CHAPTER 4

THEORIES OF CUSTOMER SATISFACTION
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A number of theoretical approaches have been utilized to explain the relationship between disconfirmation and satisfaction.\(^1\) Still again there are a number of theories surrounding the satisfaction and service paradigm.

Many theories have been used to understand the process through which customers form satisfaction judgments. The theories can be broadly classified under three groups: Expectancy disconfirmation, Equity, and Attribution.\(^2\) The expectancy disconfirmation theory suggests that consumers form satisfaction judgments by evaluating actual product/service. Four psychological theories were identified by Anderson that can be used to explain the impact of expectancy or satisfaction: Assimilation, Contrast, Generalised Negativity, and Assimilation-Contrast.\(^3\) Some of the theories are discussed in this chapter.

1. MEASUREMENT OF SATISFACTION

The heart of the satisfaction process is the comparison of what was expected with the product or service's performance – this process has traditionally been described as the ‘confirmation / disconfirmation’ process.\(^4\) First, customers would form expectations prior to purchasing a product or service. Second, consumption of or experience with the product or service produces a level of perceived quality that is influenced by expectations.\(^5\)

If perceived performance is only slightly less than expected performance, assimilation will occur, perceived performance will be adjusted upward to equal expectations. If perceived performance lags expectations substantially, contrast will occur, and the shortfall in the perceived performance will be exaggerated.\(^6\)
Fig. 4.1. The Satisfaction Function

Fig. 1 shows the satisfaction function between perceived quality and expectations. Performance exceeds expectations, satisfaction increases, but at a decreasing rate. As perceived performance falls short of expectations, the disconfirmation is more.

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. Service quality and customer satisfaction are distinct concepts, although they are closely related.

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. A study conducted by Akan (1995) claimed that the vital factors are the behaviour of employees, cleanliness and timeliness. On the other hand the study by Choi and Chu (2001) concluded that staff...
quality, room qualities, and value are the top three hotel factors that determine travellers’ satisfaction.\textsuperscript{12}

2. VARIOUS THEORIES OF CUSTOMER SATISFACTION

Consistency theories suggest that when the expectations and the actual product performance do not match the consumer will feel some degree of tension. In order to relieve this tension the consumer will make adjustments either in expectations or in the perceptions of the product’s actual performance. Four theoretical approaches have been advanced under the umbrella of consistency theory: (1) Assimilation theory; (2) Contrast theory; (3) Assimilation-Contrast theory; and (4) Negativity theory.\textsuperscript{13}

2.1. Assimilation Theory

Assimilation theory is based on Festinger’s (1957) dissonance theory. Dissonance theory posits that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance.\textsuperscript{14} This view of the consumer post-usage evaluation was introduced into the satisfaction literature in the form of assimilation theory.\textsuperscript{15} According to Anderson (1973), consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations.\textsuperscript{16} Consumers can also reduce the tension resulting from a discrepancy between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced.\textsuperscript{17}
2.1.1. Assimilation Theory – Criticism

Payton et al (2003) argues that Assimilation theory has a number of shortcomings. First, the approach assumes that there is a relationship between expectation and satisfaction but does not specify how disconfirmation of an expectation leads to either satisfaction or dissatisfaction. Second, the theory also assumes that consumers are motivated enough to adjust either their expectations or their perceptions about the performance of the product. A number of researchers have found that controlling for actual product performance can lead to a positive relationship between expectation and satisfaction. Therefore, it would appear that dissatisfaction could never occur unless the evaluative processes were to begin with negative consumer expectations.

2.2. Contrast Theory

Contrast theory was first introduced by Hovland, Harvey and Sherif (1987). Dawes et al (1972) define contrast theory as the tendency to magnify the discrepancy between one’s own attitudes and the attitudes represented by opinion statements. Contrast theory presents an alternative view of the consumer post-usage evaluation process than was presented in assimilation theory in that post-usage evaluations lead to results in opposite predictions for the effects of expectations on satisfaction. While assimilation theory posits that consumers will seek to minimize the discrepancy between expectation and performance, contrast theory holds that a surprise effect occurs leading to the discrepancy being magnified or exaggerated.

According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If the firm raises expectations in his advertising, and then a customer’s experience is only slightly less
than that promised, the product/service would be rejected as totally un-satisfactory. Conversely, under-promising in advertising and over-delivering will cause positive disconfirmation also to be exaggerated.\textsuperscript{26}

2.2.1. Contrast Theory – Criticism

Several studies in the marketing literature have offered some support for this theory.\textsuperscript{27} The contrast theory of customer satisfaction predicts customer reaction instead of reducing dissonance; the consumer will magnify the difference between expectation and the performance of the product/service.\textsuperscript{28}

2.3. Assimilation-Contrast Theory

Assimilation-contrast theory was introduced by Anderson (1973) in the context of post-exposure product performance based on Sherif and Hovland's (1961) discussion of assimilation and contrast effect.\textsuperscript{29}

Assimilation-contrast theory suggests that if performance is within a customer’s latitude (range) of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection, contrast will prevail and the difference will be exaggerated, the produce/service deemed unacceptable.\textsuperscript{30}

The assimilation-contrast theory has been proposed as yet another way to explain the relationships among the variables in the disconfirmation model.\textsuperscript{31} This theory is a combination of both the assimilation and the contrast theories. “This paradigm posits that satisfaction is a function of the magnitude of the discrepancy between expected and perceived performance. As with assimilation theory, the
consumers will tend to assimilate or adjust differences in perceptions about product performance to bring it in line with prior expectations but only if the discrepancy is relatively small.\textsuperscript{32}

Assimilation-contrast theory attempts illustrate that both the assimilation and the contrast theory paradigms have applicability in the study of customer satisfaction.\textsuperscript{33} "...hypothesize variables other than the magnitude of the discrepancy that might also influence whether the assimilation effect or the contrast effect would be observed.... when product performance is difficult to judge, expectations may dominate and assimilation effects will be observed... contrast effect would result in high involvement circumstances. The strength of the expectations may also affect whether assimilation or contrast effects are observed".\textsuperscript{34}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{assimilation-contrast-theory.png}
\caption{Assimilation-contrast theory}
\end{figure}

\textit{Source: Adapted from Anderson (1973, p.39)\textsuperscript{35}}
Assimilation-Contrast theory suggests that if performance is within a customer’s latitude (range) of acceptance, even though it may fall short of expectation the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection (no matter how close to expectation), contrast will prevail and the difference will be exaggerated, the product deemed unacceptable.36

2.3.1. Assimilation-Contrast Theory – Criticism

Anderson (1973) argues that Cardozo’s (1965) attempt at reconciling the two earlier theories was methodologically flawed.37 The attempts by various researchers to test this theory empirically have brought out mixed results. Olson and Dover (1979) and Anderson (1973) found some evidence to support the assimilation theory approach. In discussing both of these studies, however, Oliver (1980a) argues that only measured expectations and assumed that there were perceptual differences between disconfirmation or satisfaction.38

2.4. Negativity Theory

This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing ‘negative energy’.39 Negative theory has its foundations in the disconfirmation process. Negative theory states that when expectations are strongly held, consumers will respond negatively to any disconfirmation. “Accordingly dissatisfaction will occur if perceived performance is less than expectations or if perceived performance exceeds expectations.40
This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing “negative energy.” Affective feelings toward a product or service will be inversely related to the magnitude of the discrepancy.41

2.5. Disconfirmation Theory

Disconfirmation theory argues that ‘satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations’.42 Szymanski and Henard found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction.43 Ekinci et al (2004) cites Oliver’s updated definition on the disconfirmation theory, which states “Satisfaction is the guest’s fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment”.44

![Disconfirmation Theory Model](image-url)
Mattila, A & O’Neill, J.W. (2003) discuss that “Amongst the most popular satisfaction theories is the disconfirmation theory, which argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Basically, satisfaction is the result of direct experiences with products or services, and it occurs by comparing perceptions against a standard (e.g. expectations). Research also indicates that how the service was delivered is more important than the outcome of the service process, and dissatisfaction towards the service often simply occurs when guest’s perceptions do not meet their expectations.45

2.6. Cognitive Dissonance Theory

Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. The theory of cognitive dissonance proposes that people have a motivational drive to reduce dissonance by changing their attitudes, beliefs, and behaviours, or by justifying or rationalizing them.46

The phenomenon of cognitive dissonance, originally stated by Festinger in 1957, has been quickly adopted by consumer behaviour research. “Described as a psychologically uncomfortable state that arises from the existence of contradictory (dissonant, non-fitting) relations among cognitive elements (Festinger 1957) cognitive dissonance revealed high exploratory power in explaining the state of discomfort buyers are often in after they made a purchase.47
2.6.1. Cognitive Dissonance Theory – Criticism

Although cognitive dissonance is a well-established construct in consumer behaviour research, applications are relatively scarce in current marketing research projects. The reasons are: First, dissonance is often as merely a transitory phenomenon. Second, problems of measurement as well as difficulties in administering data collection often get in the way of empirically addressing cognitive dissonance.48

2.7. Adaptation-level Theory

Adaptation-level theory is another theory, which is consistent with expectation and disconfirmation effects on satisfaction. This theory was originated by Helsen in 1964 and applied to customer satisfaction by Oliver. Helson (1964) simply put his theory as follows:
“it posits that one perceives stimuli only in relation to an adapted standard. The standard is a function of perceptions of the stimulus itself, the context, and psychological and physiological characteristics of the organism. Once created, the ‘adaptation level’ serves to sustain subsequent evaluations in that positive and negative deviations will remain in the general vicinity of one’s original position. Only large impacts on the adaptation level will change the final tone of the subject’s evaluation” 49

2.7.1. Adaptation-level Theory - Criticism

This theory is gaining acceptance, as it is able to explain some counter-intuitive predictions made by assimilation-contrast theories. (Oliver 1977)

![Diagram](image-url)

Fig.4.5. Expectation and disconfirmation effects on satisfaction consistent with adaptation-level theory.

Source: Oliver (1981, p.28)50

2.8. Opponent-process Theory

This was originally a theory of motivation reformulated by Solomon and Corbit, which has been adapted from the basic physiological phenomena known as
Homeostasis assumes that many hedonic, affective or emotional states, being away from neutrality and exceeding a threshold level of hedonic feelings, are automatically opposed by central nervous system mechanisms, which reduce the intensity of the feelings, both pleasant and aversive, to some constant level. (Solomon and Corbin 1974)

The onset of the opponent process totally dependent on the effect of the primary process, in which an emotional state is initiated by a known stimulus. (Oliver 1981). If the initial stimulus is eliminated to reduce completely or partially the primary process effect, the opponent process will continue to operate at a decaying rate determined by inertia factors.52

![Fig.4.6. Operation of Opponent-process phenomena as applied to customer satisfaction and its determinants. Source: Oliver (1981, p.31).53](image)

2.8.1. Opponent-process Theory – Criticism

The opponent process is purely an internal drive, which causes satisfaction/dissatisfaction to decay to a new or original level. Therefore, the degree to which satisfaction is achieved depends upon the magnitude of disconfirmation as well as upon the strength of the opponent process.54
2.9. **Equity Theory**

This theory is built upon the argument that a “man’s rewards in exchange with others should be proportional to his investments”. An early recognition of this theory first came out of research by Stouffer and his colleagues in military administration. They referred to ‘relative deprivation’ (equity) as the reaction to an imbalance or disparity between what an individual perceives to be the actuality and what he believes should be the case, especially where his own situation is concerned.

In other words, the equity concept suggests that the ratio of outcomes to inputs should be constant across participants in an exchange. As applied to customer satisfaction research, satisfaction is thought to exist when the customer believes that his outcomes to input ratio is equal to that of the exchange person.

2.9.1. **Equity Theory – Criticism**

In the handful of studies that have examined the effect of equity on customer satisfaction, equity appears to have a moderate effect on customer satisfaction and post-purchase communication behaviour.

2.10. **Dissonance Theory**

A decidedly different outcome is offered by applying Festinger’s Theory of Cognitive dissonance. Applying Festinger’s ideas to affirmation and disconfirmation of expectation in satisfaction work, one concludes that customers might try to eliminate any dissonant experiences (situations in which they have committed to an apparently inferior product or service).
Dissonance theory would predict that a customer experiencing lower performance than expected, if psychologically invested in the product or service, would mentally work to minimize the discrepancy. This may be done either by lowering expectations (after the fact) or, in the case of subjective disconfirmation, positively increasing the perception of performance.\textsuperscript{60}

2.11. Hypothesis Testing Theory

A two-step model for satisfaction generation was suggested by Deighton (1983). "First, Deighton hypothesizes, pre-purchase information (largely advertising) plays a substantial role in creating expectations about the products customers will acquire and use. Customers use their experience with product/service to test their expectations. Second, Deighton believes, customers will tend to attempt to confirm (rather than disconfirm) their expectations. Vavra, T.G. (1997) argues that this theory suggests customers are biased to positively confirm their product/service experiences, which is an admittedly optimistic view of customers, but it makes the management of evidence an extremely important marketing tool.\textsuperscript{51}

2.12. Cue Utilization Theory

"Cue utilization theory argues that products or services consist of several arrays of cues that serves as surrogate indicators of product or service quality. There are both intrinsic and extrinsic cues to help guests determine quality, where the intrinsic cues provide information on the physical attributes of the product or service, whereas extrinsic cues are product related to provide information such as brand and price".\textsuperscript{62}
2.13. Stimulus-organism-response Theory

The concept behind this theory is that “one of the basic frameworks that help to understand how behaviour is impacted by the physical environment is the stimulus-organism-response theory, which in a hospitality environment states that the physical environment acts as a stimulus, guests are organisms that respond to stimulus, and the behaviour directed towards the environment by guests is a direct response to the stimulus”. ⁶³

2.14. Hypothesis Testing Theory

Deighton (1983) suggested a two-step model for satisfaction generation. “First, Deighton hypothesizes, pre-purchase information (largely advertising) plays a substantial role in creating expectations about the products customers will acquire and use. Customers use their experience with products / services to test their expectations. Second, customers will tend to attempt to confirm (rather than disconfirm) their expectations. ⁶⁴ This theory suggests customers are biased to positivity confirm their product/service experience.
Table 4.1 – Comparison of Various Theories of Customer Satisfaction

<table>
<thead>
<tr>
<th>Theory</th>
<th>Product/Service Experience</th>
<th>Effect on Perceived Product Service Performance</th>
<th>Moderating Conditions</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contrast</td>
<td>Positive confirmation Negative disconfirmation</td>
<td>Perceived Performance enhanced Perceived performance lowered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assimilation / Contrast</td>
<td>Small confirmation or Disconfirmation Large confirmation or Disconfirmation</td>
<td>Perceived performance assimilated toward expectations. Perceived performance contrasted against expectations</td>
<td>Purchase is ego-involved</td>
<td>Performance difference exaggerated</td>
</tr>
<tr>
<td>Dissonance</td>
<td>Negative disconfirmation</td>
<td>Perceived performance modified to fit with expectations</td>
<td>Purchase made under conditions of ambiguity</td>
<td>Less modification</td>
</tr>
<tr>
<td>Generalized Negativity</td>
<td>Either confirmation or disconfirmation</td>
<td>Perceived product performance lowered</td>
<td>Purchase is ego involved, high commitment and interest</td>
<td>More modification</td>
</tr>
<tr>
<td>Hypothesis Testing</td>
<td>Either confirmation or disconfirmation</td>
<td>Perceived performance modified to fit expectations</td>
<td>Purchase made under conditions of ambiguity</td>
<td>More modification</td>
</tr>
</tbody>
</table>
3. MODELS OF CUSTOMER SATISFACTION MEASUREMENT

Organizations analyse customer satisfaction with various customer satisfaction models. Different models clarify different theories of customer satisfaction.

3.1. SERVQUAL

The SERVQUAL instrument has been widely applied in a variety of service industries, including tourism and hospitality. The instrument was used to measure hotel employee quality as well.\textsuperscript{66}

Parasuraman, Zeithamal and Berry (1988) built a 22-item instrument called SERVQUAL for measuring consumer perceptions of service quality. SERVQUAL addresses many elements of service quality divided into the dimensions of tangibles, reliability, responsiveness, assurance, and empathy.\textsuperscript{67}

A number of researchers have applied the SERVQUAL model to measure service quality in the hospitality industry, with modified constructs to suit specific hospitality situations.\textsuperscript{68}

The most widely accepted conceptualisation of the customer satisfaction concept is the expectancy disconfirmation theory.\textsuperscript{69} “The theory was developed by Oliver (1980), 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 with dissatisfaction (negative disconfirmation)”\textsuperscript{70}

Providing services those customers prefer is a starting point for providing customer satisfaction – A relatively easy way to determine what services customer prefers is simply to ask them. Gilbert and Horsnell (1988) advocates that guest
comment cards (GCCs) are most commonly used for determining hotel guest satisfaction. GCCs are usually distributed in hotel rooms, at the reception desk or in some other visible place. However, studies reveal that numerous hotel chains use guest satisfaction evaluating methods based on inadequate practices to make important and complex managerial decisions. In order to improve the validity of hotel guest satisfaction measurement practice, Barsky and Huxley (1992) proposed a new sampling procedure that is "Quality Sample". It reduces non-responsive bias by offering incentives for completing the questionnaires. The components of their questionnaire are based on disconfirmation paradigm and expectancy-value theory. In this manner, guests can indicate whether service was above or below their expectations and whether they considered a particular service important or not. Schall (2003) discusses the issues of question clarity, scaling, validity, survey timing, question order, and sample size.

"According to the SERVQUAL model, service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of service. SERVQUAL is based on five dimensions of service:

1. *Tangibility*: Tangibility refers to the physical characteristics associated with the service encounter. The physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees).

2. *Reliability*: The service provider's ability to provide accurate and dependable services; consistently performing the service right.
3. **Responsiveness:** A firm’s willingness to assist its customers by providing fast and efficient service performances; the willingness that employees exhibit to promptly and efficiently solve customer requests and problems.

4. **Assurance:** Diverse features that provide confidence to customers (such as the firm’s specific service knowledge polite and trustworthy behaviour from employees).

5. **Empathy:** The service firm’s readiness to provide each customer with personal service”.

![Fig.4.7. Gap Model of Service Quality](image)

Source: Zeithaml and Bitner (2003)

3.1.1. **Criticism – SERVQUAL**

Though SERVQUAL has been generally robust as a measure of service quality, the instrument has been criticised on conceptual and methodological grounds. The main criticism of SERVQUAL has focused on the use of expectation as a comparison standard. It has been argued that expectation is dynamic in nature,
and that it can therefore change according to customers’ experiences and consumption situations.77 One of the main problems mentioned in the literature is the applicability of the five SERVQUAL dimensions to different service settings and replication studies done by other investigators failed to support the five-dimensional factor structure as was obtained by Parasuraman et a. in their development of SERVQUAL”.78

3.2. Kano Model

The Kano model is a theory developed in the 80’s by Professor Noriaki Kano and his colleagues of Tokyo Rika University. The Kano et al (1996) model of customer satisfaction classifies attributes based on how they are perceived by customers and their effect on customer satisfaction.79 The model is based on three types of attributes viz. (1) basic or expected attributes, (2) performance or spoken attributes, and (3) surprise and delight attributes.

![The Kano Model](source: Kano, Seraku et al. 1996)
The performance or spoken attributes are the expressed expectations of the customer. The basic or expected attributes are as the meaning implies the basic attributes without any major significance of worth mentioning. The third one, the surprise and delight attributes are those, which are beyond the customers' expectations.

Kano model measures satisfaction against customer perceptions of attribute performance, grades the customer requirements and determines the levels of satisfaction. The underlying assumption behind Kano's method is that the customer satisfaction is not always proportional to how fully functional the product or service is or in other words, higher quality does not necessarily lead to higher satisfaction for all product attributes or services requirements. In his model, Kano (Kano, 1984) distinguishes between three types of basic requirements, which influence customer satisfaction. They are: (1) Must be requirements – If these requirements are not fulfilled, the customer will be extremely dissatisfied. On the other hand, as the customer takes these requirements for granted, their fulfilment will not increase his satisfaction; One-dimensional Requirement – One dimensional requirements are usually explicitly demanded by the customer – the higher the level of fulfilment, the higher the customer's satisfaction and vice versa. (3) Attractive Requirement – These requirements are the product/service criteria which have the greatest influence on how satisfied a customer will be with a given product. The additional attributes, which Kano mentions, are: Indifferent attributes, Questionable attributes, and Reverse attributes.
3.3. ACSI Methodology

The American Customer Satisfaction Index (ACSI) was launched in 1994. The American Customer Satisfaction Index uses customer interviews as input to a multi-equation econometric model developed at the University of Michigan's Ross School of Business. The ACSI model is a cause-and-effect model (Fig-6) with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the centre, and outcomes of satisfaction on the right side (customer complaints and customer loyalty, including customer retention and price tolerance).

The ACSI was based on a model originally implemented in 1989 in Sweden called the ‘Swedish Customer Satisfaction Barometer (SCSB). The ACSI uses two interrelated and complementary methods to measure and analyze customer satisfaction: customer interviewing and econometric modelling.83

Fig.4.9. ACSI Model (Source: ACSI Methodology, www.theacsi.org)

Vavra, T.G. (2007) views that the ACSI initiative has at least three primary objectives:

1. "Measurement: to quantify the quality of economic output based on subjective consumer input;
2. **Contribution:** to provide a conceptual framework for understanding how service and product quality relate to economic indicators

3. **Forecasting:** to provide an indicator of future economic variability by measuring the intangible value of the buyer-seller relationship”.

The ACSI survey process involves collecting data at the individual customer level. Casual sequence begins with customer expectations and perceived quality measures, as shown in the Fig.7, which are presumed to affect, in order, perceived value and customer satisfaction. “Customer satisfaction, as measured by the ACSI index, has two antecedents: customer complaints, and ultimately, customer loyalty”.

The ACSI is an economic indicator that measures the satisfaction of customers across the U.S. Economy. “The ACSI interviews about 80,000 Americans annually and asks about their satisfaction with the goods and services they have consumed. ACSI data is used by academic researchers, corporations and government agencies, market analysts and investors, industry trade association, and consumers.

3.4. **HOTELZOT** (A modified version of SERVQUAL)

The conceptual model HOTELZOT measures the zone of tolerance in hotel service by incorporating two levels of expectations – desired and adequate. Desired expectations represent the level of hotel service that a customer hopes to receive – a blend of what a customer believes ‘can be’ and ‘should be’ offered. This differs from Parasuraman et al’s (1988) conceptualization, which referred only to what the service ‘should be’. Adequate expectations represent a lower level of expectations. They relate to what a hotel customer deems as ‘acceptable’ level of performance. Desired expectations are deemed to remain relatively stable over time, whereas adequate performance expectations might vary with time. The zone of tolerance can be
defined as “the extent to which customers recognize and are willing to accept heterogeneity”.  

Fig. 4.10. Zone of Tolerance for Hotels (HOTELZOT)

Source: Halil Nadiri & Kashif Hussain (2005)  

3.5. SERVPERF

The performance based service quality (SERVPERF) was identified by Cronin and Taylor (1992). Cronin and Taylor proposed the SERVPERF instrument, which is a more concise performance-based scale; an alternative to the SERVQUAL model. The perceived quality model postulates that an individual's perception of the quality is only a function of its performance. Cronin et al. (1994) continue to debate between the effectiveness of SERVQUAL and SERVPERF for assessing service quality. The authors remained unconvinced of both, that including customer expectations in measures of service quality is a position to be supported, and that SERVPERF scale provides a useful tool for measuring overall service quality.
Moreover, Lee et al (2000)\textsuperscript{92} empirically compare SERVQUAL (performance minus expectations) with performance-only model (SERVPERF). The authors also conclude that the results from the latter appeared to be superior to the former. It has been acknowledged that such approach limits the explanatory power of service-quality measurement.\textsuperscript{93}
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