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**Service Encounter Model Focused on Customer Benefits and Satisfaction:
Reconsideration of Psychological Model**

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Abstract

Firms have attempted to achieve higher levels of customer satisfaction by providing superior service, supposedly for customer benefit. However, does higher customer benefit always lead to higher customer satisfaction? The model developed by social psychologists suggests that a customer is likely to feel negative as well as positive affect toward a contact person (CP) via indebtedness and/or other mediating variables, but this model has remained untested empirically. In this study, we elaborated and empirically tested the model. The results of structural equation modeling show that higher customer benefit from superior service can increase indebtedness, which, in turn, can decrease customer satisfaction.

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ABSTRACT

Firms have attempted to achieve higher levels of customer satisfaction by providing superior service, supposedly for customer benefit. However, does higher customer benefit always lead to *higher* customer satisfaction? The model developed by social psychologists suggests that a customer is likely to feel negative as well as positive affect toward a contact person (CP) via indebtedness and/or other mediating variables, but this model has remained untested empirically. In this study, we elaborated and empirically tested the model. The results of structural equation modeling show that higher customer benefit from superior service can increase indebtedness, which, in turn, can *decrease* customer satisfaction.

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INTRODUCTION

Contact personnel (CP) in firms often influence a customer's decision-making process in purchasing by providing useful information to the customer or by making him/her feel superior through polite service (cf., Grönroos 1990). If CP recommend a specific product, then the customer may accept the recommendation and buy the recommended product. Thus, superior service provided by CP may be key to increasing loyalty to a firm rather than to competitors (e.g., Anderson and Sullivan 1993). This is why firms attempt to provide superior service for higher customer benefit, to achieve higher customer satisfaction and, thus, higher sales.

So, does higher customer benefit always lead to higher customer satisfaction? Service marketing researchers may answer yes to that question. They have developed and tested models that show that higher customer benefit leads to higher customer satisfaction (e.g., Mohr and Bitner 1995; Gwinner, Gremler, and Bitner 1998; Reynolds and Beatty 1999). Some researchers have shown that customer satisfaction with CP has a positive effect on satisfaction with the firm and that these two kinds of satisfaction lead to higher loyalty and positive word-of-mouth and, therefore, to purchasing behavior (Reynolds and Beatty 1999).

On the other hand, some social psychologists may answer 'no' to the same question. They developed a conceptual model that describes how a recipient of aid is likely to feel negative as well as positive affect towards a donor/helper via indebtedness and/or other mediating variables

(Greenberg 1980; Greenberg and Westcott 1983). For example, when CP provide extra information to help a customer, the customer may be *less* satisfied because he/she may feel embarrassed or indebted for having received superior service and feel that there is some need to repay the CP. This is an important point that service marketing researchers have not yet discussed. The model developed by social psychologists may be more realistic than those of service marketing researchers. However, the former model has remained untested empirically.

Thus, this study aims to present a clear picture of the formation of customer satisfaction in the real world by elaborating and testing the model developed by social psychologists.

CONCEPTUAL FRAMEWORK / LITERATURE REVIEW

Effects of Customer Benefit on Satisfaction

Service provided by CP does not always yield profits, but firms pay a reward to CP and customers pay a price for composite goods, consisting of product and service. Thus, it is assumed that firms think that service yields customer benefit, which is the key that establishes and maintains the relationship between firms and customers (Grönroos 1990).

In customer satisfaction research, many researchers have claimed that superior service yielded customer benefit and satisfied customer needs (Adelman, Ahuvia, and Goodwin 1994; Beatty, Mayer, Coleman, Reynolds, and Lee 1996; Bitner 1995; Gwinner, Gremler, and Bitner

1998). In this research stream, some researchers have extended the concept of customer benefit and claimed that customer benefit may be divided into confidence, social benefit, and special treatment benefit (Beatty, Mayer Coleman, Reynolds, and Lee 1996). However, this extension does not explain customers' negative affect to the supposed customer benefit of superior service.

Other researchers have shown effects of customer benefit on satisfaction. One claimed that CP service was divided into the contact employee level and the interaction level and that these levels positively affected satisfaction with CP and the firm (van Dolen, Royter, and Lemmink 2004). Another claimed that customer benefit was divided into functional benefit and social benefit and that these benefits positively affected satisfaction with CP and the firm, which, in turn, positively affected loyalty and positive word-of-mouth (Reynolds and Beatty 1999).

However, even if superior service yields customer benefit, a customer may not always feel satisfied and, therefore, may not always engage in an exchange with the firm again in the future (Ono and Chiba 2010; Chiba and Ono 2010). Indebtedness theory may provide a clue to revealing customer psychology in this situation.

Indebtedness Theory

Blau (1964) and Homans (1961) proposed the social exchange theory, which attempted to explain the process of generating interpersonal and intergroup relationships. Greenberg (1980)

focused on the situation in which favorable assistance did not always result in a favorable affective reaction. Underlying the theory is the norm of reciprocity, which is based on the following two rules: 1) people should help those who have helped them, and 2) people should not injure those who have helped them (Gouldner 1960, p. 171). Greenberg (1980), employing this notion, defined indebtedness as a state of obligation to repay another (p. 4) and tested a determinant of indebtedness: the magnitude of the rewards and costs incurred by the recipient and donor as a result of the exchange (p. 5).

Later, Greenberg and Westcott (1983) extended the indebtedness theory by developing a conceptual model that shows how a recipient of aid is likely to feel negative as well as positive affect towards a donor/helper via indebtedness and/or ten other mediating variables: i) facilitating goal achievement, ii) indicating a donor's positive regard for the recipient, iii) indicating a recipient's higher status, iv) indicating the value of the recipient's resources, v) legitimizing future interactions with the donor, vi) attributing manipulative intent, vii) restricting the recipient's freedom, viii) assessing the cost of repayment, ix) interfering with goal achievement, and x) threatening the recipient's self-esteem. Of these, i) – v) are the recipient's sources of positive affection. In the context of this study, i) facilitating goal achievement means that superior service is perceived to reduce the task of searching for a product/service. ii) Indicating a donor's positive regard for the recipient means that superior service is perceived as CP kindness. iii)

Indicating the recipient's higher status means that superior service is perceived to suggest a higher status for the customer than that for the CP. iv) Indicating the value of a recipient's resources means that superior service is perceived to lead the customer to the right choice of product/service. v) Legitimizing future interactions with the donor means that superior service is perceived to make the long-term relationship between CP and the customer more valuable.

Meanwhile, vi) – x) are recipient's sources of negative affection. In the context of this study, vi) attributing manipulative intent means that superior service is perceived to be provided for self-serving reasons. vii) Restricting the recipient's freedom means that superior service is perceived to restrict the customer's freedom to choose. viii) Assessing the cost of repayment means that superior service is perceived to be costly to repay. ix) Interfering with goal achievement means that superior service is perceived adversely, making it more difficult for the customer to search for a product/service. x) Threatening to the recipient's self-esteem means that superior service is perceived to be provided because CP think that the customer's ability to select is low.

As discussed above, Greenberg and Westcott (1983) considered a customer who acts not only in self-interest but also with altruism, and suggested the ten mediators. However, these ten mediators lack empirical testability and even logical validity because some of the ten mediators are conceptually similar to, or near opposites of, each other.

RESEARCH MODEL

From Ten Mediators to Five Factors

We reordered and summarized the ten mediators in Greenberg and Westcott's model to the following five factors: task reduction, status indication, relationship benefit, conflict of interest, and cost of repayment, as shown in Table 1.

First, facilitating goal achievement and interfering with goal achievement are just about opposites and both of them mean a reduction in a customer's search task to achieve his/her shopping goal. Thus, we integrated them into task reduction. Second, indicating a donor's positive regard for the recipient, indicating a recipient's higher status, and threatening a recipient's self-esteem are involved in perceived CP condescension towards a customer. Thus, we integrated them into status indication. Third, indicating the value of a recipient's resources and legitimizing future interactions with a donor are involved in the benefit of the relationship between a customer and CP. Thus, we integrated them into relationship benefit. Fourth, attributing manipulative intent and restricting a recipient's freedom are involved in the situation in which CP's service is perceived as being against a customer's needs. Thus, we integrated them into conflict of interest. Finally, cost of repayment is independent of the other mediators.

Table 1. Reordering of Sources of Affective Reaction

Sources of Affective Reaction (Greenberg and Westcott 1983)		Factors in This Study
Sources of Positive Affection	1. Facilitating goal achievement	Task reduction
	2. Indicating of donor’s positive regard for recipient	Status Indication
	3. Indicating of recipient’s higher status	
	4. Indicating of value of recipient’s resources	Relationship benefit
	5. Legitimizing future interaction with donor	
Sources of Negative Affection	1. Attributing of manipulative intent	Conflict of interest
	2. Restricting recipient’s freedom	
	3. Assessing costs of repayment	Cost of repayment
	4. Interfering with goal achievement	Task reduction
	5. Threatening to recipient’s self-esteem	Status Indication

Effects of Customer Benefit via the Five Factors

We consider the degree of help attempt (Greenberg and Westcott 1983) as a customer benefit and assume that mediating factors discussed in the previous section are positively affected

by customer benefit (Gwinner, Gremler, and Bitner 1998; Reynolds and Beatty 1999), whereas we hypothesize that conflict of interest is negatively affected by customer benefit. Greenberg and Westcott (1983) suggested that conflict of interest occurs when a customer perceives that CP are trying to generate a feeling of indebtedness in the customer, even if CP would like to provide superior service.

We consider affective reaction (Greenberg and Westcott 1983) as customer satisfaction. Satisfaction is positively affected by task reduction, status indication, and relationship benefit and negatively affected by conflict of interest and cost of repayment (Greenberg and Westcott 1983).

Thus, the following hypotheses are proposed:

H1: Customer benefit positively affects task reduction.

H2: Customer benefit positively affects status indication.

H3: Customer benefit positively affects relationship benefit.

H4: Customer benefit negatively affects conflict of interest.

H5: Customer benefit positively affects cost of repayment.

H6: Task reduction positively affects satisfaction.

H7: Status indication positively affects satisfaction.

H8: Relationship benefit positively affects satisfaction.

H9: Conflict of interest negatively affects satisfaction.

H10: Cost of repayment negatively affects satisfaction.

Effects of Customer Benefit via Indebtedness

Indebtedness is positively affected by customer benefit (also known as help attempt) (Greenberg and Westcott 1983) and positively affects relationship benefit (also known as indicating the value of a recipient's resources and legitimizing future interactions with a donor), conflict of interest (also known as attribution of manipulative intent and restricts recipient's freedom), and cost of repayment (Greenberg and Westcott 1983).

Thus, the following hypotheses are proposed:

H11: Customer benefit positively affects indebtedness.

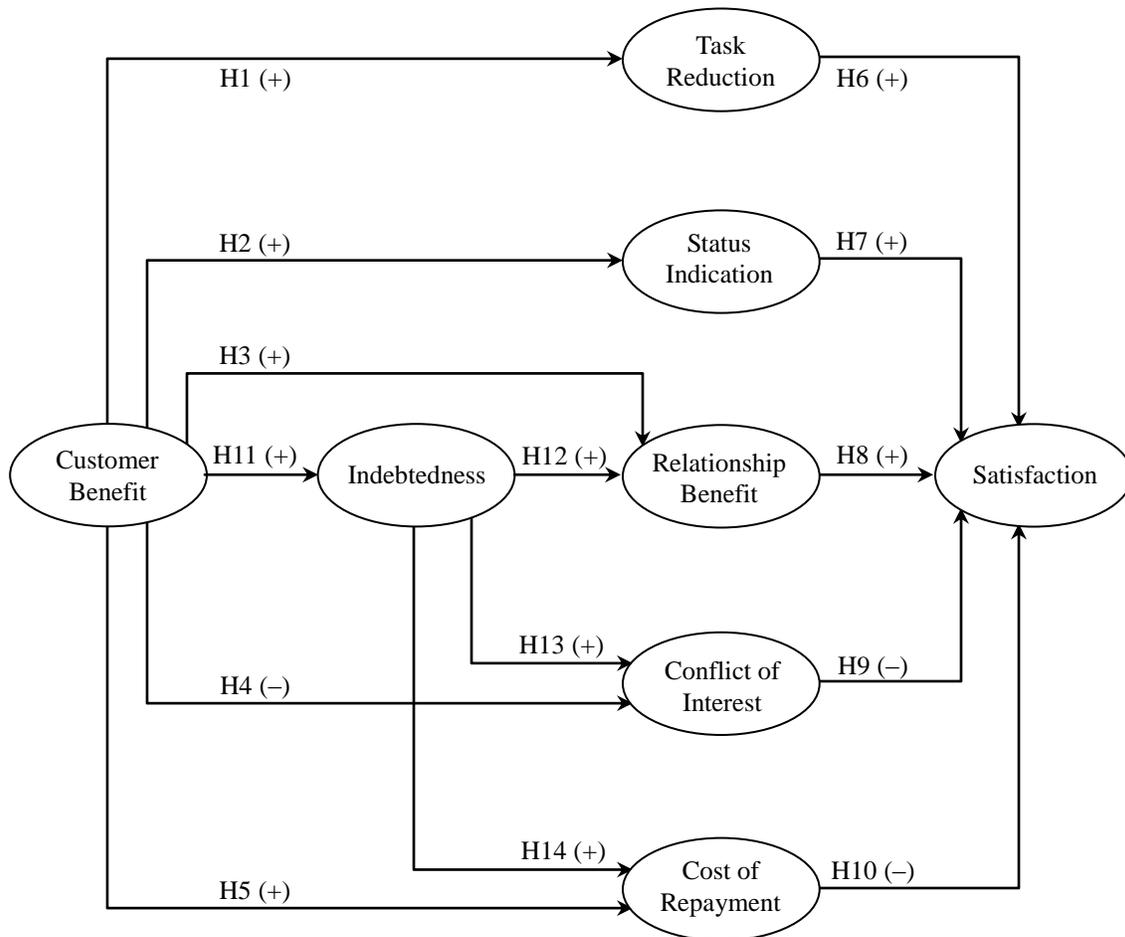
H12: Indebtedness positively affects relationship benefit.

H13: Indebtedness positively affects conflict of interest.

H14: Indebtedness positively affects cost of repayment.

The set of hypotheses can be summarized as shown in Figure 1.

Figure 1. Proposed Model



METHODS

Data Collection

We conducted an online survey and collected consumer data pertaining to shopping experiences involving interaction with CP. Respondents were asked to recall a particular communication or interaction with CP. Questionnaires were administered to 2,290 respondents;

of them, 417 were deemed usable after list-wise deletion (18.2%).

Measurements

The questionnaire was designed for structural equation modeling (SEM). The scales used to assess customer benefit were based on the work of Reynolds and Beatty (1999). The scales for indebtedness were based on research by Dorsch and Kelley (1994). The scales for satisfaction were based on the works of Oliver (2010) and Reynolds and Beatty (1999). The scales for the other constructs were developed because there was no relevant literature. We used a 7-point scale (1: strongly disagree, 7: strongly agree). Cronbach's alpha for customer benefit was 0.67, but those for the other constructs were between 0.74 and 0.91. Scale composite reliabilities (SCRs) for all constructs were between 0.65 and 0.98, which were above the recommended level of 0.60 (Bagozzi and Yi 1988).

FINDINGS

Model Estimation

The structural equation model (Fig. 1) was estimated using maximum likelihood procedure (CALIS of SAS/STAT 9.2). Results are presented in Table 2.

Table 2. Estimation Results

H1: Customer benefit =(+)=> Task reduction	0.575 (t = 7.99) ^{***}
H2: Customer benefit =(+)=> Status indication	0.780 (t = 9.45) ^{***}
H3: Customer benefit =(+)=> Relationship benefit	0.737 (t = 7.54) ^{***}
H4: Customer benefit =(-)=> Conflict of interest	-0.749 (t = -6.76) ^{***}
H5: Customer benefit =(+)=> Cost of repayment	-0.611 (t = -6.53) ^{***}
H6: Task reduction =(+)=> Satisfaction	0.090 (t = 2.66) ^{***}
H7: Status indication =(+)=> Satisfaction	0.513 (t = 12.40) ^{***}
H8: Relationship benefit =(+)=> Satisfaction	0.247 (t = 6.01) ^{***}
H9: Conflict of interest =(-)=> Satisfaction	-0.192 (t = -4.95) ^{***}
H10: Cost of repayment =(-)=> Satisfaction	-0.073 (t = -2.19) ^{**}
H11: Customer benefit =(+)=> Indebtedness	0.577 (t = 7.37) ^{***}
H12: Indebtedness =(+)=> Relationship benefit	0.073 (t = 1.28) ^{n.s}
H13: Indebtedness =(+)=> Conflict of interest	0.450 (t = 5.36) ^{***}
H14: Indebtedness =(+)=> Cost of repayment	0.426 (t = 5.48) ^{***}

Notes: *** is significant at 1% level, and ** is significant at 5% level.

$\chi^2_{(216)} = 1020.85$, GFI = 0.82, AGFI = 0.77, RMSEA = 0.09, AIC = 1140.85, SBC = 1382.83.

The chi-squared value for the proposed model was 1020.85, and the $\chi^2/d.f.$ was 4.73, which was within the recommended range (not higher than 5.00) (Bollen 1989). The goodness-of-fit index (GFI) and the GFI adjusted by the degree of freedom (AGFI) were 0.82 and 0.77, respectively, which were lower than the recommended level (not lower than 0.90) (Bagozzi and

Yi 1988), but these were probably due to the large model and the relatively small sample size. In this case, a useful index is the root mean square error of approximation (RMSEA), a parsimony measure that accounts for potential artificial inflation due to the estimation of many parameters. The RMSEA was 0.09, which was equal to the recommended level of 0.09 (Browne and Cudeck 1993). The results indicated a close fit of the data to the proposed model, even though some indices did not fall within the recommended range.

All parameter estimates were significant with the exception of H12 (positive effects of indebtedness on relationship benefit). Also, contrary to the hypothesis, the sign of the parameter estimate of H5 (positive effects of customer benefit on cost of repayment) was negative.

Effects of Customer Benefit via the Five Factors

H1–H4 and H6–H10 were supported, but H5 was not. Thus, higher customer benefit resulted in higher satisfaction via increased task reduction, status indication, and relationship benefit and via decreased conflict of interest and cost of repayment.

The results showed that when customers receive superior service, they may be satisfied because the benefits 1) reduce the search task, 2) indicate their higher status, 3) increase the value of the relationship, 4) decrease conflicts of interest, and/or 5) decrease the cost of repayment.

Effects of Customer Benefit via Indebtedness

H11, H13, and H14 were supported, but H12 was not. Thus, higher customer benefit resulted in higher indebtedness, which, in turn, resulted in lower satisfaction via increasing conflict of interest and cost of repayment.

The results also showed that when customers receive superior service, they may feel indebted and thus be dissatisfied because the benefits 1) increase the conflict of interest and 2) increase the cost of repayment.

DISCUSSION

Without describing any psychological mechanism, service marketing researchers have claimed that superior service from customer benefit has a positive effect on customer satisfaction. This study indicates that positive effects of customer benefit on satisfaction were mediated by five factors – task reduction, status indication, relationship benefit, conflict of interest, and cost of repayment – whereas negative effects were mediated by two pairs of factors – indebtedness and conflict of interest / cost of repayment. Because superior service may increase indebtedness and, thus, decrease customer satisfaction, service companies should pay more attention to preventing their customers from feeling indebted. By elaborating a social psychological model and introducing the model to service marketing research, this study makes an important contribution

to the research on the formation of customer satisfaction.

LIMITATION AND FURTHER RESEARCH

This study has several limitations. First, the results showed that some overall fit indices did not fall within recommended ranges due to the large model and the relatively small sample size. Second, we reordered Greenberg and Westcott's (1983) ten mediators (facilitates goal achievement, indication of donor's positive regard for recipient, indication of recipient's higher status, indication of value of recipient's resources, legitimizes future interaction with donor, attribution of manipulative intent, restricts recipient's freedom, cost of repayment, interferes with goal achievement, and threat to recipient self-esteem) to five factors (task reduction, status indication, relationship benefit, conflict of interest, and cost of repayment) without using factor analysis even if the results of SEM showed high convergent and discriminant validity. These limitations should be addressed in future work.

Further research should consider various customer and/or product (service) characteristics that might yield different results. Moreover, we could also consider the relationship between customer and CP and/or its duration. The incorporation of these recommendations in further research should result in an increased understanding of the determinants of customer satisfaction.

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