

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

This chapter reviews the literature used as a framework for the study consisting of five main areas, which are: (1) the concept of customer satisfaction, (2) the concept of service quality, (3) the framework of consumer behavior, (4) relevant studies, and (5) summary.

#### **2.1 THE CONCEPT OF CUSTOMER SATISFACTION**

Customer satisfaction is an important tool in the management of products and services. Lui (2000) wrote that “customer satisfaction is a function of performance relative to the customer’s expectation and the total customer satisfaction service is a value-added service in which the service content exceeds the customer’s expectation and adds more value to the customer’s benefit”. In general, customers usually have expectations about product and service quality. Similarly, students also have expectations about dormitory services. Accordingly, the level of student satisfaction will be used to measure the service quality of private dormitories.

Lui (2000), as shown in figure 1, also clearly identified seven key elements involved in the process structure of customer satisfaction service systems, which are as follows:

##### **1) Developing customer service satisfaction concepts and policy**

The importance of this element is that service provider’s readiness to commit their available resources as well as moral support to customers in order to create a competitive advantage.

##### **2) Market research and customer needs analysis**

The service provider should understand the demands of their customers and their target markets by conducting frequent, systematic, and direct surveys in order to appropriately segment their customers.

##### **3) Customization of product and service planning**

The customer’s needs should be identified. Thus, customers should be surveyed for their opinions, ideas, feelings, likes and dislikes about products or services.

4) Marketing and selling of products and services

To achieve customer satisfaction, competitive pricing, advertising and promotional strategies should be established.

5) Delivery customization

A delivery system that fits the requirements of core customers should be identified.

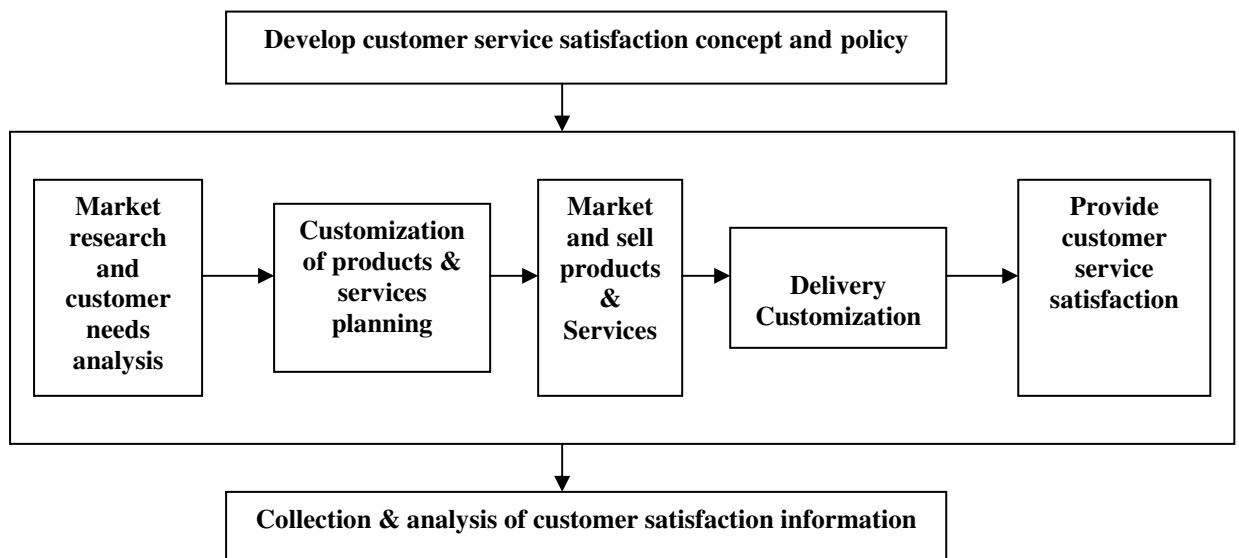
6) Provide customer service satisfaction

Service providers should make sure that each employee has all necessary information on hand to process a customer's request promptly and efficiently.

7) Collection and analysis of customer satisfaction information

Customer profiles should be designed by studying how customers use products and services. Customer satisfaction should be measured to know how well the service process is working, and how to improve the service quality.

**Figure 1. Process structure of total customer satisfaction service system.**



Customer satisfaction generally has three sources: perceived quality, perceived value, and customer expectations (Chang, 2000). If a consumer's needs are satisfied, then consumer satisfaction is achieved.

In addition, Johnson (1997) mentioned that satisfaction is a transient perception of how happy a customer is with a particular product or service. In other

words, customer satisfaction means an overall evaluation of the customer's purchase and their experiences. Leeland and Baliley (1999) also stated that service does not mean only providing what customers need, customer services also should mean, "fulfilling the multitude of less obvious customer needs." In addition, Smith (1997) also reported that customer service is one way to add value to a product or service.

Several scholars (Kotler, 1994; Lui, 2000; Oliver, 1980) described *satisfaction* as a feeling of pleasure that a person gains from comparing his perception of the performance of a product or service to prior expectations. In addition, Nigell, Brierley, and McDougall (1999) and Hernon and Witwan (2001) indicated the similar idea where *satisfaction* involves how service delivery is recognized in relation to a customer's experience, expectations, and requirements. Customers will be satisfied if they get what they want.

In summary, service quality is consumer satisfaction about a service; it depends on the difference between expected service and perceived service. That is why the level of customer satisfaction is an important key to measure the quality of services.

The reasons that customer satisfaction is important are:

- 1) Customer satisfaction is a competitive tool for businesses to obtain a competitive advantage. Furthermore, a high level of customer satisfaction will also positively affect a business's brand image and reputation.
- 2) Customer satisfaction can increase the profit of a company.
- 3) Customer satisfaction is a key element affecting consumer behaviors. Satisfied customers tend to repurchase these products or services with which they are satisfied and also speak positively about these products or services.

## **2.2 THE CONCEPT OF SERVICE QUALITY**

Due to the high market competition in the service sector, service quality is a critical factor in sustaining stable growth and achieving success for any service business as it affects the level of customer satisfaction. According to Chang (2000), service quality has five general dimensions that customers use to assess the overall performance of services. These five dimensions are as follows:

- 1) Tangibles:

- a. Appearance of Physical facilities;
  - b. Appearance of personnel; and
  - c. Appearance of communication materials.
- 2) Reliability:
  - a. Ability to provide the promised service dependably and accurately.
- 3) Responsiveness:
  - a. Willingness to help customers; and
  - b. Willingness to provide prompt service.
- 4) Assurance:
  - a. Knowledge of employees;
  - b. Courtesy of employees; and
  - c. Ability of employees to convey trust and confidence.
- 5) Empathy:
  - a. Caring, individualized attention provided to customers.

Therefore, the level of service quality in these five dimensions will be an important factor influencing the success of service businesses. Nowadays, the service quality concept is often used to evaluate the level of customer satisfaction by monitoring the gap between customer expectations, which means what the customers expect to receive, and customer perceptions, which means what customers actually receive.

## **2.3 THE FRAMEWORK OF CONSUMER BEHAVIOR**

According to Schoell and Guiltinan (1995), consumer behavior is defined as decisions and acts of customers on purchasing and using products or service. They also explain that the framework of consumer decision-making consists of two main influences: personal influences and sociocultural influences.

### **1) Personal influences include:**

#### **a. Learning**

Learning is the process through which a relatively permanent change in behavior results from the consequence of past behavior.

#### **b. Motivation**

Motivation is the driving force that causes a person to take action to satisfy specific needs.

c. Perception

Perception is the process through which customers choose relevant stimuli from the environment, organize them, and assign meaning to them.

d. Attitudes

An attitude is the enduring feeling, evaluation, and response tendencies directed toward an object or idea.

e. Personality and lifestyles

Personality is the relatively permanent tendency to behave in consistent ways in certain situations.

Lifestyles are consistent patterns that we follow in our lives.

2) Sociocultural influences include:

a. Family

Many customer buying behaviors are influenced by their upbringing.

b. Reference group

Groups that positively or negatively influence our attitudes or behavior.

c. Social class

Social class means the relatively stable and homogeneous divisions in society into which individuals, families, or groups that share similar values, lifestyle, and behaviors can be placed.

d. Culture

Culture refers to the accumulation of knowledge, beliefs, values, customs, and artifacts that we use to adapt to our environment and that we hand down to succeeding generations.

## **2.4 RELEVANT STUDIES**

Due to the recent government deregulation policy of university education, the number of universities in Thailand as well as the number of the students has dramatically increased throughout the country including Nakornpathom province. In this case, dormitories are necessary for students who face commuting problems.

Cheng and Lee (2006) indicated that the quality of student dormitory service is one of the important factors affecting student's learning performance.

Based on the demand and supply theory, both the quantity of products or services that are supplied by producers and the quantity of demand needed by consumers depends on the market price of the product. Therefore, the higher the price of the product, the more supply the producer will produce. In contrast, the higher the price of the product, the less the consumers will demand. As a result, the equilibrium market price will happen when the quantity of the products or services is equal to the quantity of demand.

Pravichya Polkuntha (2004) studied the dormitory supply in Chiangmai province and reported that the number of students at the university has significantly increased, affecting the demand for dormitory services. According to the study of Pravichya Polkuntha, the disproportionate number of students and dormitory services caused an insufficient supply of dormitory services at universities.

Polphoom Hirunket (1999) also studied the demand of students from the faculty of Economics of Chiangmai University for private dormitory services and stated that there are three main factors affecting selection of the dormitories in Chiangmai province. Those factors are location, physical factors and economic factors. For the location factor, students pay attention to not only the distance between the university and the dormitory but also the safety of the dormitory and the availability of public transportation. Next, for the physical factors, students seriously consider the size, facilities and regulations of the dormitories. Finally, for the economic factors, students will think about the rental including the rates for utilities and other services. According to these previous studies, the factors affecting the needs for dormitories depends on both the number of the students (or demand effects), and the number of the dormitory services (or supply effects). In addition, Shusak Sinthanaweewong (1997) studied the students' satisfaction with private dormitory services and indicated that dormitory services in Thailand were often much less effective than expected.

Based on the literature reviews of Shusak Sinthanaweewong (1997), Polphoom Hirunket (1999), and Pravichya Polkuntha (2004), the results indicated that the numbers of dormitory services are insufficient for the number of students, and

there are several factors that affect students' decision-making in selecting the most appropriate dormitories. These previous studies also indicated that service operators need to know how to differentiate their customer groups in order to provide the most suitable services for each different group of customers; for example, groups of male or female students.

Wachirakana Charoensakswan (2002) investigated female undergraduate students' selecting behavior for private apartments in Bangkok and adjacent areas. The study showed that the students considered apartments located close to their universities, good accessibility, the cleanliness, physical conditions, and safety.

Napaphorn Homoon (2002) studied the relationship between the factors affecting the decisions of female students at Ramkhamhaeng University to live in a dormitory. The findings showed that the decisions of the respondents were affected by the community and the environment around the Ramkhamheang area, including security and convenience.

Nattaphol Kokkamhang (2003) studied the factors influencing students' decisions to select rental residence in Mueng district, Chiangmai province. The study found that the mixed marketing service factors which affected student's preferences greatly were product, place, people, service processes, physical evidence and presentation.

Khanita Tumphasuwan (2005) studied the factors on choosing dormitories in Suthep district, Chiangmai province. The findings showed that the market factors comprised of product, price, place, personnel, and service process affected customer's decisions in selecting dormitories.

In 2006, Phanida Roidoung studied determinants of decision-making on renting dormitories of Chiangmai University students and found that the significant factors influencing the decisions of students when selecting a dormitory were: 1) product factors which include cleanliness, room size, and the availability of furniture within the room, 2) price factors, comprised of monthly rental and the expenses of other facilities, 3) location factors, which consist of the distance from the university, transportation convenience, environment around the premises, and distance from a market or shopping center, 4) personnel factors, which involve the service quality obtained from the security and the cleaning staff, friendliness of the employees, the

usefulness of advice given by the staff and the credibility of the owner, 5) service factors, which include security service, cleaning services, promptness in providing the services and messaging service, and 6) marketing factor, which is mainly through word of mouth.

Montri Yamkasikorn (1999) used the focus group discussion method to identify the appropriate pattern of dormitories in Thailand. The result indicated that the management of dormitory services is still ineffective. There were insufficient services for students when they lived in dormitories, such as inadequate Internet access. He also suggested that dormitory services in Thailand should be located in a good environment, be safe and convenient for public transportation, and be able to provide other services, such as Internet, a food court, a study room and a convenience store.

In addition, Wiphaphan Hiranyakird (2002) examined the condition of various services offered by dormitories around Ramkhamhaeng area and found that satisfaction toward the services was at a moderate level for the majority of students.

Chalida Pongchaleorut (2006) studied the factors influencing the Chiangmai university student demand for private dormitories. She found three main factors affected student's decision: 1) the distance between the dormitories and the universities, 2) the rental fee, and 3) transportation convenience.

Amporn Arunsri (2006) investigated the satisfaction of students at the dormitory of Prince of Songkhla University and the result of the study indicated that students who stayed in the dormitory at Prince Songkhla University were generally satisfied at a low level with the dormitory's facilities, such as the computer network, and connecting point of the Internet. Moreover, the number of electric fans and study rooms should be increased.

Therefore, the main research questions addressed in this study are what factors influence students' decision-making process and what is the extent of the students' satisfaction with dormitory services in Nakornpathom province.

## **2.5 SUMMARY**

In summary, like other service sectors, the owners or managers of private dormitories in Nakornpathom province should realize the importance of consumer

behavior, service quality and customer satisfaction concepts in order to effectively sustain their business growth and competitive advantage. In addition, in order to improve the quality of dormitory services, it is likely essential to regularly contact their customers and assess their service experiences to learn which attributes of the services affect their satisfaction. This will help private dormitory businesses in developing excellent services for all customers.