009). SST-enabled service encounters also reduce the opportunity for service providers to get in touch with consumers, determine their emotional state (Freidman and Currall 2003) and detect service failures (Pujari 2004).
6.2.3 The Post-Encounter Stage

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

6.2.3.1 Customer satisfaction with services

Several conceptual models such as the expectancy-disconfirmation paradigm (Oliver 1980) and the perceived performance model (Churchill and Surprenant 1982), as well as attribution models (Folkes 1984), affective models (Westbrook 1987; Wirtz and Bateson 1999; Mattila and Wirtz 2000) and equity models (Oliver and DeSarbo 1988) have been developed to explain consumer satisfaction with services.

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

6.2.3.2 The expectancy-disconfirmation paradigm

Most customer satisfaction research is based on the expectancy-disconfirmation model of satisfaction (Oliver 1980) where confirmation or disconfirmation of consumers’ expectations is the key determinant of satisfaction (Oliver 1980; Wirtz and Mattila 2001). According to the expectancy-disconfirmation paradigm, consumers evaluate the service performance they have experienced and compare it to their prior expectations (Figure 6.5).

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

When service performance is well above the expected level, consumers might be delighted. Consumer delight is a function of three components: (1) unexpectedly high levels of performance; (2) arousal (e.g., surprise, excitement); and (3) positive affect (e.g., pleasure, joy or happiness) (Oliver et al. 1997). It should be noted, however, that consumers’ expectations might be raised once they have been delighted (Santos and Boote 2003). This can lead to consumers becoming dissatisfied if service levels return to the previously lower levels, and it will probably take more effort to delight them in the future (Rust and Oliver 2000).

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

Figure 6.5  Consumer satisfaction (expectancy-disconfirmation) and its outcomes in services
Probably the least investigated area of consumer behaviour after a satisfying service experience is the giving of compliments. Service firms could use customer compliments as an opportunity to develop personal relationships with their customers (Goetzinger et al. 2006). Motives that stimulate complimenting behaviour are a high level of satisfaction or delight, an improved relationship with a service employee, voting behaviour to continue special services, being polite, dissonance reduction, the fun of providing compliments, reciprocity or social norms, a high degree of involvement with a service, softening complaints, and gaining a reward (Kraft and Martin 2001; Payne et al. 2002). In an online context, ease of use/ordering, consumer service, service delivery and pricing selection result in consumer compliments about a service provider via a third party (Goetzinger et al. 2006).

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

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

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

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

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

6.2.3.4 An integrative model of service satisfaction

When consumers use a service, they rate its transaction quality (e.g., the quality of food, the friendliness of the server and the ambiance of a restaurant), which when combined with the satisfaction derived from key attributes (i.e. attribute satisfaction) and the perceived value of the specific transaction then lead to a judgment of the level of overall satisfaction with a particular service experience. Over time and over many satisfaction judgments, customers then form a belief about the overall service quality a firm offers. This in turn influences behavioural intentions (e.g. purchase intentions, remaining loyal to the firm and positive word of mouth) (see Figure 6.6).

Using the general living systems theory, Mittal et al. (1999) propose that a consumption system consists of attribute-level evaluations, satisfaction
and behavioural intentions and several subsystems. Their study shows that evaluations of a number of attributes lead to an overall level of satisfaction, which in turn influences customers’ behavioural intentions. Akhter’s (2010) recent study also supports the view that a service encounter is a multi-attribute experience comprising satisfaction with service attributes such as the provider, the offering, the location, information, and facilitation, which together form overall satisfaction. Overall satisfaction reflects the level of satisfaction with the overall service experience, and is a global evaluation of a specific service consumption experience.

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

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

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

The role of service quality and service value Before further proceeding to explain the model in Figure 6.5, it is necessary to distinguish between the transaction-specific and firm-related aspects of service quality. Transaction-specific quality refers to consumers’ perceptions of a specific service encounter experience, whereas a firm’s service quality reflects evaluations of quality based on cumulative experience that are developed over time. Inconsistencies in the literature regarding the role of service quality in relation to satisfaction and purchase intentions can be attributed to interchangeable use of the above types of service quality, which are often not distinguished from each other. We thus posit that transaction quality precedes overall consumer satisfaction, which in turn influences the formation of perceptions of a firm’s overall service quality.

At a transaction level, it has been proposed that perceptions of the quality of service attributes are antecedents of satisfaction with the service
Consumer behaviour in a service context

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

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

Service quality at the firm level has been linked to consumers’ behavioural intentions. Boulding et al. (1993) conducted two studies in a service context and found that consumers’ perceptions of a firm’s overall service quality will influence their behaviour intentions expressed as positive word of mouth and recommendation of the service. Perceptions of a firm’s overall service quality are relatively stable but will change over time in the same direction as transaction satisfaction ratings (Boulding et al. 1993; Palmer and O’Neill 2003). Consumers’ re-purchase intentions are influenced by their perceptions of overall service quality at the time of re-purchase (i.e. consumers try to predict how good the next service
transaction will be), and not by the individual transaction satisfaction formed immediately after a consumption experience (Boulding et al. 1993; Palmer and O’Neill 2003). For example, consumers might return to a hair stylist if they think the stylist is generally fantastic, even if they were unhappy the last time they went there because they believe the poor haircut was an exception. However, a second or even third dissatisfaction evaluation will reduce the overall service quality perception of the firm more dramatically and jeopardize repeat purchases.

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

6.2.3.5 Service failure and behaviour of dissatisfied customers

Service failures might result from various sources such as poor transaction quality due to long waits (Hensley and Sulek 2007), overbooking in excess of service capacity (Wangenheim and Bayon 2007) and other misbehaviour among consumers (Huang 2010). Customers are less satisfied when the length of the service-entry wait increases, especially when they perceive that waiting time is under the control of the service provider (Diaz and Ruiz 2002). Dissatisfaction due to waiting time is also influenced by the physical comfort consumers experience during service delivery (e.g., temperature and noise) and the behaviour of frontline employees (Gupta et al. 2004).

When the service experience does not meet customers’ expectations and services fail, they may complain about poor service quality, suffer in silence, exhibit negative WOM, lose trust, complain to a third party, misbehave, or switch providers either immediately or in the future (Bitner et al. 2000; Chebat et al. 2005; Ganesh et al. 2000; Goetzinger et al. 2006; Mattila and Wirtz 2004; Reynolds and Harris 2009). Service failures result in negative disconfirmation of expectations and might induce negative emotional reactions such as cynicism toward the service provider (Chylinski and Chu 2010), which in turn could lead to complaints from consumers (Stauss and Siedel 2004; Mattila and Wirtz 2004).

Consumer complaining behaviour Depending on their level of seeking redress propensity (SRP), dissatisfied consumers might complain (high in SRP) or not complain (low in SRP) to service providers (Chebat et al.
The range of purposes for which complaints are made include to change a criticized behaviour, to inform a service provider of a harmful experience, to request compensation (Stauss and Siedel 2004, p. 95), and to reduce anger and frustration (Mattila and Wirtz 2004). Depending on their motives, consumers select different channels to make their complaints. Thus, when consumers intend to receive a tangible form of compensation due to a service failure, they prefer to relay their complaints by interactive means (e.g., face-to-face or by telephone), whereas when they aim to reduce their level of frustration, they tend to use remote channels (e.g., letters and e-mail) (Mattila and Wirtz 2004).

Complaining via third parties (e.g., agencies, the media, online social networks, user-generated content sites, blogs and forums) has probably received the least research attention (Goertzinger et al. 2006; Gregoire and Fisher 2008; Ward and Ostrom 2006), although the use of online third party intermediaries has become an increasingly common trend among consumers reacting to service failures, due to their convenience and accessibility (Ward and Ostrom 2006). After a poor service recovery, consumers might believe that they have been betrayed and that fundamental norms related to their relationship with the firm have been violated. They will often try to restore fairness by both retaliating against the firm and demanding reparation (Gregoire and Fisher 2008), or by misbehaving and engaging in acts such as vandalism, illegitimate complaining, and rage (Reynolds and Harris 2009).

**Consumer dysfunctional behaviour** Dysfunctional behaviour among consumers of services—sometimes called the “dark side” of the consumer—has recently attracted a greater level of attention among researchers (Fisk et al. 2010). Such behaviour includes illegitimate complaining, resistance and vandalism (Reynolds and Harris 2009), making opportunistic claims during service recovery (Wirtz and McColl-Kennedy 2010), and cheating on service guarantees (Wirtz and Kum 2004). Dysfunctional behaviour takes place when “a customer deliberately behaves in a way that violates the norms and unwritten rules of an individual service setting in a negative fashion” (Reynolds and Harris 2009, p. 321). Due to the high frequency of incidents reported (Grandey et al. 2004; Bamfield 2006), consumer misbehaviour is considered endemic within the service industry (Reynolds and Harris 2009).

The literature on dysfunctional behaviour has focused on developing typologies of consumer misbehaviour (Berry and Seiders 2008) and on examining the antecedents (Reynolds and Harris 2009) and consequences of such behaviour (Harris and Reynolds 2003). Berry and Sieders (2008) have categorized consumers misbehaving into verbal abusers, blamers,
rule breakers, opportunists and returnaholics. Reynolds and Harris (2009) recently found that disaffection with service (indicated by dissatisfaction and inequity), the servicescape and psychological obstructionism constitute significant factors related to dysfunctional behaviour. Dysfunctional behaviour has also been found to have a negative effect on other consumers, on the firm’s employees and on the service firm (Harris and Reynolds 2003).

**Consumer switching behaviour** Dissatisfied customers are likely to switch service providers or consider doing so. Consumer switching behaviour is considered serious for continuously delivered services (e.g., banking, insurance, public services, telecommunications, and medical insurance) and subscription-based services (Keaveney and Parthasarathy 2001). Dissatisfied switchers tend to be the most satisfied customers of their new service provider after the switch, and are the most likely to engage in active loyalty behaviour (Ganesh et al. 2000).

Consumer switching behaviour is complex. Several factors have been proposed as direct determinants of switching behaviour. Poor service quality or changes in the firm’s quality levels can lead to changes in consumers’ attitudes and behaviour toward the firm (Bansal et al. 2005), including the emergence of switching, especially when consumers are aware of alternative service providers (Anton et al. 2007). Moreover, switching intentions increase when consumers perceive they are not obtaining value for money or believe the price they paid for a service is unfair (Bansal et al. 2005; Homburg et al. 2005). Critical incidents that increase consumer anger and emotional reactions also significantly influence consumers’ decisions to terminate a relationship with a firm and look for alternatives (Anton et al. 2007).

Researchers have proposed that consumer involvement, knowledge and expertise, the number of alternative service providers and the cost/risks associated with switching are factors that moderate switching behaviour among consumers (Anton et al. 2007). Switching costs such as searching and learning costs, emotional cost, cognitive effort, and transaction cost, along with the associated risks (financial, social and psychological), may prevent consumers from changing service providers (Burnham et al. 2003).

Burnham et al. (2003) have categorized switching costs into three types: procedural (e.g., economic risk and expenditures in time and effort), financial (loss of benefits and financial resources) and relational (psychological and emotional discomfort due to termination of the relationship). When consumers are dissatisfied with a service provider and switching costs are high, then they may remain in the relationship and exhibit what has been called “false loyalty” (Burnham et al. 2003) or “spurious loyalty”
Ganesh et al. (2000). However, consumers who switch providers can still harm the previous service provider by spreading negative word of mouth. Recent research shows that post-switching negative word of mouth is determined by product involvement, market mavenism, perceived risk, satisfaction with the new provider, and the reason for switching provider (Wangeneheim 2005).

### 6.2.3.6 Consumer responses to service recovery

To transform dissatisfied consumers into satisfied advocates of their services, firms respond to complaints by adopting service recovery tactics. Service recovery refers to all the “actions of a service provider to mitigate and/or repair the damage to a customer that results from the provider’s failure to deliver the service as designed” (Johnston and Hewa 1997, p. 467). In relation to consumer behaviour, the service recovery literature has focused on consumer attributions of service failures (Folkes 1984), consumer complaining behaviour (Bell and Luddington 2006), consumers’ expectations for service recovery (Kelley and Davis 1994), and recovery evaluations (Hoffman and Kelley 2000).

The handling of consumer complaints has become an increasingly important service research and management topic because of its value in pursuing long-term relationships with consumers (Bell and Luddington 2006). A new development in the service literature is satisfaction with service recovery and the “service recovery paradox”. According to this paradox, consumers who perceive an excellent recovery after a service failure will be more satisfied than consumers who have never experienced a service failure (Andreassen 2001). Thus, when service recovery performance is high, consumers will be more satisfied with the service provider (McCollough et al. 2000; Smith and Bolton 1998), perceive higher service quality (Berry 1995), exhibit positive word of mouth (Berry 1995) and have stronger re-patronage intentions (Smith and Bolton 1998), increase their loyalty (Vazquez-Carrasco and Foxall 2006), trust and commitment to the service provider (Tax et al. 1998), and have a more positive image of the firm (Andreassen 2001; Zeithaml et al. 1996) (see Figure 6.7).

Recent studies, however, show that the service recovery paradox does not hold universally. Rather, it is a function of the frequency of service failure and of the severity and the “recoverability” of the failure. The paradox holds when consumers experience a service failure that is recovered and are satisfied with the recovery. However, the paradox no longer holds if a second service failure takes place. Consumers might forgive service providers once, but they become disappointed when failures recur. Moreover, when a service failure is considered serious and the service cannot be recovered (e.g., a ruined wedding video), then it might not be
possible to satisfy consumers with a service recovery. On the other hand, when a poor service is recovered by delivering a superior service, consumers are usually delighted and probably hope for another service failure in the future (e.g., a free upgrade on a flight due to a missed connection flight) (de Matos et al. 2007; Michel and Meuter 2008).

**6.3 RELATIONSHIP MARKETING: DEVELOPING LONG-TERM RELATIONSHIPS WITH CUSTOMERS**

As noted in the introduction to this chapter, the relationship marketing paradigm is the prevailing thesis in contemporary consumer behaviour literature in the services field.

Adopting a relational approach to the marketing of services offers several advantages. A relational view revitalizes scientific research into major relationship constructs (Bolton 1998) such as consumer satisfaction, service quality, trust and loyalty, and introduces new ones such as attachment, commitment and engagement. These constructs can help distinguish relational services (e.g., high-contact services such as healthcare
services) from transactional services (e.g., low-contact service encounters such as those in call centers) (Berry 1995) and identify appropriate strategies through which firms can build relationships with consumers who see value in such relationships. Moreover, relationship notions motivate cross-level research that links consumer- and firm-level domains, enabling us to examine how firms create, retain and profit from strong customer relationships (Sirdeshmukh et al. 2002).

In addition, service providers aim to develop stable customer–firm relationships because they can assist in many ways. Strong relationships can protect service providers from damage potentially caused by an occasional service failure or poor service performance (Berry 1995). Furthermore, a customer–firm relationship may act as a barrier to its termination because consumers gain several benefits through a long-term relationship (e.g., economic and psychological benefits, emotional and social bonds, customization and personalization of services) (Colgate et al. 2007). Strong consumer–firm relationships positively influence satisfaction with service recovery (Hess et al. 2003), mitigate the effect of poor service recovery on relational outcomes such as trust, commitment and loyalty (Mattila 2001), and reduce the propensity for consumer retaliatory behaviour (Gregoire and Fisher 2006).

6.3.1 The Role of Trust and Loyalty in Developing Relationships

The desire among researchers and practitioners to move beyond consumer satisfaction to find other ways to build deeper and long-lasting relationships between customers and firms has led to the study of important relational constructs such as loyalty and trust (Morgan and Hunt 1994; Chaudhuri and Holbrook 2001; Singh and Sirdeshmukh 2000), and more recently social identity (Homburg et al. 2009), commitment (Ballester and Alemán 2001) and attachment (Esch et al. 2006; Tsiotsou 2011; Vlachos et al. 2010).

The link between trust and loyalty among consumers is well documented in the marketing literature (Morgan and Hunt 1994; Chaudhuri and Holbrook 2001; Singh and Sidershmukh 2000). Trust is considered an intrinsic feature of any valuable social relationship. Trust not only affects positive and favorable consumer attitudes, but also results in consumer commitment (Ballester and Alemán 2001) and loyalty (Morgan and Hunt 1994; Chaudhuri and Holbrook 2001), both of which are expressions of successful consumer–firm relationships (Morgan and Hunt 1994; Chaudhuri and Holbrook 2001; Park et al. 2006; Singh and Sirdeshmukh 2000). Consumer trust exists “when one party has confidence in the exchange partner’s reliability and integrity” (Morgan and Hunt 1994,
p. 23). Consumers trust service providers to continue meeting their commitments and can be rewarded by remaining in a relationship with them (Doney and Cannon 1997). Furthermore, consumers’ future expectations of using and benefiting from a service relationship can result in higher customer retention rates (Lemon et al. 2002). Based on commitment-trust theory, Morgan and Hunt (1994) consider trust a key variable in developing and maintaining enduring and highly valued relationships.

Trust affects consumer commitment even more than does overall satisfaction (Ballester and Alemán 2001), and is directly linked to purchase and attitudinal loyalty (Chaudhuri and Holbrook 2001). The association between trust and loyalty results from the conception that trust can create highly valued relational exchanges (Morgan and Hunt 1994). That is, consumers who trust a service firm will commit to a relationship with the firm and be willing to sustain the relationship over the long term.

However, recent findings indicate that the relation between trust and loyalty might not be equally strong across service types (Ball et al. 2004). In airlines and banks, trust determines consumer satisfaction but does not directly affect consumer loyalty, whereas in experiential services such as hotels, beauty salons and hospitals, trust is a direct determinant of intentional loyalty (Sirdeshmukh et al. 2002). Ball et al. (2004) study the trust–loyalty relationship in the banking sector where basic services are not well differentiated, and find that loyalty is explained less by trust and more by communication.

One explanation for the above findings might be the product context in which the trust–loyalty relationship is examined. Because much of our knowledge on the trust–loyalty and trust–commitment relationships comes from previous studies in goods, it seems that these models do not necessarily hold in the same manner in a services context, or in credence services. The relationship between trust and loyalty in services is more complex, thus indicating that the characteristics of services (e.g., credence and experiential attributes) might result in differences in the strength of the trust–loyalty relationship, while the process for developing loyal consumers is multifaceted and is carried out through avenues other than trust (e.g., communication, perceived value and attachment). Thus, building stable and long-term relationships with consumers in services is a more complicated process than in goods.

In addition, current empirical evidence indicates that the relationship between trust and loyalty might not be direct, but may be mediated by other affective factors such as consumer attachment to a service provider (Esch et al. 2006; Tsiosou 2011; Vlachos et al. 2010) and consumer–firm affection (Yim et al. 2008). Recent research applies attachment theory in marketing (Thomson and Johnson 2006) and supports the conjecture
that consumer attachment drives the strongest commercial relationships in services in areas such as the automotive sales (Paulsen and Fournier 2007). A recent study on a retail setting (Vlachos et al. 2010) indicates that firm trust and trust in employees act as antecedents of consumer–firm emotional attachment, which in turn is a strong predictor of behavioural loyalty and word of mouth. Moreover, attachment anxiety appears to multiply the effects of emotional attachment on behavioural loyalty and word of mouth. In a similar vein, Tsiotsou (2011) examines the direct and indirect effects of trust on loyalty in banking and insurance services. Although trust has a much weaker direct effect on loyalty than attachment in her structural model, it was found that consumer attachment to a service provider partially mediates the relationship between trust and loyalty.

6.3.1.1 Customer responses to firms’ loyalty strategies

Service firms have been implementing various strategies and tools to build loyalty with their consumers. Consumer experience management (CEM) is considered an effective strategy for gaining loyal customers (Meyer and Schwager 2007). The purpose of consumer experience management is to ensure that every consumer’s contact or interaction with the firm is positive so that it results in satisfaction (Goldsmith 2011). A consumer experience is considered successful when memorable and sustainable (Pine and Gilmore 1998). Service encounter stimuli such as tangible elements and process quality, brand relationships and interpersonal relationships have been proposed as the antecedents of consumer experience (Palmer 2010). Moreover, it has been suggested that facilitating the co-creation of value will affect consumer loyalty (Vargo and Lusch 2004).

Customer relationship management (CRM) is being touted as another key technique for creating loyal relationships with consumers. As important components of CRM, loyalty or reward programs have been used as tools for building consumer loyalty in services (Keh and Lee 2006; Uncles et al. 2003; Wirtz et al. 2007a). Rewards or incentives play a significant role in driving future consumer behaviour, although they depend on the consumer’s level of satisfaction and ties with a service provider. Reward programs might enhance consumer loyalty, but the timing of the reward functions differently between satisfied and dissatisfied consumers (Keh and Lee 2006). Satisfied consumers prefer a delayed redemption of rewards to immediate rewards when the former are of higher value, while dissatisfied consumers should be given immediate rewards to allay their dissatisfaction and secure their loyalty (Keh and Lee 2006).

In a development related to CRM programs, consumer concerns and responses regarding information privacy have been attracting increased
attention in research showing key variables such as trust, information congruency and sensitivity explain consumer promotion and prevention-focused behaviour (e.g. Lwin et al. 2007; Wirtz and Lwin 2009).

Because satisfied consumers do not always engage in positive word of mouth, rewards/incentives might increase the likelihood of generating positive word of mouth for a service provider (Xiao et al. 2011). Incentives targeted at satisfied customers and relatives and friends with whom they have strong ties are more likely to be effective than those targeted at customers to recommend to those with whom they have weak ties (Wirtz and Chew 2002). This is in line with the findings of Tsiotsou (2011), who indicates that in addition to rational/cognitive appeals (e.g., rewards and incentives), affective aspects of consumer–firm relationships should be considered when developing loyalty.

6.3.2 Service Brands as Relationship Builders

Human relationships have long inspired research on marketing relationships and, more recently, research on consumer–brand relationships (Fournier 1998). The consumer–brand relationship perspective suggests that there are relationship qualities between consumers and brands. Nowadays, marketers try to anchor brands not only in the minds of customers, but also in their hearts. Departing from the share-of-wallet notion, the share-of-heart approach is becoming increasingly important for marketing managers because it is related to post-consumption behaviour and assists in developing long-term consumer–brand relationships.

Schultz et al. (2009, p. 12) defined brand relationships as “those bonds that bring the buyer and the seller of branded products or services together on a continuing basis”. In services, consumers are inclined to consider all services offered by a firm as elements of a single brand. Riley and de Chernatony (2000) agree that in services, “relationships with consumers should be sought at the corporate brand level, rather than at the individual product level” (p. 145). Thus, the firm becomes the brand in services and consumers use the corporate brand name, size and reputation as indicators of brand quality when choosing between brands (Kotler and Bloom 1984). Although relationships based on functional and utilitarian benefits certainly exist, emotional relationships between consumers and firms tend to be more important. The desired relationship between firm and consumer is therefore based on the emotions evoked by the brand as it acquires meaning for the consumer (Allen et al. 2008).

As a result, an emerging aspect of consumer–brand relationships research is its focus on the emotional features of brand relationships expressed as consumer brand attachment (often referred to as affective
commitment), brand engagement and brand love. Existing empirical investigations are, however, confined to goods (Albert et al. 2008; Carroll and Ahuvia 2006; Hemetsberger et al. 2009), and there are limited data on services. The following section briefly discusses these three qualities and their role in consumer–service brand relationship building and examines all the available research related to services.

**Brand attachment** Fournier (1994) considers brand attachment one of the six dimensions relevant to a consumer–brand relationship. Brand attachment refers to “the strength of the cognitive and affective bond connecting the brand with the self” (Park et al. 2010, p. 2) in a symbolic manner (Wallendorf and Arnould 1988). The importance of brand attachment as a major determinant of consumption behaviour is substantiated by several features endogenous to the concept. Attachment reflects emotional bonds that affect cognition, are characterized by persistence and resistance to change, and predict behaviour (Krosnick and Petty 1995). Furthermore, brand attachment is critical because it should affect forms of behaviour that boost brand profits and consumer lifetime value (Thomson et al. 2005; Tsiotsou 2011). A recent study by Park et al. (2010) in a retail banking setting shows that brand attachment is a direct determinant of consumers’ purchase behaviour (actual sales), brand purchase share and share-of-wallet. Moreover, Tsiotsou (2011) found that attachment to a service brand (e.g., in banking and insurance) is a direct determinant of trust and loyalty to these services. Park et al. (2010) went further by observing that brand attachment is more than an attitudinal construct and accounts for higher-order forms of consumer behaviour associated with the commitment to a relationship.

**Brand engagement** is the emotional tie that binds the consumer to the service provider (Goldsmith 2011). Brand engagement can be used as a proxy for the strength of a firm’s consumer relationships based on both emotional and rational bonds consumers have developed with a brand (McEwen 2004). Bowden (2009) conceptualized brand engagement as “a psychological process that models the underlying mechanisms by which customer loyalty forms for new customers of a service brand as well as the mechanisms by which loyalty may be maintained for repeat purchase customers of a service brand” (p. 65). Bowden (2009) supported this concept in stating that engagement is a construct particularly applicable to services because they usually involve a certain degree of interactivity such as that seen between consumers and frontline personnel, and therefore imply a reciprocal relationship. Engagement might include feelings of confidence, integrity, pride and passion in a brand (McEwen 2004). In addition to
these affective elements, consumer engagement with service brands has been considered a behavioural manifestation toward a brand or firm that goes beyond a purchase and includes positive word of mouth, recommendations, helping other consumers, blogging, writing reviews and even engaging in legal action (van Doom et al. 2010).

**Brand love** is considered a rich, deep and long-lasting feeling (Carroll and Ahuvia 2006) defined as “the degree of passionate emotional attachment that a person has for a particular trade name” (Carroll and Ahuvia 2006). It is conveyed as attachment and passion for the brand, assertions of love for the brand, and positive evaluations and emotions for the brand (Ahuvia 2005). Brand love plays a central role in post-consumption consumer behaviour expressed either as positive word of mouth and brand loyalty (Carroll and Ahuvia 2006) or as willingness to forgive and pay a price premium (Heinrich et al. 2010). Although it plays a significant role in consumer–brand relationships, brand love has only recently attracted research attention in marketing (Albert et al. 2008). A recent study by Tsiotsou and Goldsmith (2011) examined the antecedents of brand love and compared its formation between goods (a coffee brand) and services (an insurance brand). It was found that brand attachment and brand trust acted as direct determinants of brand love and that their effects were stronger for the service brand than for the goods brand.

### 6.3.2.1 Brand communities

Developing online or offline clubs/brand communities for consumers has been employed as a means of creating loyalty (Roos et al. 2005). Brands not only foster links with consumers, but also connect consumers with each other through a set of common meanings (McAlexander et al. 2002). The consumer’s relationship with the brand, the product and the firm is an influential antecedent to their integration into the brand group (McAlexander et al. 2002) and to their identification with the brand group (Algesheimer et al. 2005). The relationship of the consumer with the brand is described as a brand relationship, while the relationships consumers form with other consumers because of the brand are referred to as tribal behaviour whereby consumers belong to a brand community or brand tribe (Tsiotsou and Veloutsou 2011).

The consumer’s relationship with a brand precedes and contributes to their relationship with the brand tribe/community (Algesheimer et al. 2005). A recent study conducted by Veloutsou and Tsiotsou (in press) in a service context supports the view that the perceived meaning of a service brand facilitates consumers’ association with the brand, which in turn influences their intention to join groups of consumers sharing
the same passion for the brand. Moreover, their findings indicate that consumers need to first develop close relationships with the brand before forming relationships with other consumers from the brand community. For example, sport fans first develop a relationship with a team before becoming members of a sport team community and actively engaging in the community. The degree to which consumers feel part of a brand community is a function of their perceived relationship with other members of the community (McAlexander et al. 2002) and the degree to which they want to interact with the other members of the brand community (Bagozzi and Dholakia 2006). Those who are actively engaged in the brand followers’ group tend to stay in the group for a longer period (Algesheimer et al. 2005). A recent study among car-club communities’ members in Europe showed that 67% of their brand loyalty intentions were explained by the quality of the relationship with the car brand and by membership continuance intentions (Algesheimer et al. 2005).

Social networking is being touted as another effective means to establish relationships with consumers (Li and Bernoff 2008) and promote word of mouth (Brown et al. 2007). Online social media environments provide new forms of consumer interaction in which the dyadic relationship seen in offline word of mouth no longer exists. Online communities and forums involve multiple participants at different stages, with some actively engaged and others simply observing interactions among their members (Libai et al. 2010). However, these communities might not be very effective without consumer engagement (Straczynski 2009). “Community engagement suggests that members are interested in helping other members, participating in joint activities, and otherwise acting volitionally in ways that the community endorses and that enhance its value for themselves and others” (Algesheimer et al. 2005, p. 21). Identification with a brand community results in higher community engagement, which in turn influences intentions for membership continuance, community recommendation and participation (Algesheimer et al. 2005).

6.4 THE SERVICE-DOMINANT LOGIC

The service-dominant (S-D) logic is an emerging paradigm in the marketing literature (Grönroos 1994, 2000b; Gummeson 1995; Rust 1998; Shostack 1977; Vargo and Lusch 2004) that provides “a new lexicon for marketing practices” linking transactional and relational approaches to marketing (Brodie et al. 2011, p. 79). According to this perspective, organizations, markets and society are basically involved in exchanges of service—the application of competencies (knowledge and skills) for the
benefit of another party. Because services are exchanged for service, all firms should be considered service firms. The foundation of marketing theory and practice should thus come from service logic, principles and theories (Vargo and Lusch 2004, 2008). Due to the predominance of services, the S-D logic has been characterized as “the philosophical foundation of service science” (Maglio and Spohrer 2008, p. 18).

The S-D logic focuses on the concepts of value-in-use and co-creation of value rather than on the value-in-exchange and embedded value concepts of the goods perspective (G-D). Thus, firms market with consumers and other value-creation partners, called “actors”, in their network, and do not market to consumers (Vargo and Lusch 2011). The service-centered approach is inherently consumer-centered and relational (Vargo and Lusch 2004).

The S-D perspective has its central focus on consumers. This means that firms not only are consumer-oriented, but also collaborate with and learn from their consumers to adapt and respond to their individual and continuously changing needs (Vargo and Lusch 2004). Vargo and Lusch (2004, 2008) have proposed several differences between the goods and service-centered dominant logics in relation to the primary unit of exchange, the role of goods, the role of the customer, the determination and meaning of value, firm-customer interaction and the source of economic growth. The goods perspective posits that consumers become involved in exchanges to acquire goods, whereas the service-centered view maintains that service is the fundamental basis of exchange. Goods are viewed as operand resources and end products in the G-D notion, whereas in the S-D logic they are considered transmitters of operant resources and intermediate “products” used by consumers in value-creation processes. In the G-D framework, value is determined by the producer and firms are limited to offering value propositions, whereas in the S-D perspective, value is perceived and determined by the consumer (“value in use”). Consumers are considered operand resources in the G-D notion, whereas they are seen as operant resources actively participating in relational exchanges and the co-creation of value in the S-D perspective.

Thus, the “service for service” approach has shifted the offering concept from one that views the offering as an output to one in which it is seen as a process of value creation where the role of the consumer changes. The consumer is no longer a receiver of business and is instead considered the source of business, a creator of firm value and a co-producer of value. In this sense, consumers play a fundamental joint role with the firm in creating value-in-use (Michel et al. 2008) through interactivity and collaboration (Grönroos 1994). Thus, the service perspective requires that consumer–firm relationships be developed for value to be created.
Because value creation is an interactive process, the interaction between a firm and a consumer should be viewed in a relational framework. “Value creation is always a collaborative and interactive process that takes place in the context of a unique set of multiple exchange relationships, though often somewhat tacitly and indirectly so” (Vargo 2009, p. 374). Moreover, to create value, these interactions should take place over extended periods in which new knowledge is combined with extant knowledge. The activities of consumers and service firms interactively and interdependently combine over time to create value. Therefore, relationships constitute a prerequisite to the creation of value, and are not optional. The S-D logic conceptualizes relationships through these joint, interactive, collaborative and reciprocal activities performed by all actors involved (i.e. consumers, service providers and stakeholders) to create value (Vargo 2009; Vargo and Lusch 2004; Chandler and Vargo 2011).

6.5 DISCUSSION

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

The development of relationship marketing and the service-dominant logic have moved into the center of current thinking and research in the services arena. The service-dominant logic provides a promising consumer and marketing foundation and merits further development and empirical work. Furthermore, conceptual models integrating the service-dominant logic with existing consumer models and frameworks are needed to gain a better understanding of service consumer behaviour. For example, this chapter illustrates that the service-dominant logic, relationship marketing and brand relationship frameworks could be integrated by using relationships as a common denominator of the three perspectives.
In addition to presenting new developments in the consumer behaviour literature in services, this chapter also identifies several research gaps that warrant further attention. The first has emerged from the realization that the influence of the service environment on consumers’ emotional reactions, evaluations and behaviour is more complicated than initially thought. New research developments indicate that the effects of environmental elements depend on the service setting (e.g., private vs. public), the congruency between these elements, and consumers’ individual characteristics. Research is needed to further clarify the complexities involved in the influence of the service environment not only on consumers, but also on employees and the social interactions taking place in a servicescape.

The application of new technologies and their impact throughout the three stages of service consumption is another important area for further research. The increasing growth of new technologies and their use in services is giving rise to questions about their acceptance in information kiosks, service delivery (self-service) and consumer service platforms by all kinds of consumers and in different situational contexts. The Internet has brought about several changes in consumer expectations, as well as true interactivity, consumer-specific, situational personalization, and the opportunity for real-time adjustments to a firm’s offerings (Rust and Lemon 2001). One can expect the advent of smart phones and tablet computers (e.g., the iPhone and iPad) with their many applications being created by individual service firms (e.g., Singapore taxi firms have created applications to make booking taxis easier) to further revolutionize self-service applications.

Furthermore, the Internet has changed the role of consumers from being simply receivers of services to becoming actively involved in the production and delivery processes (Xue and Harker 2002). These new consumer roles and determinants of the co-creation of value in e-services need further examination. In an online context, e-service quality dominates the literature and is followed in importance by e-service value (Parasuraman et al. 2005; Santos 2003). However, all recent e-service quality and value models are based on traditional service models. For example, several e-service quality models are based on the SERVQUAL dimensions developed for traditional offline services (Parasuraman et al. 2005; Santos 2003). Using Grönroos’ model, Heinonen (2006) initially proposes four dimensions of e-service value—technical, functional, temporal and spatial—but later also includes benefits and sacrifice components borrowed from the offline literature. Because consumer evaluations of e-services and mobile services differ from those of traditional offline services (Rust and Lemon 2001), there is a need to develop and test new models of e-service quality and value (Parasuraman et al. 2005).

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

Consumers’ responses to service failure and recovery continue to receive significant research attention. Several topics to have emerged in this area require further examination. Because the relative effectiveness of a service recovery might be situation-specific (Ruyter and Wetzel 2000), consumers’ responses to service performance and process failures should be examined further, as should the role of other-consumer failure (Huang 2010). The role of other consumers in service failure has not been studied extensively in the service literature, although in several services (e.g., banks, gyms and restaurants), other consumers might be present and interact in a positive or negative way. The evolution of the employee–consumer relationship after a consumer complaint and service recovery constitutes another promising research direction.

Dysfunctional behaviour among consumers is also an emerging topic in the service literature, as it seems this type of behaviour might be endemic in the service industry (Fisk et al. 2010; Reynolds and Harris 2006). Understanding the motives, personality characteristics and situational contextual factors behind dysfunctional behaviour among service consumers and how to prevent or control for such behaviour are topics requiring further investigation.

Building longitudinal relationships with their consumers constitutes a significant challenge to contemporary service firms. Current empirical evidence questions the validity of traditional relationship models (e.g., satisfaction → trust → loyalty), highlights the complexity of consumers’ post-purchase behaviour, and shifts attention to the role of consumers’ characteristics (e.g., relationship proneness) and affective reactions (e.g., attachment) to service firms and their employees as prerequisites for developing and maintaining longitudinal relationships.

Service brands are an under-researched area in which existing methods are largely confined to qualitative approaches (e.g., de Chernatony and Segal-Horn 2001). Consumers’ responses to service brands and building consumer–service brand relationships are topics that demand more research attention. Recent calls argue for future research to develop comprehensive conceptual models of consumer engagement and test them empirically in services contexts (van Doom et al. 2010).

The role of consumer clubs (Roos et al. 2005) and consumer brand communities/e-communities/tribes (Veloutsou and Tsioutsou 2011) in building stable consumer relationships is another direction in which
service research must be taken and developed further. Identifying the motives (e.g., utilitarian and affective) behind joining or remaining in a club/community and the antecedents (e.g., service provider image and personality) and outcomes of participating in such groups (e.g., behavioural intentions, commitment, loyalty, trust, positive word of mouth) are potential avenues for future research.

If the service-dominant logic prevails as a marketing paradigm in coming years, then consumer behaviour models developed in the services field might be used as the foundation for the respective models for the marketing of other types of products (e.g., fast-moving consumer goods, durables and industrial goods). However, more research on consumer behaviour in a service context is needed to shed light on various aspects of the purchase decision process and the development of relationships. This chapter provides an overview of key developments in the consumer behaviour literature in the services field and highlights relevant issues warranting further research attention.

ACKNOWLEDGEMENT

The authors would like to thank Gary Daniel Futrell for his constructive comments on earlier versions of this chapter.

REFERENCES


192 Handbook of developments in consumer behaviour


Friedman, R.A. and S.C. Currall (2003), ‘E-mail escalation: dispute exacerbating elements of e-mail communication’, Human Relations, 56, 1325–1348.


Consumer behaviour in a service context


Handbook of developments in consumer behaviour


Consumer behaviour in a service context 197


