



CUSTOMER SATISFACTION FACTORS: METHODOLOGICAL ASPECTS

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Abstract

Today's competitive business environment challenges companies. Therefore, it is significant for organizational institutions to pay more attention to the needs of their client base. With this in mind, the necessity to examine customer satisfaction is on the center stage. The strong argument for this step is the proven fact that retaining customer is cheaper than attracting new ones. Moreover, measuring customer satisfaction shows whether the company's product or service exceeds the customers' expectations. Hence, the current article is initiated on the examination of factors that determine customer satisfaction. It could be concluded that the present study is extensive in terms of displayed past models and other useful academic examples. The findings also confirm that there is a large portion of measurement issues of customer satisfaction. It also should be noted that customer satisfaction factors highly varies on the business area, chosen factors, industry sector, type of the venture. Hence, the significance of the article lies on the fact that it fulfills the academic foundation with the paper that unites the examples of customer satisfaction factors. And regarding this notion, it also puts forward an important background for future theory and practice investigations.

KEYWORDS: customer satisfaction, models, methodology.

Introduction

Investigations of released academic papers regarding the enhancement of customer satisfaction which centers the attention on the pioneering ways for competitive advantage attainment have revealed that this field is highly unexplored. Especially, it is noted in identifying the real factors that augment customer satisfaction. With this in mind, the current paper aims to identify the factors that generate customer satisfaction and in the same time serve as a tool for the enterprises performance improvement. The strong argument for this step is the proven fact that retaining customer is cheaper than attracting new ones. Moreover, measuring customer satisfaction shows whether the company's product or service exceeds the customers' expectations. And, regarding Krishnan and Hari (2011): "Customers are more challenging component for any organization rather than their competitors" (p.15). And this is clearly explainable by the advancement of information and rapid development of technology.

The object of this particular study is: customer satisfaction factors.

The aim of the study is: to investigate customer satisfaction factors.

The objectives of the study are:

- 1) to analyze the customer satisfaction through the academic perspective.
- 2) to investigate the factors of customer satisfaction from the theoretical point of view.
- 3) to propose the research models for the study of strengthening the customer satisfaction.

The methods of the study are:

- Logical and comparative analysis of literature;
- Synthesis and deduction.

The novelty of the study: this study paper brings in a new approach regarding a great variety of collected understandings of customer satisfaction by taking into consideration the factors that effect customer satisfaction, and also proposing the graphic models. Moreover, it puts an important foundation for future theory and practice investigations.

The concept of customer satisfaction

The profound analysis of academic works regarding customer satisfaction has revealed that this concept has been examined extensively in the sphere of marketing. According to Oliver (1997) and Zeithamal and Bitner (2000) customer satisfaction could be explained by the client's emotional reaction whether his or her expectations has been fulfilled or not. The same interpretation is given by Aldlaigan & Buttle (2005) who state that customer satisfaction is the term which reflects the needs that should be realized in order to get the positive judgment towards the product or service from the customer. Moreover, Chen (2006) stresses that customer satisfaction is on the center stage of each company's strategy. In addition to this, Cochran (2003) highly agrees with the aforementioned idea and says that satisfying customer is the action that company should do during the daily activities in order to stay in business. And Oliver (1999) notes that customer satisfaction should be treated as the predictor of future behavior. Another benefit of this particular concept is that it enhances the profitability Anderson, Fornell and Rust (1997). Hill, Roche & Allen (2007) point out that customer satisfaction is the main driver of loyalty, but mere satisfaction is not enough, so customers have to be highly satisfied.

Factors affecting customer satisfaction

Plentiful of researches have been done in order to comprehend the shoppers' preferences that are made to choose the one or the other shop. So, it is necessary for retailers to identify those influential factors which bring people in their ventures. For instance, the authors (Navikaite, Navickas, 2014) conduct a research study in Lithuania and found out that perceived price fairness, service quality, perceived product quality and prior experience positively effects customer satisfaction. Lewis & Soureli (2006) add that consumer satisfaction can be characterized with various dimensions such as satisfaction with the frontline employees, the core service or the organization in general. Eroglu, Machleit & Barr (2005) have looked at the relationship between perceived retail crowding, shopping value and satisfaction and found that perceived retail crowding had a negative effect on shopping value and also customer satisfaction. According to Angelova and Zekiri (2011) customer satisfaction majorly depends on these factors: "friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service" (p.234). Some of the elements were distinguished by Cambra-Fierro & Polo-Redondo(2008). They offer a conceptual model of satisfaction which includes these constructs: cooperation, communication, trust and adaptation to expectations.

Lusch, Dunne & Carver (2011) distinguish five major fronts retailers compete for their target customers:

- ✓ Price
- ✓ Level of Service
- ✓ Product assortment
- ✓ Location or access
- ✓ Customer experience

Meanwhile, Huddleston, Whipple, Mattick & Lee (2004) who put centre attention on the domain of food stores, displayed attributes that affect customers' preferences and these are: price, working hours, queues at check out-of-store, familiarity with shop layout, assortment and quality of brands, quality of store private brands, location, freshness of products, atmosphere, friendliness of people, overall cleanliness, walking space and service speed. Even though customer satisfaction with SMEs is composed of a great variety of dimensions, the main ones are elaborated in turn.

Physical environment. Environment could be analyzed in two broad dichotomy: micro- environment and macro-environment. But as external factors are uncontrollable by SME's (Nwankwo & Gbadamosi, 2011) therefore, internal factors of bricks and mortar would be discussed. Regarding the topic of the store image Aga and Safakli(2007) observed that it is the most influential variable in customer satisfaction after the price and service quality. Store settings or so called "atmospherics" were investigated due to their impact on consumers' attitudes and behavior (Kotler, 1974, McGoldrick and Greenland, 1994). So, consumer researches have already proved the pivotal role of physical environment. Moreover, stores are perceived as not only the place shopping but also as a place for

socializing and gain leisure (Hu & Jasper, 2006). It influences a great variety of behavior such as customer satisfaction, choices, emotions. Kent (2007) took a resourceful approach and explored the concept of creativity in the nature of the retail stores and also stressed the importance of visual design in forming the settings of shops.

Baker (1986) who has examined the effects of physical environment on perception of merchandise and service quality, also store image in the retail context gives a classification of physical environment in such elements:

✓ **Ambient factors.** Fundamental conditions that are present in the level of immediate awareness, and that draw attention particularly when they are disagreeable. Such ambient factors could include obnoxious background or noise. Collett (2008) reminds that several years later this term was relabeled to facility aesthetics which embrace lighting, music, color and overall cleanliness that affect the individual's perception and response to the environment (Parasuraman, Zeithaml & Berry 1986)

✓ **Design factors.** Visual stimuli that is noticeable to customers, such as the comfort of waiting room furniture, or the architecture of an office.

✓ **Social factors.** People present in the environment including customers and employees. The image of the company can be greatly influenced by the atmosphere created by not only its employees, but also all the clientele it attracts.

Babin, Lee, Kim and Griffin (2005) express the concern of internet prevalence and note that in order to overcome the explosion of e-commerce, traditional brick and mortar retailers and service providers should incorporate the physical environment in order to deliver superior customer value and initiate customer to spend their time and money resources in their stores. In some cases there is a suggestion that store atmosphere can influence customers' perception of salespeople's reliability (Sharma and Stafford, 2000). Retail atmosphere is traditionally influential regarding the amount and types of affect is provides in the surroundings (Turley and Chebat, 2002). Same authors support the idea that positive and negative emotions evoked by characteristics of the settings, are the key determinants in explaining interaction between consumer-environment. Product assortment, location, price and discounts, working hours are also distinguished as features effecting customer satisfaction.

Product assortment. Product variety influences a customer's perception of a store (van Herpen and Pieters, 2002). Agrawal & Smith (2010) indicate a higher range of products are needed for number of reasons such as: heterogeneous customer preferences, which stem from consumers searching the variety and competition between the brands. But Varley (2001) notices that for some products, consumers are not really interested in variety, they are happy to have limited offering and will tend to buy the same product variation each time, meanwhile for other categories the consumer would need a large selection from which to choose a product item. For this reason looking from the retailers' perspective, they are incorporating the strategy of "efficient assortment", which majorly aims to identify the level

with which profit maximization would be reached by eliminating low-selling products (Kurt Salmon Associates, 1993). On the other hand, Fox, Hunn and Mathers (2009) point out that, in grocery stores, consumer expenditures react more to varying levels of assortment than to price. But this strategy is not applicable for SME's where place capabilities are very limited.

Location. The location related specifications and functionality of the premises should be also kept in mind (Rai, 2013) because according to Zentes, Morschett and Schramm-Klein (2011) there are three most significant elements in retailing: "location, location and location" (p.203). Also, Arnold, Oum & Tigert (1983) found store location was first important store characteristic for supermarket shoppers and low prices to be the second most. The research conducted by Mintel (1996) notes that contiguity of location may be a stronger motivator FMCG (fast-moving consumer goods) retailing than supermarket loyalty schemes. Even though customers are satisfied with the service but they could be prevented from patronizing a particular retail just because of inconvenient geographical location. Nevertheless, Jones Eleri, Jones Ellis and Haven-Tang (2005) notice that many small and medium enterprises fail to identify the role they play in the destination competitiveness or the significance of destination competitiveness for the sustainability of their individual business.

Price and discounts. Rao (2009) notes that companies should carefully plan how to present their pricing practices to customers, otherwise, they may run a risk of customer dissatisfaction. In addition to this, overall price image of a store affects store choice (Cox, A.D., Cox, D., 1990). According to Schiffman, Hansen & Kanuk (2008) consumers deem to perceive that stores proposing a small discount on large number of items as offering lower prices for the assortment than competing shops selling products with larger discounts that are applied for smaller number of products and also suggest that advertising frequently with displaying a big portion of special price offerings influence customers to believe that the shop possess an image of offering competitive prices. So, the decision which store to enter may mainly depend on the basis of forecasted expenses and pricing strategy of the store.

Working hours. Working hours definitely play a very important role on the overall clientele traffic. Changes within society where there is an obvious hectic pace, it should be noted that according to Messinger & Narasimham (1997) "importance of shopping time for consumer's retail choice is well recognised" (p.2). Meanwhile, Newman & Cullen (2002) point out: "extended opening hours make it possible for most consumers, who have the mobility, to shop at their convenience" (p. 47). Richbell & Kite (2007) conducted a research which focused on examining the features of shoppers who prefer shopping mainly at night in the supermarkets which were opened 24 hours and also deliver managerial implications how to deal with night shoppers. Another research on this particular determinant was done by Miranda & Kónya (2009) who aimed to identify the determinants of unscheduled visits to grocery

stores in order to help retailers to increase the patronage of shoppers. The authors suggest that through increasing "hedonic recreational outing" (p.818) and keeping the doors open longer can stimulate the potential buyers' visits more frequently.

On the other hand, notes Gilbert-Jamison (2005) customer satisfaction only create a customer base that likes your products or services, but can easily be swayed away by your competitors because the only clear differentiator may be location or pricing. But the author also adds three basic expectations from the customers: defect free product, delivered by warm and friendly employees and an easy and effective way to resolve the problems and shares his personal experience with pleasurable experiences from some establishments from the daily life. For instance, the scholar is loyal to some restaurants, grocery stores not because they offer high caliber products but also because employees even go out of their way to meet him as a repeat customer, always know his name and something special about him. So, this interaction with customer makes simple shopping time a memorable experience.

To sum up, there are a number of elements that are impactful for delivering higher level of customer satisfaction. So, companies should carefully investigate their abilities and through durable monitoring can distinguish the activities which do generate pleasurable activities for their clients.

Research models

The majority of customer satisfaction related empirical researches are based on European Customer Satisfaction Index model or American Customer Satisfaction Index model or their transformations like proposed by Gronholdt, Martensen and Kristensen (2000), Yap, Ramayah and Shahidan (2012) and others. For instance, the authors Yap, Ramayah and Shahidan (2012, p.155) state: "All customer satisfaction indices are usually calculated based on a structural model that consists of antecedents and consequences of customer satisfaction", therefore, the chosen study models could be taken as the variations to test the factors that effect customer satisfaction.

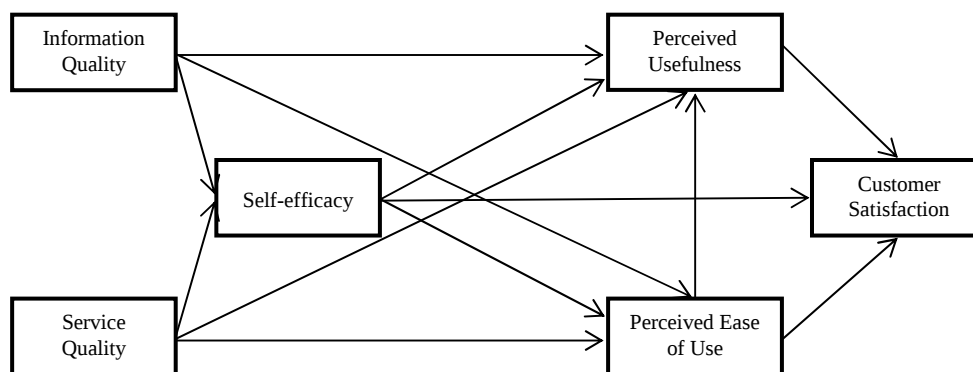
For instance, the model below which is presented by authors Yu, Wu, Chiao and Tai (2005) depicts the idea of American Customer Satisfaction Index which is widely applied in the companies' activity. The model visualizes how customer expectations determine perceived quality and overall customer satisfaction. According to this model the level of overall customer satisfaction is defined by these two elements. Moreover, it is presented that customer complaints and customer loyalty hinge on customer satisfaction.



Source: Yu, C.-M.J.; Wu, L.-Y.; Chiao, Y.C.; Tai, H.-S. (2005)

For instance, the study of Kim and Lee (2013) validated a comprehensive model which could be stated as a mixture of two models and one of them is the previously mentioned American Customer Satisfaction

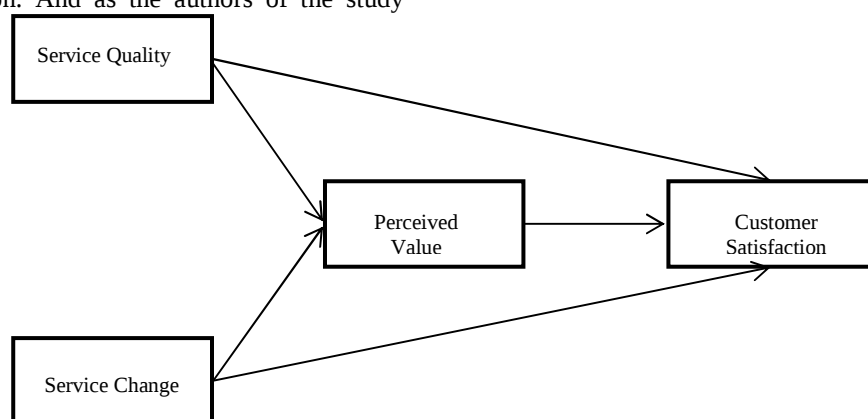
Index. The current model initiated on the analysis of factors that affect customer satisfaction. To be more precise, the study was aimed to examine the mobile environment. So, the designed research model was utilized as follows.



Source: Kim and Lee (2013)

The findings suggest that perceived usefulness, perceived quality, perceived ease of use and self-efficacy were found to have positive significant impact on customer satisfaction. And as the authors of the study

state these conclusions play a significant role for the practitioners.



Source: Uddin and Akhter (2012)

Another interesting study was done by Uddin and Akhter (2012) who aimed to identify the determinants of customer satisfaction of banking industry in Bangladesh. Incorporating measurement and structural model it was indicated that service quality and fair service charge

positively affect customer satisfaction in a mass service industry. With the profound analysis it was revealed that perceived value plays a mediating role between customer satisfaction and two other constructs: service quality and service charge. Therefore, the authors highly recommend stressing the significance of charge fairness, quality

assurance and service value to the direct clients. In conclusion, it could be stated that graphic models and their elements hinge on the sphere in which the company operates, also on the academic background that is found to be the basis of the empirical study. This research paper has incorporated structural models that were based on the prior studies. Obviously, there may be embodied additional constructs with different measurement items. Moreover, the determinants can have a great variety of measurement items which also highly effects the generalizations of the particular constructs. So, the researchers should be very attentive in choosing the statements that measure the constructs in order to avoid the heterogeneity and misunderstandings. So, future studies can include a more diverse theoretical perspective that would ensure the extension of the model and also the provision of more constructs and assessment statements which would result in delivering a comprehensive explanation regarding customer satisfaction enhancement. Hence, these limitations may be overcome through the future research that could embrace a different multidimensional approach.

Conclusions

In conclusion, it is worth to note that the sphere of marketing has analyzed the construct of customer satisfaction very extensively. And the profound analysis of academic papers has proved that this particular element is mentioned in a plethora of works. Majorly, the authors describe customer satisfaction as an emotional reaction which highly depends on the fact whether the customer's needs and expectations are realized or not. The advantages of this notion are distinguished these ones: profit enhancement, possibility to predict client's behavior, loyalty augmentation.

Taking into consideration the factors effecting customer satisfaction there is a great number of them. The examination of theory has shown that authors list these ones: price, level of service, product assortment, location or access, customer experience, working hours, physical environment. For instance, the later one is decomposed of sub-elements: ambient, design and social factors.

While regarding the visual methods that have been offered as the solutions to enhance customer satisfaction it is worth to note that the majority of customer satisfaction related empirical researches are based on European Customer Satisfaction Index model or American Customer Satisfaction Index model or their transformations. So, the study also suggests adapting these variations to test the factors that affect customer satisfaction.

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