

CHAPTER TWO

REVIEW OF LITERATURE

This chapter reviews the literature in five main areas along with a summary: (1) the theory of satisfaction, (2) the concept of customer satisfaction, (3) the importance of customer satisfaction, (4) the characteristics of service, (5) service quality, and (6) relevant research.

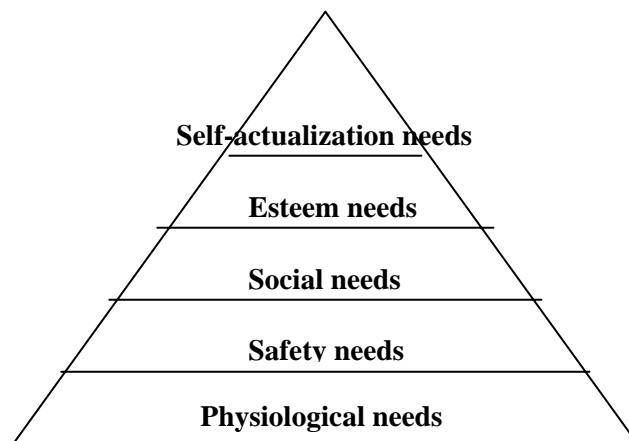
2.1 THE THEORY OF SATISFACTION

The Oxford Advanced Learner's Dictionary (Hornby, 1994, p. 1122) defined satisfaction as [1] feeling of contentment felt when one has or achieves what one needs or desires, [2] fulfillment (of a need, desire, etc), [3] thing that gives contentment or pleasure.

Satisfaction is a result of stepping away from an experience and evaluating it. Satisfaction gives an evaluation that the experience was at least as good as it was supposed to be (Wandee Deeraksa, 2004, p. 8).

According to psychologist Abraham Maslow, human needs and wants are arranged in a hierarchy: physiological needs, safety and security needs, belongingness and love needs, esteem and ego needs, and need for self-actualization. High level needs are dormant until lower level needs are satisfied (Sheth, Mittal, & Newman, 1999). Below is the diagram that illustrates this concept.

Figure 1. Maslow's need hierarchy.



Maslow's study (as cited in Nattika Chuenkerdlarp, 2006, p. 9) defined each level as follows:

1. **Physiological needs (body needs):** These are biological needs. They consist of needs for oxygen, food, water, and a relatively constant body temperature. They are the strongest needs because if a person were deprived of all needs, the physiological ones would come first in the person's search for satisfaction.

2. **Safety needs (security needs):** When all physiological needs are satisfied and are no longer controlling thoughts and behaviors, the needs for security can become active. Adults have little awareness of their security needs except in times of emergency or periods of disorganization in the social structure. However, children often display signs of insecurity and the need to be safe.

3. **Social needs (needs of love, affection and belongingness):** When the needs for safety and for physiological well-being are satisfied, the next class of needs for love, affection, and belongingness can emerge. People seek to overcome feelings of loneliness and alienation. This involves both giving and receiving love, affection and the sense of belonging.

4. **Esteem needs (ego needs):** When the first three classes of needs are satisfied, the needs for esteem can become dominant. These involve needs for both self-esteem and for the esteem a person gets from others. Humans have needs for a stable, firmly based, high level of self-respect, and respect from others. When these needs are satisfied, the person feels self-confident and valuable as a person in the world. When these needs are frustrated, the person feels inferior, weak, helpless, and worthless.

5. **Self-actualization needs (fulfillment needs):** When all of the foregoing needs are satisfied, then the needs for self-actualization are activated. Self-actualization is described as a person's need to be and do that which the person was born to do. For example, a musician must make music or an artist must paint. However, it is not always clear what a person wants when there is a need for self-actualization.

Maslow described these needs as a hierarchy. A person progresses to higher-level needs if the lower-level needs are satisfied. He or she regresses back to lower-level needs if these needs become unsatisfied again (Sheth, Mittal, & Newman, 1999).

This hierarchy has significance because we must recognize that if lower-level needs (physiological and safety needs) are not satisfied, the higher-level needs (social, esteem, and self-actualization needs) are difficult to achieve.

2.2 THE CONCEPT OF CUSTOMER SATISFACTION

Historically, consumer needs have been discussed in terms of economic utility which is the ability of an organization marketing a good or service to satisfy some aspect of a consumer's wants or needs (Zigmund & d'Amico, 1998). There are four specific types of economic utility:

1. Form utility: utility created by conversion of raw materials into finished goods or service processes that meet consumer needs.
2. Place utility: utility created by making goods and services available where consumers want them.
3. Time utility: utility created by making goods and services available when consumers want them.
4. Possession utility: utility created by transfer of physical possession and ownership of a product to a consumer.

According to Kotler (2000), satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation. Kotler further stated that satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted.

2.3 THE IMPORTANCE OF CUSTOMER SATISFACTION

Peter F. Drucker, one of the leading management gurus in the world, believed that "the purpose of business is to create and then retain a satisfied customer" (Sheth, Mittal, & Newman, 1999, p. 11). Drucker argued that even though the business needs to make money, it is a necessity, not a purpose. Money is the outcome of satisfying the customers. Similar opinion is expressed by Theodore Levitt, a Harvard Business School professor. He explained this by an analogy with human beings – all humans

have to eat to survive, but eating is not their purpose. The society supports a business because it satisfies the customers' needs and wants. The customer who is dissatisfied would stop buying the product. Moreover, the society would condemn the business and may even penalize it (p. 12).

Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch when there is another better offer (Kotler, 2000). High satisfaction or delight creates an emotional bond with the brand, not just a rational preference. Making a sale is not the end of a process but it is the start of an organization's relationship with a customer (Zigmund & d'Amico, 1998). Satisfied customers will return to the company that treated them best if they need to repurchase the same product in the future. If they need a related item, satisfied customers know the first place to look. Carden's study (as cited in Mququ, 2005, p. 28) argued that customers are valuable assets whose value can be enhanced through long-term stream of revenue, and that building strong relationships with customers will help reduce customer turnover and increase profitability.

2.4 THE CHARACTERISTICS OF SERVICE

Lovelock and Wright (2002) defined the meaning of service as "an act or performance that creates benefits for customers by bringing about change in – or on behalf of – the recipient" (p. 6). There are four main characteristics of service as Kotler defined: intangibility, inseparability, variability, and perishability (Kotler, 2000, pp. 429-438).

1. Intangibility: Services are intangible. Unlike physical products, they cannot be seen, tasted, felt, heard, or smelled before they are bought. To reduce uncertainty, buyers will look for signs or evidence of the service quality. They will draw inferences about quality from the place, people, equipment, communication material, symbols, and price that they see.

2. Inseparability: Services are typically produced and consumed simultaneously. If a person renders the service, then the provider is part of the service. Because the client is also present as the service is produced, provider-client interaction is a special feature of services marketing. Both provider and client affect the outcome.

3. Variability: Because they depend on who provides them and when and where they are provided, services are highly variable. Service buyers are aware of this variability and often talk to others before selecting a service provider.

4. Perishability: Services cannot be stored. The perishability of services is not a problem when demand is steady. When demand fluctuates, service firms have problems.

2.5 THE SERVICE QUALITY

For services, the assessment of quality is made during the service delivery process. Each customer contact is referred to as a moment of truth, an opportunity to satisfy or dissatisfy the customer (J. Fitzsimmons & M. Fitzsimmons, 2004). There are five principal dimensions that customers use to judge service quality – reliability, responsiveness, assurance, empathy, and tangibles, which are listed in order of declining relative importance to customers (pp. 132-133).

1. Reliability: The ability to perform the promised service both dependably and accurately. Reliable service performance is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time.

2. Responsiveness: The willingness to help customers and to provide prompt service. Keeping customers waiting, particularly for no apparent reason, creates unnecessary negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality.

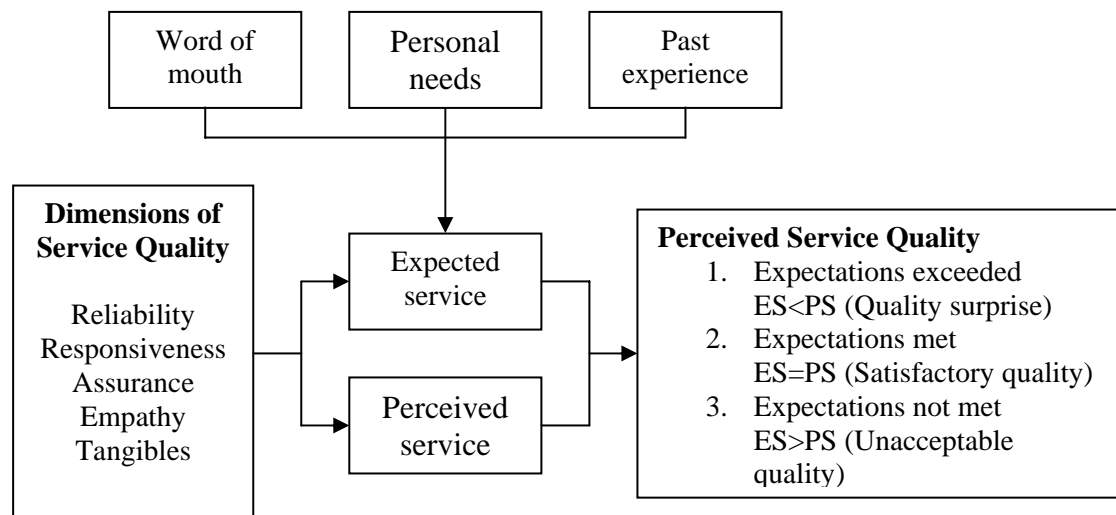
3. Assurance: The knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interests at heart.

4. Empathy: The provision of caring, individualized attention to customers. Empathy includes the followings: approachability, sensitivity, and effort to understand customer's needs.

5. Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials. The condition of the physical surroundings is tangible evidence of the care and attention to detail that are exhibited by the service provider. This assessment dimension also can extend to the conduct of other customers in the service.

Customers use these five dimensions to form their judgments of service quality, which based on a comparison between expected and perceived service. The gap between expected and perceived service is a measure of service quality; satisfaction is either negative or positive. Below is a diagram that illustrates this concept.

Figure 2. Perceived service quality



From Service Management: Operations, Strategy, and Implementation Technology (4th ed, p. 133), by J. Fitzsimmons and M. Fitzsimmons, 2004, New York: McGraw-Hill.

Kotler (2000) pointed out that service firms can take three steps toward quality control. The first is investing in good human resources selection and training. The second step is standardizing the service-performance process throughout the organization. This is helped by preparing a service blueprint that depicts the service events and processes in a flow chart, with the objective of recognizing potential fail

points. The third step is monitoring customer satisfaction through suggestion and complaint systems, customer surveys, and comparison shopping.

2.6 RELEVANT RESEARCH

This section presents 6 previous studies on customer satisfaction. Two of them were studies on customers' satisfaction with the services at 2 branches of the Metropolitan Waterworks Authority. Other studies were on customers' satisfaction with the Regional Electric Organization, Yannawa District of Bangkok Metropolitan Administration, the Office of Foreign Workers Administration, and Tops market Sukhumvit 19 branch.

Chaviwan Vinitkhetkhumnuan (ฉวีวรรณ วิณิชเขตค่านวน, 2548) studied the satisfaction of water users in a case study of the Metropolitan Waterworks Authority, Bangkhen Branch Office. The respondents consisted of 400 water users with almost equal numbers of males and females. The results of the study found that satisfaction was at medium level in every aspect: general service, water quality, maintenance, and payment systems. In addition, the results showed that education, occupation, and type of water users had influence on the customer satisfaction.

The study of Suphachai Pinsurong (สุภชัย พิณสุรงค์, 2548) in "The consumers' satisfaction toward the service of the Metropolitan Waterworks Authority, Nonthaburi Branch" showed that the consumers had high satisfaction. It was found that the consumers were satisfied with water quantity, inside office services, and water quality from high to low level respectively. For outside office services of the Nonthaburi branch, the consumers' satisfaction was at medium level. In addition, the results showed that the consumers who lived in houses and did business had more satisfaction than the consumers who lived in industrial residences and other types of residence.

Arthorn Chaymukda (อาทร ฉายมุกดา, 2544) studied customers' satisfaction toward the Regional Electric Organization, Udonthani province. The results showed that overall satisfaction with services like service staff, place, service procedures were at medium level. The customers commented that the service staff was not active in providing service. The place was not modern enough. There were too many

procedures. Moreover, the publicized information was not sufficient as the customers did not know what was going on.

According to “Factors affecting satisfaction of one stop services: a case study of Yannawa district of Bangkok Metropolitan Administration” conducted by Uthai Kanokwuttipong (อุทัย กนกวุฒิพงษ์, 2547), the degree of customers’ satisfaction with the one stop service was at high level. The organization climate and management had relation with satisfaction of one stop service of Yannawa District at average level. However, coordination and services factors had relation at nearly high and high level.

Panwalee Primkajeepong (2007) conducted a research of customer satisfaction with Work Permit application services at the Office of Foreign Workers Administration. The research focused on customer satisfaction with three elements; the service staff, service procedures, and facilities provided. From the survey, the findings revealed that the customers’ overall satisfaction with services was at a satisfactory level. They were most satisfied with the service procedures, followed by service staff, and provided facilities, respectively. The customers suggested that the office should provide more staff and a greater variety of printed materials for the waiting customers. Modern technological tools should be improved. Besides, they suggested that some facilities or services like a free Internet Zone, a coffee machine or coffee corner, photo copying, and express photo taking services should also be provided.

In addition, Yaowaman Ruttanakul (2007) conducted research of customers’ satisfaction with services at Tops market Sukhumvit 19 branch. The sample of this survey was 100 customers of Tops Market. Overall, the respondents were satisfied with the services. However, some points were identified as causing absolute dissatisfaction, such as the staff extent of knowledge concerning the products, the lack of clean and adequate restrooms, and lack of a convenient and adequate car park. The respondents also recommended that supermarket should improve the quality of raw materials used in the bakery section and in the delicatessen section.

In summary, this chapter comprises the theory of satisfaction, the concept of customer satisfaction, the importance of customer satisfaction, the characteristics of

service, the service quality, and relevant research. In the next chapter, the research methodology, which focused on subjects, materials, procedures, and data analysis, will be presented.