A Literature Review and Critique on Customer Satisfaction

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Abstract: The concept of customer satisfaction has attracted much attention in recent years. Organizations that try to analyze this concept should begin with an understanding of various customer satisfaction models. In this paper, the emphasis is on reviewing the main concepts and models of customer satisfaction.

Keywords: Customer satisfaction, Definition, Macro-models, Micro-models

1 Introduction

Both public and private sectors have given much attention to the concept customer satisfaction in the past couple of decades. Naturally, administrators have requested their staff to do customer satisfaction studies for their own organizations. An analyst or researcher must operationalize the concept of customer satisfaction in order to measure it. More importantly, in order to have validity for any measurements, the analyst needs to assume some model of the subject matter. The analyst must use very explicit conceptualizations of the subject matter (in other words, models) if she/he expects to do research and analysis that has relevance for organizational decisions.

This paper is divided into several sections. First, a brief review of main concepts of customer satisfaction is provided. Next, we try to provide the analyst an overview of models of customer satisfaction. Finally, the article concludes with main research findings.

2 Consumer Satisfaction

Customer satisfaction has been a popular topic in marketing practice and academic research since Cardozo's (1965) initial study of customer effort, expectations and satisfaction. Despite many attempts to measure and explain customer satisfaction, there still does not appear to be a consensus regarding its definition (Giese and Cote, 2000). Customer satisfaction is typically defined as a post consumption evaluative judgement concerning a specific product or service (Gundersen, Heide and Olsson, 1996). It is the result of an evaluative process that contrasts prepurchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980).

The most widely accepted conceptualization of the customer satisfaction concept is the expectancy disconfirmation theory (McQuitty, Finn and Wiley, 2000). The theory was developed by Oliver, who proposed that satisfaction level is a result of the difference between expected and perceived performance. Satisfaction (positive disconfirmation) occurs when product or service is better than expected. On the other hand, a performance worse than expected results is dissatisfaction (negative disconfirmation). Studies show that customer satisfaction may have direct and indirect impact on business results. Luo and Homburg (2007) concluded that customer satisfaction positively affects business profitability. The majority of studies have investigated the relationship with customer behaviour patterns (Dimitriadis, 2006; Olorunniwo et al., 2006; Chi and Qu, 2008; Faullant et al., 2008). According to these findings, customer satisfaction increases customer loyalty, influences repurchase intentions and leads to positive word-of-mouth.

Given the vital role of customer satisfaction, it is not surprising that a variety of research has been devoted to investigating the determinants of satisfaction. Satisfaction can be determined by subjective (e. g. customer needs, emotions) and objective factors (e. g. product and service features). Applying to the hospitality industry, there have been numerous studies that examine attributes that travellers may find...
important regarding customer satisfaction. Atkinson (1988) found out that cleanliness, security, value for money and courtesy of staff determine customer satisfaction. Knutson (1988) revealed that room cleanliness and comfort, convenience of location, prompt service, safety and security, and friendliness of employees are important. Barsky and Labagh (1992) stated that employee attitude, location and rooms are likely to influence travellers' satisfaction. A study conducted by Akan (1995) showed that the main determinants of hotel guest satisfaction are the behaviour of employees, cleanliness and timeliness. Choi and Chu (2001) concluded that staff quality, room qualities and value are the top three hotel factors that determine travellers' satisfaction.

3 Customer Satisfaction Models

Models of customer satisfaction come from a vast literature from the marketing research discipline. This pool of research includes models that integrate the concept of customer satisfaction in a network of related concepts, such as value, quality, complaining behavior, and loyalty. In this paper, we will label these kinds of models as “macro-models.” Macro-models have special importance for the policy-level implications of an organization’s research in customer satisfaction. Macro-models give the researcher the strategic context of the design and of the results for a study of customer satisfaction. The marketing research literature extensively covers the elements that make up the concept of customer satisfaction, such as disconfirmation of expectations, equity, attribution, affect, and regret. Because these elements explain the composition of the customer satisfaction concept (or “construct”), we will label these kinds of models as “micro-models.” Micro-models enable an analyst to properly operationalize measurements of customer satisfaction, thus helping her/him to achieve construct validity in the eventual satisfaction survey.

3.1 Macro-models

Figure 1 underlies much of the research in customer satisfaction over the past decade. Note the following:

1. Perceived performance often differs from objective or technical performance, especially when a product/service is complex, intangible, and when the consumer is unfamiliar with the product/service.
2. Comparison standards can come from numerous sources that can vary widely by individual, by situation, and by product/service type.
3. Perceived disconfirmation is the evaluation of perceived performance according to one or more comparison standards. Disconfirmation can have a positive effect (generally implying a satisfying result), a negative effect (generally implying a dissatisfying result), or a zero effect.
4. Satisfaction feeling is a state of mind, an attitude. The phrase “mixed feelings” applies here, as a consumer may have different levels of satisfaction for different parts of a product/service experience.
5. Outcomes of satisfaction feelings may involve intent to repurchase, word-of-mouth (the consumer’s communication with her/his network of her/his approval/disapproval for a product/service), and complaints. These outcomes also are moderated by other variables. For example, extreme dissatisfaction will not necessarily generate complaint behavior, especially if the

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![Figure 1: Traditional Macro-Model of Customer Satisfaction](image-url)
consumer believes complaining will be futile. Later research has produced a new model shown in Figure 2. This model highlights the concept of value as a driving force in product choice and satisfaction’s relationship to it as a brief psychological reaction to a component of a value chain (or “hierarchy”). Oliver (1999) provides another version of this model, which appears in an abbreviated form as Figure 3 below. An important point about customer value models is the use of gross benefit-cost judgments by consumers.

Another important macro-model would be the linkage of overall service satisfaction, encounter satisfaction, and perceived service quality, as shown in Figure 4. Research for this model supports the conceptualization of perceived quality as a separate construct, distinct from satisfaction (Bitner & Hubbert, 1994). Furthermore, it highlights the construct of a “global” level of satisfaction (the overall service satisfaction) in contrast to the construct of a component level of satisfaction (the encounter service satisfaction). This model helps explain survey results that indicate different levels of satisfaction for a service that one individual may experience.

The above models are a sample of the many models that give the analyst the context for the meaning and analysis of customer satisfaction. In the next section, we deal with narrower issues in customer satisfaction. Because these models provide explicit detail about the formation of satisfaction itself, this paper refers to them as micro-models.
3.2 Micro-models

Table 1 lists the seven types of models they review in their article, and we will briefly comment on each type.

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<tr>
<th>Table 1 Current Type of Micro-models for Satisfaction</th>
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<td>1. Expectations Disconfirmation Model</td>
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<td>2. Perceived Performance Model</td>
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<td>3. Norms Models</td>
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<td>4. Multiple Process Models</td>
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<td>5. Attribution Models</td>
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1. The Expectations Disconfirmation Model has been the dominant model in satisfaction research. The model has consumers using pre-consumption expectations in a comparison with post-consumption experiences of a product/service to form an attitude of satisfaction or dissatisfaction toward the product/service. In this model, expectations originate from beliefs about the level of performance that a product/service will provide. This is the predictive meaning of the expectations concept.

2. The Perceived Performance Model deviates from the above model in that expectations play a less significant role in satisfaction formation. The model performs especially well in situations where a product/service performs so positively that the consumer’s expectations get discounted in her/his post-consumption reaction to the product/service.

3. Norms Models resemble the Expectations Disconfirmation Model in that the consumer compares perceived performance with some standard for performance. In this case, however, the standard is not a predictive expectation. Rather than considering what will happen in the consumption experience, the consumer uses what should happen as the comparison standard. This is the normative meaning of “should” rather than its occasional chronological connotation in the English language.

4. Multiple Process Models characterize the satisfaction formation process as multidimensional. That is, consumers use more than one standard of comparison in forming a (dis)confirmation judgment about an experience with a product/service.

5. Attribution Models integrate the concept of perceived causality for a product/service performance into the satisfaction process. Consumers use three factors to determine attribution’s effect in satisfaction. These are locus of causality, stability, and controllability. The locus of causality can be external (that is, the service provider gets the credit or blame) or internal (that is, the consumer is responsible for the product/service performance). Stable causes would tend to have more impact in satisfaction because consumers tend to be more forgiving of product/service failures that appear to be rare events. Finally, controllability affects attribution in that a poor outcome in a consumption experience may mean that the consumer will be unsatisfied with the product/service provider if the consumer believes the provider had the capacity, that is, control, to perform in a better fashion.

6. Affective Models differ from previous models in that it goes beyond rational processes. In these models, emotion, liking, and mood influence (dis)satisfaction feelings following the consumption experience.

7. Equity Models emphasize the consumer’s attitude about fair treatment in the consumption process. Fair treatment can use the concept of the equity ratio (that is, the amount of her/his return for her/his effort made) or the concept of social comparison (that is, the perceived, relative level of product/service performance that other consumers experience).

The above listing is extensive but not all-inclusive. Oliver (1997) also has summarized the comparison standards from his perspective, and these appear in Table 2. Table 2 introduces the comparison standards of needs, regret, and nothing.

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<th>Table 2 Basic Sources of Comparison</th>
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<td>Comparison Operator</td>
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In the needs standard, consumers evaluate whether a consumption experience gave them what they need. Of course, need can be defined in different ways, with Maslow’s hierarchy of needs being just one typology for needs. The standard of excellence refers to technical perfection, that is, some objective, widely recognized criteria. The standard of regret refers basically to the “what might have been” scenario for a consumer. This commonly occurs when a consumer realizes that what she/he got in one encounter could well have been improved if she/he had chosen a different provider. Finally, the nothing standard denotes the situation where consumers form a (dis)satisfaction feeling without cognition.

## 4 Conclusion

This paper has covered a vast pool of marketing research in customer satisfaction. The coverage by necessity is partial. We grouped satisfaction models into either a macro level or a micro level to simplify our presentation. Logically speaking, the macro-models subsume the micro-models, and overlap in concepts should occur. Other analysts may well approach the conceptualization of these models in an entirely different manner.

An analyst who plans to do a customer satisfaction study could benefit from consulting the insightful works as well as the works previously cited. The mountain of information that the analyst can review may consume a huge chunk in time and effort, but the benefits of understanding customer satisfaction models may pay commensurate dividends in useful analyses in the future. At the very least, use of the above material will supply a basic footing in any effort to understand customer satisfaction.

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**References**