Chapter 2

REVIEW OF LITERATURE

2.1 Introduction:

The extensive research on customer satisfaction leads to diverse interpretation of the concept. Earlier, the research on customer satisfaction typically focused as a post purchase evaluation concerning a specific purchase decision (Oliver 1980). The approaches have emerged and the trend is to consider the customer satisfaction as a process and outcome (Parker & Mathews, 2001). Again the concept has researched and introduces a new approach that satisfaction bases a person’s feelings of pleasure or disappointment resulting from comparing the perceived performance and expectations (Kotler, 2003, p.36). These different views are not converged and still emerging that leads to the scope of research in customer satisfaction in to new heights. The available study on customer satisfaction has reviewed before starting this research. This chapter will explain the details of the literatures on customer satisfaction to date.

2.2 Consumer satisfaction:

Consumer satisfaction can be defined as an evaluation of the surprise inherent in a product acquisition and consumption experience (Oliver 1981, p.27). It is
an evaluation rendered that the experience was at least as good as it was
supposed to be (Hunt 1977, p. 459-460). The various literatures on consumer
satisfaction have studied the concept on different angle. Some of the studies
are listed below:

Customer satisfaction has been studied from the perspective of the individual
customer. The drives of their satisfaction are different at varying situations
and individuals. It is a context specific concept that depends on the
individuals experiences that leads to his satisfaction. Each individual has to be
considered in isolation for studying their satisfaction (Oliver & Swan, 1989).

Consumer satisfaction has been studied from an industry-wide perspective to
compare customer satisfaction scores across firms and industries. In this case,
the decision makers would get a score or numerical value in order to compare
the satisfaction scores of one firm or organization to the industry. It finds the
best performer in the case of satisfying customers (Mittal & Kamakura, 2001).

Research has examined customer satisfaction in a single organization or across
several organizations. The ability of each department or units within the
organization has been measured to know its ability to satisfy the customers.
Once an organization can develop a score with respect to its consumer’s
satisfaction, it can compare the score with the satisfaction score of other firms
in the same industry (Schlesinger & Zornitsky, 1991).
Customer satisfaction brought through price promotions, rebates, switching barriers, and other means will not have the same long-run impact on profitability as such attitudes and behaviours are won through superior products and services. The ultimate evaluation of the customer could include the performance of the real product (Anderson & Mittal, 2000).

While measuring customer satisfaction, it is possible that attributes can have different satisfaction implications for different consumer and market segment like the usage context, segment population, and market environment that can influence satisfaction. Failure to consider such segment-specific variation may lead a firm to focus on the wrong aspect for a given set of consumers. Consumers with common satisfaction ratings and different characteristics may show different levels of repurchase behaviour. It is clear that market and consumer segments should be important factors to consider while measuring customer satisfaction and its implication (Anderson & Mittal, 2000, Mittal & Kamakura, 2001).

A study on consumer satisfaction in the newspaper and healthcare industries shows that the nature of the dependence of satisfaction would vary substantially across subunits such as stores, markets etc. For a subunit, some specific type of satisfaction such as satisfaction with the selection, employees etc. may be a strong predictor of overall satisfaction while for another subunit
the same specific type of satisfaction may have little or no relationship to overall satisfaction (Malthouse et al, 2003).

Increased customer satisfaction leads to higher future profitability. It increases buyer willingness to pay price premiums, provide referrals, and use more of the product, and higher levels of customer retention and loyalty that lead to increase future revenue and reductions in the cost of future transactions. This evidence suggests that customer satisfaction is valuable from both a customer goodwill perspective and an organization’s financial perspective (Malthouse, et al, 2003).

Excellent companies are experiencing loss of market share and customer satisfaction presumably because they stopped investing in continuous improvement processes once they achieved desired levels in quality and customer satisfaction. Consumer satisfaction is not a single time achievement of a standard, but it has to make up always on the basis of customer needs and preferences. Consumer satisfaction is an ongoing process and it never ends (Peters & Waterman, 1982).

In the buyer behaviour model, consumer satisfaction is defined as the point at which expectation and reality coincide. Customers might have some kind of expectation before buying or using a product or service. If the product is able to meet such expectation, the customer would be satisfied. In other words,

It has been identified through the data obtained from the Swedish Customer Satisfaction Index that firms actually achieve higher customer satisfaction also enjoy superior economic returns. So once an organization having more satisfied customer base, its profits also increase. There would be a positive relation between consumer satisfaction and financial performance (Anderson et al, 1997, 1994, Reichheld & Sasser, 1990).

Customer satisfaction means meeting or exceeding customer expectations. Depending on the degree to which expectations are exceeded, it can range from satisfied to very satisfied and delighted customers. Customer satisfaction has a number of unique properties, which are important to recognize for retention purposes. First, it is partly psychological and partly real. Expectations are psychological and experiences are real. Therefore, reality of experiences can and will share future expectations that are likely to have larger diversity than experiences. This is due to its psychological nature and diversity of sources of expectations. If an organization focuses on its most demanding customers or most demanding market expectations, it is likely to exceed all other customers and expectations (Sheth & Kellstadt, 1992)
Research consistently shows that the way employees are treated by their management has a direct impact on the way those employees treat the businesses’ customers. This translates into a single principle that high performing customer service organizations should treat the employees as they want to treat their customers. To satisfy customers, staffs need training, flexibility and empowerment to solve problems and satisfy customers. To know that the organization values them, frontline staff also needs recognition and rewards for strong performance because the communication between customers and organizations are done through them and it has a direct influence to customer satisfaction (Kaldenberg & Regrut, 1999).

Customer satisfaction can be operationally measured by asking consumers to evaluate their satisfaction with the purchase decisions they made rather than with the products themselves. This concept of satisfaction embraces not only what is gained in the use of the product but also consumers' feelings about the effectiveness of their own decision process (Giese & Cote 2000).

There was a distinction between satisfaction with the product itself and the purchase process. While conceptually separable, product and purchase process seem codetermined, and satisfaction really deals with the evaluation of an entire product bundle or offering that include the experience with the product and purchase process. It can be concluded that in order to get
complete satisfaction to a customers, he/she has to be satisfied with both purchase process and product (Cardozo, 1965).

Consumer expectations are largely rational in nature and adaptive to changing market conditions. They have some kind of expectation by considering the capability and relevance of the product they intended to. Their expectations are dynamic with the product and changing situations. So a common approach to the customers in the entire marketing for long term will not produce much satisfaction (Anderson et al 1994).

The raising consumer expectations for a product may enhance the product’s perceived performance. Studies have also shown that both expectations and perceived quality are positively related to satisfaction, especially at the cumulative or aggregate level and perceived performance may have a stronger influence on satisfaction than expectations. Like perceived quality, perceived value should also be enhanced by raising expectations and should be positively related to consumer satisfaction (Chan et al, 2001).

Perceived quality and perceived performance are the two terms synonymously used in the consumer satisfaction literature which means the consumer’s global judgment of the overall excellence of a product. It is not generally value or price related. However, it is intuitive, and it has been shown that consumer satisfaction depends on value to some extent which in turn depends
on price. Adding the value component to explain consumer satisfaction framework to increase the comparability of the results across products with different prices as well as across consumers with different incomes would be a suitable way of explaining the concept of consumer satisfaction (Fornell et al 1996, Lancaster, 1971).

Dissatisfied consumers may complain formally to the producer or informally to service personnel or the retailer. They may also complain to a third party (e.g. a public agency, a TV program) and tell others about the unsatisfactory product (i.e. negative word-of-mouth). Similarly, satisfied consumers may express their appraisals to various parties and have positive word-of-mouth. Furthermore, a consumer can be both satisfied and dissatisfied with different aspects of the same product and thus can have complaints and appraisals for the same product (Mittal et al, 1998, Chan et al 2001).

Studies show that increased consumer satisfaction should decrease the incidence of complaints and increase the occasion of appraisals. It is also true that satisfied consumers are more likely to be loyal consumers. Consumer loyalty indicates consumers repurchase intention, and repeated business is core to the firms. It simply means loyalty is a proxy for profitability of organizations (Reichhel & Sasser, 1990).
Consumers’ satisfaction positively influences consumer appraisal and loyalty that leads to profitability. Finally, loyalty is also influenced by voice. Whenever a customer praises the company, this behavioral response is indicative of the customer’s decision to remain with the firm. A positive link between complaints and loyalty indicates that the firm is successful in managing to run complaining consumers into loyal consumers (Chan et al, 2001).

Consumer satisfaction can be measured with the antecedents and consequences in an equation system to estimate their relationships with the indicators as well as with each other. The antecedents and consequences not only achieve better reliability and validity, but also improve the ability to relate consumer satisfaction for the economic benefits (Fornell 1992).

Product level consumer satisfaction means the consumer’s response to the evaluation of the perceived discrepancy between some comparisons or expectations and the perceived performance of the product. That means with respect to a product, the consumer expectancy confirmation leads to their satisfaction and expectancy disconfirmation leads to their dissatisfaction (Yi, 1990).

Consumer satisfaction is a post consumption evaluation of perceived quality with relates to pre-purchase expectation about quality. The quality of the
product was the nexus in which consumers might have some kind of expectation about its performance and their confirmation decides whether he would be satisfied or not (Churchill & Suprenant 1982).

A firm’s future profitability depends on satisfying customers and the existing customers should be viewed as revenue producing assets for the firm. Studies have found evidence that improved customer satisfaction need not entail higher costs, in fact, improved customer satisfaction may lower costs due to a reduction in defective goods, product re-work, etc. (Malthouse et al, 2003, Anderson & Mittal, 2000).

There was a time dimension to consumer satisfaction. It would be reasonable to assume that satisfaction may change from the time of purchase through the consumption and final disposal of a product. Three time frames become relevant such as instantaneous, short-run, and long-run. Certain generalizations can be made about the concept of consumer satisfaction in marketing as it is a complex evaluative attitude, its level is determined by every aspect of the purchasing-consumption process and it can be measured (Czeplel & Rosemberg, 1978).

Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or
any of these. In order to satisfy a customer completely, the marketers has to consider all aspects where the customer have an interaction for getting a product (Padilla 1996).

Consumer satisfaction is a short-term attitude that can readily change as per circumstances. It resides in the user’s mind and is different from observable behaviour such as product choice, complaining, and repurchase. It has some thresholds at both a lower levels (insufficiency or under fulfillment) and an upper level (excess or over fulfillment). It means that a consumer’s satisfaction may drop if he gets too much of a good thing. Many people focus upon the lower threshold and neglect the potential for an upper threshold (Andreassen & Lindestad, 1998).

Some researchers argue that consumer satisfaction cannot be measured. They completely avoid satisfaction as a measurement objective because it is a fuzzy idea that cannot be fixed meaningful benchmark. Instead, they focus on the customer’s entire experience with an organization or service contact and the detailed assessment of that experience constitute whether a customer is satisfied or not (Wreden, 2004).

The definition of customer satisfaction is often linked to both the personal interaction with the service provider and the outcomes experienced by service users. For example, the Urban Institute and Mathematica conducted customer
satisfaction surveys for the federal child support enforcement system. The definition they developed addresses three aspects of customer satisfaction such as Satisfaction with client-worker interaction, Satisfaction with the support payment and Satisfaction with the effect of child support enforcement on the child (Houten & Cox, 1998)

The literatures on customer satisfaction states that the concept is context specific and varying as per products. A customer would be satisfied and dissatisfied with the different aspects of the same product or service. The satisfaction of customers even depends on the time dimensions, that is, if a customer satisfied with the product now, may not be satisfied with the same product on tomorrow or later. The expectations of customers should be succeeded in order to make them as satisfied and their expectation varies on the basis of time, different aspects of the same product and their perceived quality of the product or service. So consumer satisfaction is context specific and varying as per products or service on the basis of customers’ expectations.

2.3 Approaches to Customer Satisfaction:

Review on existing literatures of customer satisfaction revealed three approach to the concept such as transaction specific, cumulative and overall customer satisfaction. These classifications were made on the basis of diverse views to the concept. The Transaction-specific consumer satisfaction is a post-
consumption evaluative judgment of a specific purchase occasion. Cumulative approach to customer satisfaction is relatively a new idea that consists of all transaction specific satisfactions. Instead, the overall customer satisfaction is a general evaluation based on the entire purchase and consumption experiences with the product or service over time. These three approach has discussed in the following manner:

Transaction-specific consumer satisfaction is a post-consumption evaluative judgment of a specific purchase instance, on which the rich body of literature on consumer satisfaction is focused. In contrast, cumulative consumer satisfaction is a relatively new idea that represents the entire purchase and consumption experience with a product over time which is more fundamental and useful than transaction-specific consumer satisfaction in predicting consumer’s subsequent behaviors and firm’s economic performance. The overall satisfaction is a general evaluation of the customer about the product purchase and usage (Chan et al 2001, Fornell 1992).

A consumer’s evaluation of a purchase can be influenced by the purchase process itself, post purchase dissonance, product use, and product or package disposition. Further, the outlet or the product, or both may be involved in the evaluation. When the customer has been satisfied with all the above aspects of his product purchase, it can be concluded that he is satisfied with the product purchase and he has a cumulative consumer satisfaction. If the customer is
satisfied with some of the above aspects of his product purchase, it can be concluded that he is partially satisfied with his product purchased that leads to overall evaluation. But he has the transaction specific satisfaction with some encounters during the purchase (Halstead, Hartman & Schmidt 1994).

Transaction specific approach to customer satisfaction refers to the customer satisfaction or dissatisfaction with a discrete service encounter that means satisfaction with single components in the whole process. The cumulative evaluation would occur when adding each transaction specific satisfaction. The overall approach to customer satisfaction refers to the consumer’s overall satisfaction or dissatisfaction with the organization based on all the encounters or all the experiences to the customer with that particular organization. Consumers will comment on particular events of their purchase process when asked about transaction-specific satisfaction and they will comment their overall impression and general experiences while inquiring about overall satisfaction. (Bitner & Hubbert, 1994)

Consumers may evaluate each aspect of the purchase, ranging from information availability to price to retail service to product performance. Their evaluation would be critical and they need a good response from whatever the aspect they considered for their purchase process. Each component in their purchasing process has its own role to satisfy the customer. That is if the customer look for information, the availability of enough
information shall constitute his satisfaction with respect to information search. As like he would have some kind of expectation about the retail service, he would be satisfied only that expectations was succeeded (Hunt 1977, Keaveney 1995).

Even though transaction specific satisfaction has been considered as one of the elements in overall satisfaction, several times we can’t get a linear relation between transaction specific and overall satisfaction. The basic reason for such phenomena is the service quality would vary from experience to experience due to changeable levels of transaction-specific satisfaction. But overall satisfaction would be generally more stable and can be viewed as a moving average of transaction specific satisfactions (Parasuraman et al, 1994). Transaction specific satisfaction provides specific diagnostic information about a particular product or service encounter. There would be a number of encounters between the customer and service provider. Transaction specific satisfaction represents the satisfaction/ dissatisfaction of a customer with respect to a single encounter. Cumulative consumer satisfaction is more fundamental and useful indicator of the firm’s past, current and future performance. Cumulative satisfaction involves all the encounters between the customer and service provider that consist of past encounters, present interactions and future encounters. It is the sum total of all interaction between the customer and service provider (Spiteri 2003).
Cumulative consumer satisfaction stimulates a firm’s investment in customer service. If the customer is getting a cumulative satisfaction, then only it can be concluded that he is a satisfied customer. Firms’ are looking for long term customers in order to establish strategic alliance through relationship marketing. In such sense, the organization has to bother cumulative satisfaction in order to ensure customer satisfaction with their product purchase and usage (Ravald & Gronroos, 1996).

Overall evaluation includes several components that constitute the satisfaction. Each component has to be satisfied to consider customer satisfaction. Overall satisfaction with a purchase could include satisfaction with the purchase process, including the information available for the decision and the experience of actually making the purchase, as well as satisfaction with the service or product purchased (Andreassen 2001).

Edward (2005) has highlighted that satisfaction experience means the sum total of satisfaction with the individual attributes of the products and services that constitute the total experience. The study verified the importance of attribute satisfaction and their role in overall satisfaction.

Consumers don’t have any static expectation and they are rational in nature and adaptive to changing market conditions. A consumer would be both satisfied and dissatisfied with different aspects of the same product and thus can have complaints and appraisals for the same product. If he experienced
satisfaction and dissatisfaction with different aspects of the same product, their overall satisfaction would be partial. It would be reasonable to assume that satisfaction may change from the time of purchase through the consumption and final disposal of a product. (Czepiel & Rosemberg 1978, Mittal et al 1998, Chan et al 2001).

Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, or an experience, or a purchase decision, or a salesperson, or a store, service provider, or an attribute or any of these. All these attributes can influence a customer as satisfied or not. Most studies in the field of consumer satisfaction to date have measured specific components. These specific components might have different influences to the satisfaction of a customer with respect to a particular product (Renoux 1973).

Under conventional definition, a customer is satisfied at the stage where he ultimately used or enjoyed the product or service, or it is a customer’s evaluation of his or her experience with and reaction to a particular product transaction, episode, or service encounter. Here the customer may be satisfied with any of the aspect of his interaction. But in modern times, to satisfy a customer, it requires many interaction and the marketers should have to ensure that whatever the interaction taken place with the customer have to be clearly monitored and succeeded. Here a customer would be satisfied only when he
gets satisfaction with various aspects and interactions throughout his product purchase (Olsen & Johnson, 2003).

Studies in tourism industry state that there are two types of satisfaction, such as satisfaction with a destination and satisfaction with each transaction. Various parties are involved in tourism industry in order to encounter different needs of customers and these parties can be grouped as transport, accommodation, guide assistance and so on. It is the destination level of satisfaction that is influenced by the various transactions occurs during the experience of such destination (Foster 2001).

While attempting to measure customer satisfaction, it can be seen that attributes would have different satisfaction implications for various consumer and market segments. The usage context, segment population, and market environment are capable of influencing satisfaction and product use. Very clearly, it can be seen that consumer satisfaction are individual specific, and also product specific. Even a customer is satisfied with a product at one time, may not be satisfied with the same product at different time because of various reasons. If an organization failed to account segment specific and context specific variation may lead a firm to look on the wrong aspect for a given set of consumers (Anderson & Mittal, 2000).

Consumers, who are having similar satisfaction ratings, yet different characteristics, may exhibit different levels of repurchase behavior. It is
obvious that if the customer is repurchasing the same product in a highly competitive market, he should be satisfied with his recent purchase of the product. If a group of customers expressing same satisfaction rating with a specific product may not be repurchased because of some other extraneous reasons specific to individuals. So segmenting markets, grouping consumers, etc. are the some measure to commonly identify their customer satisfaction. Otherwise an organization should have to go individually to identify their satisfaction level (Mittal & Kamakura, 2001).

There are a number of encounters a customer goes through in the course of their entire service experience. A service experiences can be breaks in to different components and has to measure each components performance or ability in satisfying a customer. Through a paper on Cumulative Encounter Satisfaction in hotel conference process, proposed a model for valuing cumulative satisfaction of its customers. The service delivery process has been broken down in to distinct encounters that comprise the main parts of the entire process. A customer would be satisfied fully if he satisfies all the components or stages of his interaction with the product purchase or service encounter (Danaher & Mattson, 1994).

Cumulative customer satisfaction is an evaluation of a customer based on the total purchase and consumption experience obtained from the product or service over time. It is the evaluation made after the product purchase. Any
experiences he had from the purchase process will influence his satisfaction. A single component or aspect in the purchase process can lead to the dissatisfaction which lights to the negative word of mouth about the company and its product. In order to satisfy a customer, the common interactions of them during the product purchase process have to be diagnosed and ensure that the customers are satisfied with all the aspects (Anderson et al, 1994).

Cumulative consumer satisfaction is especially important in the industries of continuously provided service like public utilities, health care, financial services, telecom service and other subscription services. But transaction specific satisfaction may provide specific diagnostic information about a particular service encounter. Cumulative satisfaction is a more fundamental indicator of the firm’s past, current, and future performance and it concerns expectations in different time. Thus, measurement of satisfaction should take into account changes of expectation and impact from prior expectation on sequent expectations (Johnsons & Fornell 1991).

The meaning of the construct used to measure consumer satisfaction is context specific and vary as per the situation. Measurement and theory are inextricable linked because theoretical concepts are defined not merely in terms of their empirical conditions but also in terms of the theoretical context in which they occur. Satisfaction would be measured with its antecedents and consequences in an equation system to estimate their relationships with their
indicators as well as with each other that not only achieve better reliability and validity, but can, also, improve the ability to relate consumer satisfaction to economic benefits (Oliver 1980).

Companies are measuring consumer satisfaction in isolation of its causes and consequences and if needed, measuring the satisfaction on the basis of consumer loyalty and profit. These results exhibit low reliability in the measurement and strong bias in the coefficients. So many companies are not able to build up a strong relationship between satisfaction measures and economic performance (Fornell 1992).

Cumulative approach can better predict customers’ intentions and behavior. A study on the drivers of satisfaction and behavioral intentions for vehicle owners 3 to 4 months after purchase of the vehicle (initial consumption period) and 21 months later (later consumption period) using more open (cumulative) evaluations. They found that service satisfaction has a greater impact on intentions earlier in the consumption history, whereas product satisfaction has a greater impact later on (Olsen 2003).

The empirical evidence reveals that cumulative customer satisfaction and brand value leads to profitability. However, those effects have been studied substantially from each other. Researchers have supported that firms follow either increasing customer satisfaction or growing brand value. There are
firms that pursue not only increasing cumulative customer satisfaction but also
growing brand value (Angulo & Rialp 2007).

In order to measure the consumer satisfaction, companies using single-item
scales of several points (five to seven) to seek consumers’ responses about
their experience with the product. But consumer satisfaction is a theoretical
construct or a latent variable like attitude and emotion that cannot be measured
directly. On the other hand, single-item scales cannot assess or average out
the variance due to random errors. The reliability of single-item scales is
difficult to assess and, even when assessed in various studies using the only
available test-retest reliability estimate, most estimates of this kind are low to
moderate and indicate that the scales should be used caution. Some studies
employ multi-item scales to measure consumer satisfaction and show that they
are significantly more reliable than the single-item scales. It is a well-known
fact that a multi-indicator is more appropriate and reliable when measuring a
theoretical construct than a single indicator. Altogether, it is more desirable to
use a multi-indicator to measure consumer satisfaction that is a theoretical
construct that cannot directly be measured by an objective variable but can
indirectly be measured using proxies or indicators (Chan et al 2001).

Customer satisfaction has been studied from transactional and cumulative
perspective. In a transactional perspective, customer satisfaction is viewed as
a customer evaluation of a specific buying situation. But in a cumulative
perspective, customer satisfaction is the result of an evaluation of whole purchase and consumption experience with a good or service over the time (Auh & Johnson 2005).

The above stated literatures on customer satisfaction are more favour to the cumulative approach to the concept. Earlier studies were progressively researched the transaction specific and overall approach but least bothered about cumulative approach to customer satisfaction. Many researchers focused that customer satisfaction includes several components and the expectancy confirmation of these components leads to the ultimate satisfaction of consumers. Substantiating each components of customer satisfaction and succeeding all the expectations of customers with respect to each component would leads to the total satisfaction of customers and it can be termed as cumulative approach to customer satisfaction.

2.4 The Mediation and Moderation role of Customer Satisfaction

A moderator is a qualitative or quantitative variable that affects the direction and strength of the relation between an independent or predictor variable and a dependent or criterion variable. A mediator variable accounts the relation between the predictor and the criterion (Barron & Kenney 1986). A moderator variable changes the strength of a relationship or effect between two variables. It indicates the conditions in which a particular effect can be
expected. It may decrease, increase or change the strength and direction of a relationship (Mohr et al 2005, Cooper et al 1990).

Mediator variable specifies how or why a particular effect or relationship occurs. It describes the process that occurs to create the relationship. Statistically, the mediation variable is indicated when the relationship between the predictor and criterion is non-significant after controlling for the effect of the mediator variable (Cooper et al 1990, Baron & Kenny, 1986). Mediation means the effect of an independent variable on a dependent variable is transmitted through a third variable (Alwin & Hauser 1975). It is an indirect effect of an independent variable on a dependent variable that passes through a mediator variable (Shrout & Bolger 2002).

Studies on customer satisfaction explain that it mediates the antecedents and consequences (Anderson & Sullivan 1993). Most of the satisfaction models used the customer satisfaction as a mediating variable between the antecedent and consequence (Fornell et al 1992, Oliver 1980). Bolton and Drew (1991) says that customer satisfaction mediates customer loyalty, increases positive word of mouth (Szymanski & Henard 2001) and leads to customers’ willingness to pay premium prices for their purchase (Homburg & Furst 2005). A review on customer satisfaction models revealed that there are studies on the mediation role of customer satisfaction (Srivastava et al 1998,
Anderson et al 2004) but least diagnosed the moderating function of customer satisfaction. Through this study, the researchers decided to check the mediation as well as the moderation role for customer satisfaction between the antecedents and consequences.

### 2.5 The Antecedents and Consequences of Customer Satisfaction

It is the cause and effect of customer satisfaction. The antecedents are the determinants or causes that decide the level of satisfaction. It can be understood through the consequences, that is the effect of customer satisfaction. Studies on customer satisfaction have based on the antecedents and consequences (Churchill & Suprenant, 1982) as it is a behavioural response of customers that cannot be measured directly (Chan et al, 2001). Customer satisfaction is a post purchase evaluation with pre purchase expectations (Kotler, 1991) of certain determinants or antecedents. Critical analysis of such expectations would help the marketer for producing good consequences of customer satisfaction such as positive word of mouth, repurchase intention, customer loyalty, etc. (Rust & Zahornik, 1993, Henning-Thurau et al, 2002). Through this study, the researchers diagnosed the major antecedents or determinants of customer satisfaction in the compact segment car industry and formulated a model of customer satisfaction with antecedents and consequences. The antecedents of customer satisfaction for the study consists of product related as well as process related customer satisfaction.
2.6 Product level satisfaction and Process level satisfaction

Past studies on customer satisfaction has discussed the concept with certain objects like satisfaction with product, satisfaction with purchase process, satisfaction with the salesman. It resembles that while identifying the customer satisfaction, the researchers has to relate the concept with enough specificity.

Studies on consumer satisfaction have confirmed its mediation role between the antecedents and consequences. The antecedents or the determinants of satisfaction lead to some outcomes or consequences. It means high performance of the product leads to customer loyalty. Here, the high performance is one of the antecedents and customer loyalty is the consequences of that antecedents. But in actual purchase experience, the high performance of the product is one of the determinants of customer satisfaction, and if the customer is satisfied due to high performance of the product, he would have customer loyalty. In this incident, the customer satisfaction would be considered as the mediating variable between high product performance and customer loyalty (Fornell et al 1992, Anderson et al 1994).

2.6.1 Product Level Satisfaction

Churchill and Suprenant (1982) have stated that customer satisfaction was determined solely by the product performance. Product performances are
determined by a large number of components specific to the product such as quality, utility, usage and so on. If the product has all such features, the customer would be satisfied with such products.

Every customer would have expectations before buying the product. If the product performs well, the customer would be satisfied. Product specific satisfaction is there at every purchase process and it intervenes between expectancy disconfirmation and post purchase state of feelings of the customer (Oliver & Linda, 1981).

Product satisfaction is the outcome of expectancy confirmation with the performance of the product to the customer. It is the post purchase experience evaluation of a customer with a product (Westbrook 1980, Swan & Trawick 1981).

Earlier studies in the field of customer satisfaction are highly concentrated on satisfaction with the product. Consumers want to fulfill their expectation with the product and they undertake enough efforts for getting maximum satisfaction. The theory of expectancy confirmation is of high importance in customers’ satisfaction with the product (Cardozo 1965, Oliver, 1977).

There are studies claiming only the product level satisfaction constitute customer satisfaction. The effect of disconfirmation of expectancy for the product makes positive or negative behavioural change to the customer. It
also states that overstating the quality of the product makes a favourable evaluation by the customer towards the product (Olson & Dover, 1979, Olshavsky & Miller, 1972).

### 2.6.2 Process Level Satisfaction

Customer satisfaction also studied in a context of purchase process. The experiences of a customer during the purchase process leads to process satisfaction (Fisk & Young, 1985). There would be predictive expectations about the purchase experience and it has to be confirmed. It decides the process satisfaction (Swan, Trawick & Carroll, 1982).

The customer would have complaining behaviour if he dissatisfied with the purchase process (Bearden & Teel, 1983). The post consumption experiences of customers have become the determinants of customers’ satisfaction. The purchase experiences might influence level of customer satisfaction (LaTour & Peat, 1979).

Consumers compare the pre-purchase beliefs about a product to post-purchase beliefs formed during the consumption of the product. Satisfaction is the response through a cognitive evaluation process in which the perceptions of an object, action, or condition are compared to one’s values (Locke, 1969, Westbrook & Reilly, 1983).
Swan and Oliver (1985) have stated that customer satisfaction comes from the positive response of the salesperson. The positive shopping experience of a customer leads to customer satisfaction (Oliver 1981). Each component or attributes encountered by a customer during the purchase process directly influence customer satisfaction (Bettman, 1974). The pre-purchase experiences such as information gathering, outlet selection, etc. has directly influence the customer satisfaction (Wesbrook, 1977).
2.7 Consequences of Customer Satisfaction:

Consequences of customer satisfaction mean the behavioral changes to a customer if he is satisfied or dissatisfied. Customer will respond in such a
manner that will have direct influence to the market share of the organization (Anderson et al 1994).

2.7.1 Repurchase Intention:

Repurchase intention is the willingness to buy the same product or service by a customer (Dodd et al 1991). It is the anticipated response of the effectiveness of a transaction (Li et al 2002). If a customer is satisfied with the service provider, he will approach the same provider for future purchase (Oliver 1997, Bitner 1990). Overall satisfaction as compared to transaction specific satisfaction will influence more on repurchase intentions because the overall satisfaction would have the effect of more encounters than transaction specific satisfaction (Anderson et al 1994, Jones & Suh 2000).

The satisfying customer will buy the product from the same supplier and that leads to increased future revenues to the organization (Bolton 1998, Fornell 1992). If a customer is satisfied with certain product, he would be loyal to the organization. His involvement in future purchase would be low and can easily choose the product. It reduces the future transaction cost to the organizations (Reichheld & Sasser 1990). Customers are ready to purchase the product or service even though with a small hike in the price. They believe that the price hike is due to the quality of the product and they may not shift their preferences to alternatives (Anderson 1996). Sometime the customer is ready
to adjust the quality aspect of the product. Satisfied customers may not make complaints about the quality of certain aspects of the product as they felt that it is a minor issue and can be accommodated. They may not change their preferences for this product in future because they already satisfied with the product in their past experience (Anderson & Sullivan 1993).

Kotler (2006) says that satisfied customers are less sensitive to seasonal fluctuations, cost changes, and changes in accounting practices. Customer satisfaction and customer complaints are inversely related and customer satisfaction and customer loyalty has positively related (Fornell 1992, Oliver 1980). Customer satisfaction positively affects repurchase intention. It is the most important factor in creating repurchase intention (Anderson & Sullivan 1993). Satisfied customers have a propensity to recommend the offers to other customers (Selnes 1993, Hartline & Jones 1996). Loyal customers usually have repurchase intention and they make positive recommendation of the product to potential consumers (Rust & Zahornik 1993).

Loyal customers repurchase from the same service provider, and continue to propose a positive attitude towards the service provider. Once the customer become loyal, it can conclude that he has repurchase intention (Anderson & Narus 1990). Customer satisfaction is an important factor leading to customer loyalty. The loyal customer will recommend the product and will result in purchasing services from the same supplier (Jamal & Naser 2002).
2.7.2 Word of mouth

Word of mouth is the extent that a customer informs colleagues and relatives about an experience that he had from a product or service. Positive word of mouth is a behavioral intention to recommend the product or service (Fornell & Wernerfelt 1987).

Satisfied customers talk about their experiences with products or services to their friends and colleagues, workers and others that influence other potential customer to purchase the same product (Reichheld & Sasser 1990). Customer satisfaction is one of the important determinants of favorable word of mouth and satisfied customers always communicate their experiences to others (Frenzen & Nakamoto 1993).

There is a positive correlation between customer satisfaction and positive word of mouth. If there is a customer satisfaction, there would be a positive word of mouth (Gotlieb et al. 1994, Patterson et al. 1997). It has realized that, for maintaining a long-term customer base, word of mouth communication is very common and important especially in the case of service marketing (Swanson & Davis 2003).

It has identified that dissatisfied customers are more harm to an organization than the benefit accrued through satisfied customers. They make negative word of mouth to a large community (Hart et al., 1990). Word of mouth is
very important in service industry where consumers are more likely to be dependent on communication of colleagues. A satisfied customer informs friends and relatives about their experiences (Gremler et al. 1994).

Word of mouth is highly influential in purchase decision, especially in the field of service sector. The reason is services are intangible and very difficult to evaluation before purchasing such services. It has no standardized tool and so associated with much risk. Outcomes of interaction such as customer satisfaction and positive word of mouth are significantly influenced by the interaction between employees and customers (Henning Thurau et al. 2002).

It has stated that less satisfied customers are more likely to transmit negative word of mouth. The frequency of word of mouth would be high when there is a negative event is encountered. Customers have a tendency to communicate others about their bad experiences than their good experiences (Peeters & Czapinski 1990).

The level of customer satisfaction has directly influences consumers’ behaviors such as repurchase intention and word of mouth. If there is a high customer satisfaction, there would be more repurchase intention of the product and good word of mouth (Maxham & Netemeyer 2002).

If the product or service performance exceeds the customers’ expectations would motivate them to communicate others about his positive experiences.
In the case of service oriented industry, satisfied customers are more eager to make positive word of mouth. (Ranaweera & Prabhu, 2003). Whenever the customers’ expectations are not fulfilled, they would be highly disturbed and leads to customer regret. Such customers will engage in negative word of mouth and would have frustration, anger, warning others about the purchase (Sweeny et al 2005).

Heckman and Gusky (1998) states that satisfied students make positive word of mouth about their institution. After their education from an institution, they would be in a position to evaluate the performance of the same. They have to suggest the same institution to the society.

There is a significant relation between customers’ satisfaction and word of mouth. In the case of consumer electronics industry, satisfied customers are the real advertiser of the product. Potential customers are ready to hear the experiences of existing customers before purchasing electronics product. Satisfied customers recommend the product to potential customers if they are satisfied (Heitmann et al 2007, Brown et al 2005).

Word of mouth is the mediating as well as moderating variable for new customer acquisition. Satisfied customers would make positive word of mouth. That ultimately leads to new customer acquisition. There is a link between customer satisfaction, word of mouth and new customer acquisition.
The level of interdependence would be high if there is high customer satisfaction (Wangenheim & Bayon 2007).

Word of mouth is one of the outcomes of relationship marketing. Consumers receive benefits apart from the core service or product that forms a relationship between the customer and the service provider. The antecedents for relationship marketing vested with the service provider. If they manage the antecedents, it leads to relationship marketing that follows to customer satisfaction. If the customer satisfied, there would be positive word of mouth (Henning-Thurau et al. 2002).

Word of mouth and repurchase intention are two outcomes of customer satisfaction. Satisfied customer would loyal to the company’s product or service. Customer loyalty is the consequences of customer satisfaction and leads to repurchase intentions and word of mouth (Soderlund 2006).

Word of mouth and repeat purchase are the two behavioural changes of customer loyalty. Customer loyalty makes a change in the customers’ mind that leads to repurchasing the same product or from the same supplier while he looks for a new purchase. As like, he engages in positive word of mouth regarding the service provider and his services (Sirdeshmukh et al. 2002).

There is an interrelation between customer value, customer satisfaction, customer loyalty and switching cost. Customer satisfaction is the mediating
variable that makes the relationship between customer value and customer loyalty. It clearly states that customer satisfaction has a direct relation to customer loyalty. The study supports that customer satisfaction has a mediating role for the interrelationships (Lam et al. 2004).

The satisfied customers are in a position to make electronic word of mouth communication about their experience. The customer perception about the value of a product would be exchanges on a customer to customer basis. The repurchase intention of a customer also can be identified through the electronic word of mouth and any potential customers can relay the electronic transfer and sharing of individual customers experience (Gruen et al. 2006).

Customers make positive word of mouth and repurchase intention if they are satisfied not only with the offerings or products, but also with the retailer. Product satisfaction is an essential aspects but the customer expect good respect and consideration from the retailer also. A retailer has to design the shop in such a manner that the customer can experience a new please at his every visit (Jones & Reynolds 2006).

Retailers have to satisfy not only the basic demands of the customer such as high quality product with low price, but also have to make the joy during their purchase process. Customer may not communicate the positive word of mouth only due to product satisfaction. He can purchase the product from any
shop. But, if the retailer is able to give pleasure during the purchase product, the customer would recommend the product to peers and he will consider the same retailer for his future purchase (Arnold & Reynolds 2003).

The service failure leads to negative word of mouth. It is due to customers’ dissatisfaction. Once an organization is satisfactorily recover the failure, such customers would have high positive word of mouth. The customers would have more word of mouth and repurchase intention if the organizations subsequently resolve the service failure to the customer (Maxham & Netemeyer 2002).

Carpenter and Fairhurst (2005) explain the customers’ value during shopping leads to satisfaction. A satisfied customer becomes loyal to the organization especially in the retail industry and such customers makes positive word of mouth regarding the experiences and offerings from such retail outlets.

Studies claim that customer loyalty influence word of mouth. A loyal customer usually supports the products or services that he enjoyed and recommends the same to his near once if they have same needs. Customer loyalty enabled a customer for the product recommendations (Dick & Basu 1994). Customer satisfaction includes satisfaction with the produce, evaluations of the product performance and interpersonal interaction with sales personnel or agency (Ostrom & Iacobucci 1995).
2.8 A Review on Customer Satisfaction Models:

Customer satisfaction models are used to assess the level of satisfaction to a customer. These models aggregate a score for customers overall evaluation of certain purchase experiences (Fornell et al 1992). Some models used the antecedents and consequences approach for measuring customer satisfaction. These antecedents are perceived quality, customer expectation, etc. cannot be measured in exact numerical value because these are all internal feelings of customers (Yi 1990, Oliver & DeSarbo 1988). The expectancy confirmation theory on customer satisfaction has revealed some customers expectations during their purchase process (Helson, 1964, Oliver, 1980). But the customers’ expectations on what is still unstandardised as it depends on the situation and changes as per the contexts. So a common model for customer satisfaction will not be possible but framing the model for each product is more useful to the decision makers. A detailed review on customer satisfaction models and indexes as follows:

Swedish Customer Satisfaction Barometer (SCSB) has been considered as first attempt in modeling customer satisfaction. This satisfaction model uses more than thirty industries and more than hundred corporations. SCSB contains two primary antecedents of customer satisfaction, that is, perceived performance and customer expectation. Perceived performance means the perceptions of a customer’s recent performance experience with a product or service and
customer expectations means the future performance of the product or service to be bought. The consequences of customer satisfaction would be either customer complaints or customer loyalty. Customer satisfaction and customer complaints are inversely related and customer satisfaction and customer loyalty has positively related. The latent variables under this model are perceived performance, customer expectations, customer satisfaction, customer complaints and customer loyalty that have been constituted by eight manifest variables (Fornell 1992, Oliver 1980).

American Consumer Satisfaction Index (ACSI) reports a score on 0-100 scale at national level. It produces indexes for 10 economic sectors, 44 industries (including e-commerce and e-business), and more than 200 companies and governmental agencies. ACSI produces scores for the causes and consequences of customer satisfaction and their relationships. It indicates the drivers of satisfaction as customer expectations, perceived quality, and perceived value as the determinants of consumer satisfaction and the outcome as customer complaints and customer loyalty (Source: official website of ACSI).

Hong Kong Consumer Satisfaction Index (HKCSI) is the function of three indicators of consumer satisfaction such as general or overall satisfaction, confirmation of expectations, and comparison to ideal. HKCSI is estimated at the product level first, and then combine to product category and overall levels.
using the CPI weights of the product concerned in the Hong Kong economy. A product represents directly usable commodity or service having different brands or models produced or provided by various firms and the product level CSIs are representatives of the performance of the relevant firms in terms of consumer satisfaction with their product. Key features of HKCSI includes the direct introduction of consumer characteristics (such as age, education, and income) in model construction; the wide coverage of services, especially free services; and the adoption of a product weighting system based on consumer price index (Chan et al. 2001).

Multi criteria Satisfaction Analysis (MUSA) is the aggregation of individual preferences in to a combined value as the score of consumer satisfaction. As per this model, customers are asked to express their judgments with respect to their global or overall satisfaction and their satisfaction with regards to the set of discrete predefined criteria. The customers’ preferences and judgments are on the basis of ordinal and qualitative form has to be aggregated to get the satisfaction score. The basic objective of this model is to cumulative individual preferences in to a collective value as the score of satisfaction. The major results would be the global and partial satisfaction functions, weights on the criteria or relative importance of the criteria and average satisfaction indexes (Grigoroudis & Siskos 2002).
United Kingdom Consumer Satisfaction Index (UKCSI) uses online questionnaire that asked the customers to rate organizations across various sectors on each of the factors they considered most important. UKCSI consumers considered 20 priorities that they provide most important to them. They have to weight each of these priorities according to their importance to them and the total value of these weighted averages constitutes the consumer satisfaction index. The weightings would be varying from sector to sector as some priorities are more important in some sectors than others (Official website of UKCSI).

The Norway Customer Satisfaction Barometer was very much similar to the original American Consumer Satisfaction Index with the exception that it included corporate image and its relationships to customer satisfaction and loyalty. But now the original model has been restructured and included more construct to consumer satisfaction and loyalty such as affective commitment, calculative commitment, perceived price/index and so on (Johnson et al 2001).

The Normative Model of Retaining Consumer Satisfaction is a process type model which consists of ten process elements for increasing the retention of customer satisfaction. They are competence and professionalism, corporate culture, responsiveness, quality obsession, value migration, mass customization, proactive innovation, front line information system, market based organization, and customer based compensation. These ten processes
are capable of retaining customer satisfaction. This ten process elements carry different weights in retaining customer satisfaction. In a preliminary study conducted by the author itself presumes that customer based compensation, frontline information system and market based organization having less influences in retaining customer satisfaction than corporate culture, competence, professionalism and responsiveness having more influence (Sheth & Kellstadt1992).

Kano model of customer satisfaction demonstrates that there are three different types of customer requirement. In order to satisfy a customer completely, a marketer has to know the three dimensions of customer requirement and has been classified as threshold attributes, performance attributes and excitement attributes. Threshold attributes means the expected or must be features of a product or service which should be embedded with the product and the absence of such features leads to customer dissatisfaction and the presence of such attributes doesn’t contribute much to customer satisfaction. Performance attributes are those features whose absence leads to customer dissatisfaction and their presence leads to customer satisfaction. Excitement attributes are unexpected by the customer but their presence leads to high customer satisfaction or delight and absence doesn’t constitute any dissatisfaction (Kano 1984).
The European Consumer Satisfaction Index (ECSI) is seems to be an economic indicator designed to measure customer satisfaction. The Swedish Customer Satisfaction Barometer has been considered as the base for ECSI and it is the simple adaptation of the same. There are seven latent variables defined by twenty one manifest variables has been considered for identifying the ECSI. The model includes the variables are corporate image, customer expectations, perceived value, perceived service quality, perceived product quality, customer satisfaction and customer loyalty. Under this, customer expectation, perceived quality, image, perceived value are the determinants of customer satisfaction which ultimately leads to customer complaint or customer loyalty (Bayol et al 2000).

The Swiss Index of Customer Satisfaction (SWICS) has been developed by Department of Marketing and Business Administration at University of Basel. As per SWICS customer satisfaction has been measured by three indicators as the global satisfaction with the product or the service, the satisfaction compared to the expectations before consumption, and the satisfaction compared to an ideal product or service. A new construct named customer dialogue has been used as the outcome of customer satisfaction. This latent variable was defined by other three manifest variables like willingness to contact the company, easiness of dialogue and satisfaction with dialogue. It has been hypothesized that satisfied customers are more interested in an
enduring dialogue than others and they feel more loyal to the company. The customer loyalty is the other latent variable in the model and measured by three manifest variables like the intention to recommend the product or the service, the intention to buy again and the intention to switch the company or provider. It is an extension of ACSI and ECSI (Bruhn & Grund 2000).

The Extended Performance Satisfaction Index (EPSI) has become a recognized non-financial measurement system for European organizations, encompassing customer and employee satisfaction as well as corporate social responsibility and living condition indexes. EPSI Rating is conducting studies in more than 20 European countries. It considers both the business to consumer (B2C) and business to business (B2B) segments. The number of industries included varies from country to country. EPSI rating also measures employee satisfaction in various industries across Europe. The EPSI research and analysis focus on the three main areas of non-financial performance and their integration. They are customer satisfaction, employee satisfaction and corporate social responsibility. An integrated analysis model is devised for the purpose of studying how these three dimensions interrelate and drive the financial results of any organization. For customer satisfaction, a cause-effect structure has been used and the latent variables as image, customer expectations, customer perceived product quality, customer perceived service
quality, customer perceived value, customer satisfaction and customer loyalty or trust (official website of EPSI).

JD Power customer satisfaction index is a survey based response from car owners that projects the level of customer satisfaction with respect to their cars. Each of the respondents has to fill-up a detailed questionnaire that explores the different aspect of their car ownership. The areas comes under this study is mechanical problems, interior problems, exterior problems, vehicle performance, vehicle interior, vehicle exterior, quality of service from dealers and ownership costs. These eight criteria has to be rated by the respondents with respect to his car and which gave an overall customer satisfaction index score states that whether he satisfied or not. JD Power and Associates not only conduct research in automobiles but also other industries ranging from mobile phones to real products. They conduct research in various countries like China, UK, France, and so on. Their research solely based on customer response through the questionnaires (official website- WWW.JDPOWER.COM, 2011).

Electronic Commerce User-consumer Satisfaction Index (ECUSI) for Internet shopping considered two kinds of experiences of the customer while using internet for their product purchase. They are the satisfaction with the shopping place and satisfaction as the user of information technology. Altogether, ten factors have been considered namely product information,
consumer service, purchase result and delivery, site design, purchasing process, product merchandising, delivery time and charge, payment methods, ease of use and additional information services that determine the satisfaction of consumers in electronic commerce (Cho & Park 2001).

SERVQUAL/RATER is a method of measuring the quality of services provided by the organization. As per this, there are five gaps between organization and its customer; they are Consumer expectation-management perception gap, Management perception-service quality specification gap, Service quality specification-service delivery gap, Service delivery-external communications gap and Expected service-perceived service gap. These gaps should have to be reduced in order to improve the quality of service. The consumer uses some similar criteria to evaluate the service quality. This model consider 10 key dimensions of service quality determinants such as access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer. But later, the authors simplified the original SERVQUAL in to RATER as the five dimensions in named reliability, assurance, tangibles, empathy and responsiveness are capable of measuring the service quality (Parasuraman et al. 1985, 1991).

Through a review on customer satisfaction models, it has realised that all such models are holistic in nature and accommodates different contradicting
industries. This approach questions the nature of customer satisfaction such as context specific that varies as per cultures. The model developers accept that customer satisfaction would changes on situation and requires separate models for assessing the customer satisfaction at varying cultures. More than this, past studies supported cumulative approach to customer satisfaction, but due to operational difficulty, they forced to use a common framework and try to include all industry to that framework for calculating customer satisfaction score.

2.9 The Expectancy/Disconfirmation Theory on Customer Satisfaction:

The customer would have a perceived performance about the product or service they are looking for and they might compare various alternatives in order to form a decision. The perceived disconfirmation may be positive, negative or neutral. The perceived disconfirmation shall be positive if the products or services perform well than the alternatives and vice versa. The satisfaction feeling is a state of mind or an attitude enjoyed by the customer. The outcomes of the satisfaction or dissatisfaction would reflect in the consumer repurchase probability, word of mouth and complaining intentions (Woodruff & Gardial 1996). Following are the traditional macro theories of consumer satisfaction that underlies much of the research in customer satisfaction over the decades.
Satisfaction model explains the linkage of overall service satisfaction, encounter satisfaction, and perceived service quality. This approach supports the conceptualization of perceived quality as a separate construct that distinct from overall satisfaction in contrast to the construct of an encounter service satisfaction (Bitner & Hubbert 1994).

There are many constructs leads to the expectation of service to an individual before the encountering the actual service. While experiencing the service, he might be persuaded through a lot of items like the quality, service providers ability, etc. which leads to his perceived service. As per this, a consumer’s prior experience joins with other inputs to shape current satisfaction with a service (Hui & Bateson 1991).

The expectancy confirmation model explains the degree to which a customer has been succeeded or confirmed his expectation with the product or service. Every consumer might have some kind of expectation before buying any product or service. Consumers compare these pre-consumption expectations with post-consumption experiences of products or services that form their satisfaction or dissatisfaction. The expectations of the customer would be generated through his beliefs about the level of performance that the product or service could provide (Khalifa & Liu 2003).
Perceived performance model states that perceived performance regarding the product or service purchased determines consumer satisfaction or dissatisfaction. If a customer has experienced with the product or service in the past, he might be aware of some kind of perceived performance of the product from his experience itself. When he buys a new product, if the performance of the same product is not met the perceived performance experienced by the customer in past, he would be dissatisfied and vice versa. Here only the perceived performance of the product decides the satisfaction of the customer with respect to the specific product or service (LaTour & Peat 1979).

As per the social equity theory, a customer evaluates the benefit received from a brand in relation to its cost (price, effort) and then compares this ratio with the corresponding cost/benefit ratio realized by some other relevant person (e.g.: friends, seller, etc.). The basis for comparison becomes the degree of equity that consumers perceive between what they achieved and what the other person achieved. Here he would be satisfied if his equity surpass or succeed the equity experienced by other people (Swan & Mercer, 1981).

Consumer satisfaction is an additive function of positive or negative disconfirmations of perceived attribute obtained from a brand and the corresponding comparison levels of those attributes. The comparison level is developed from prior experience with the salient attributes of a brand or of similar brands in a product category. These attributes are subjective to
consumers as per their preferences in each product or service. The comparison levels would be persuaded by perceived abilities of brands other than the one purchased and used. It suggests that the bases of comparison considered by consumers are more than just their expectations (LaTour & Peat, 1979). Most of the research on customer satisfaction was based on the expectancy/disconfirmation paradigms of the construct (Cohen & Goldberg, 1970, Olshavsky & Miller, 1972, Ulaga, 2001, Bower & Garda, 1985, Jones & Sasser, 1995).

Various models on consumer satisfaction focused the post purchase experiences of customers such as expectancy confirmation, overall satisfaction, and comparison of actual experience with ideal as the criterion for satisfaction. Researchers agree that satisfaction cannot be identified directly and they used various manifest variables to identify the satisfaction or dissatisfaction of customers. Literature on customer satisfaction has stated that it should consider the encounter specific experiences of customer during the purchase and the sum of each encounter is termed as cumulative approach to customer satisfaction (Fornell 1992).

2.10 Customer Satisfaction Instruments

A critical review on consumer satisfaction instruments reveals that measurement scales are developed for each context and specific purposes.
There are some scales that can be adapted for general usage but some others have to be used for designed purpose only. The following table shows the name, number of items, major objectives and the reported studies based on the respective scales.

Table 1: Customer Satisfaction Instrument

<table>
<thead>
<tr>
<th>NAME OF THE SCALE</th>
<th>NUMBER OF ITEMS</th>
<th>OBJECTIVES</th>
<th>USED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction (General)</td>
<td>7</td>
<td>Measuring a consumer's degree of satisfaction with some stimulus</td>
<td>(Crosby &amp; Stephens 1987), (Eroglu &amp; Machleit 1990), (Nijssen et al. 2003; Sirdeshmukh, Singh, &amp; Sabol 2002), (Spreng, MacKenzie, &amp;</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Level</td>
<td>Description</td>
<td>Reference</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>(General)</td>
<td>3</td>
<td>Assess the extent to which a consumer is satisfied with something</td>
<td>Olshavsky 1996).</td>
</tr>
<tr>
<td>(Voter)</td>
<td>4</td>
<td>Measure a voter’s satisfaction with politics and election outcomes</td>
<td>Magi (2003)</td>
</tr>
<tr>
<td>with Choice of Service Provider</td>
<td>4</td>
<td>Measures the degree to which a customer is pleased with a decision that was made regarding the selection of service provider</td>
<td>Westbrook &amp; Oliver (1981), Patterson &amp; Smith (2003)</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Measure the level of</td>
<td>Homburg &amp; Fürst</td>
</tr>
<tr>
<td>Table Entry</td>
<td>Description</td>
<td>Reference</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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<td></td>
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<tr>
<td>satisfaction a consumer expresses towards the purchase of product from a company to which he/she had complained</td>
<td>(2005)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Complaint Process</td>
<td><strong>3</strong> Measure the satisfaction level of a customer with the manner in which a company has handled his/her complaint</td>
<td>Homburg &amp; Fürst (2005), Maxham &amp; Netemeyer (2002)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Educational Institution</td>
<td><strong>4</strong> Measure the degree to which a person is satisfied with the institution where one received some education</td>
<td>Arnett, German, &amp; Hunt (2003), Westbrook &amp; Oliver (1981)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Encounter</td>
<td>6</td>
<td>Measure how positive a customer reports a recent “encounter” with a sales person in a retail store</td>
<td>Dolen et al. (2002), Oliver (1997)</td>
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<td>-----------------------------</td>
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<td>-----------------------------------</td>
</tr>
<tr>
<td>Satisfaction with Grocer's Customer Service</td>
<td>7</td>
<td>Measure an aspect of grocery store satisfaction that focuses on various customer service attributes</td>
<td>Gomez, McLaughlin, &amp; Wittink (2004), Sirohi, McLaughlin &amp; Wittink 1998)</td>
</tr>
<tr>
<td>Satisfaction with Health Plan</td>
<td>4</td>
<td>Measure the degree to which respondents are pleased with their respective health plans</td>
<td>Caparo, Broniarczyk, &amp; Srivastava (2003)</td>
</tr>
<tr>
<td>Satisfaction With</td>
<td>4</td>
<td>Measure the level of satisfaction a consumer</td>
<td>Homburg, Koschate, &amp; Hoyer</td>
</tr>
<tr>
<td>Hypothetical Experience</td>
<td>believes he/she would experience if a certain set of events transpired as described in the study</td>
<td>(2005)</td>
<td></td>
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<td>--------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
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<td></td>
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<tr>
<td>Satisfaction with Internet Search Process</td>
<td>Measure a person’s satisfaction with the search process</td>
<td>Diehl &amp; Zauberman (2005)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Life</td>
<td>Measure one’s global attitude about his/her life</td>
<td>Burroughs &amp; Rindfleisch (2002), Diener et al. (1985)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Most Recent Experience</td>
<td>Measure both affective as well as cognitive aspects of satisfaction with regard to a person’s most recent experience with something</td>
<td>Matilla (2003)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Measuring the level of</td>
<td>Tsiros &amp; Mittal</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Performance</td>
<td>1</td>
<td>Satisfaction a consumer expresses with regard to the performance of something like a product or company</td>
<td>(2000), Tsiros, Mittal, &amp; Ross (2004)</td>
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<td>-----------------------------</td>
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<td>---------------------------------------</td>
</tr>
<tr>
<td>Satisfaction with Problem Resolution</td>
<td>3</td>
<td>Measure the degree to which it is believed that a business one has recently interacted with has resolved a particular problem in a satisfactory manner</td>
<td>Maxham &amp; Netemeyer (2002a, 2002b, 2003)</td>
</tr>
<tr>
<td>Satisfaction with Purchase Experience</td>
<td>3</td>
<td>Measure a customer’s global attitude regarding the quality of service he/she received from a firm</td>
<td>Maxham &amp; Netemeyer (2002a, 2002b, 2003)</td>
</tr>
<tr>
<td>Satisfaction with</td>
<td>7</td>
<td>Measure a consumer’s attitude about retailers</td>
<td>Gaski &amp; Etgar (1986),</td>
</tr>
<tr>
<td>Retailers</td>
<td>and their salespeople in general</td>
<td>Mangleburg, Doney, &amp; Bristol (2004)</td>
<td></td>
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<tr>
<td>---------------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Service</td>
<td>Measure the degree to which a customer of a service provider is satisfied with the service</td>
<td>Voss, Parasuraman, &amp; Grewal (1998), Brady et al, (2005)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Service</td>
<td>Measuring the degree of satisfaction a consumer reports with respect to the services</td>
<td>Verhoef, Franses, &amp; Hoekstra (2002), Singh (1990)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Service</td>
<td>Measure the degree to which a customer is pleased with the service</td>
<td>Hui et al. (2004), Westbrook (1980)</td>
<td></td>
</tr>
<tr>
<td>Satisfaction with Service</td>
<td>Measure the level of general satisfaction a consumer expresses towards a</td>
<td>Burnham, Frels, &amp; Mahajan (2003)</td>
<td></td>
</tr>
<tr>
<td>Service Provided</td>
<td>Measure</td>
<td>Reference(s)</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Service Provider Satisfaction</td>
<td>Measure the level of general satisfaction a customer has with a certain service provider</td>
<td>Gustafsson, Johnson, &amp; Roos (2005)</td>
<td></td>
</tr>
<tr>
<td>Shopping Experience Satisfaction</td>
<td>Measure a consumer’s level of satisfaction received from shopping at a particular store</td>
<td>Seiders et al. (2005)</td>
<td></td>
</tr>
<tr>
<td>Store Satisfaction</td>
<td>Measure a person’s belief that the right decision was made to buy items from a particular vendor</td>
<td>Harris &amp; Goode (2004), Cronin, Brady, &amp; Hult (2000)</td>
<td></td>
</tr>
<tr>
<td>Weight Loss Program Satisfaction</td>
<td>Measure the degree to which a person expresses satisfaction with a</td>
<td>Dellande, Gilly, &amp; Graham (2004), Oliver (1980), Westbrook &amp;</td>
<td></td>
</tr>
</tbody>
</table>
2.11 The Automobile industry and Compact Segment Car market

Indian car market is fast emerging as one of the largest car markets in the world. The technological advancement and liberalization of economy have drastically changed the size and nature of the Indian car market. The data furnished by SIAM showed passenger vehicle sales grew about 5 percent in every year. Recognizing the huge potential of Indian car market, leading car companies of the world are trying to find their space in this fast growing market and the competition has become very intensive. When the new players are trying to find a space in the market, the existing players are trying to retain their market and also grow further with constant innovation of their products and regularly adding new models to their product lines.

The recent report from the car industry shows notable variations in the car sales of different players. The following chart shows that Maruti Suzuki is the major player in Indian car market that shares 50.74 percentages (43.32% in 2012) followed by Hyundai 21.46 (20.79 % in 2012). At the same time some players are losing their market share such as Tata Motors and Toyota. The stiff competition in the market leads to set aside some automobile companies even though they are the major players in the world market.
Kerala is not an exception from the national trend as far as the sales of the cars are concerned. Kerala’s car market had shown growth trend to the tune of 8% even when the automobile industry all over the world had affected by the economic recession. The growth of Kerala’s car market is due to various reasons; both economic and non-economic factors played a very significant role in the increasing sale of the cars. Whatever be the reason, it is a fact that Kerala’s car market is facing a cut throat competition in the compact car
segment. Domestic companies and foreign companies are competing with each other by consistently launching new models and attracting customers with competing sales offers. The purchase involvement of the consumers is very high in car industry (Abramson & Desai 1993) and marketers are very keen to understand the buying behaviour of consumers in the compact segment. The interest of the marketers is obvious as the largest potential consumer segment in the car market is the consumers of compact segment cars.

The Indian customers are more proximate to small cars because it is fuel efficient compared to mid-size or luxury cars. Customers are highly sensitive to fuel efficiency of the car and small cars become a solution to this concern. Indian roads are congested and driving of big cars is a hassle. Small cars are more compact and can be maintained pretty well when compared to the other segment cars. They are much reliable in terms of life and also resale value (carazoo.com on 16/08/2012).

A better understanding of buyer behavior in a highly competitive market is essential for marketers to effectively cater to the needs of the potential buyers. As each and every marketer sells quality cars in varying models with variety of accessories and service offers to the same market, the marketing efforts of the sellers matter to a large extend in converting the potential buyers as its customers. The potential customers might have different expectations and they
need to ensure that a product in question is satisfying all their queries and requirements related to the expectations at various stages of buying process (Anderson et al. 1994).

Marketer, who moves with a buyer during his purchase involvement, satisfying his requirements at every stage, can only be successful. There are so many factors influencing a purchase decision in general and some of them are price, prior relation with vendor and sales people, trust in brand name, company reputation, peer recommendation, official recommendation, trade show demonstration, and information on company website. The marketers should vigil regarding these areas to satisfy its customers (D’Ausilio 2008).

The importance of purchase decision depends up on the involvement by the purchaser. Purchase involvement is referred as the level of concern for or interest in the purchase process triggered by the need to consider a particular purchase and it is influenced by the interaction of individual, product and situational characteristics. In other words, purchase involvement simply means the extent of personal relevance of the decision to the individual in terms of their basic values, goals and self-concept (Hawkins et al 2007).

The purchase of a new automobile is a typical example for large purchase involvement and search effort. Automobile sellers are often seen as slick talkers out to take advantage of the consumer. It is partially realistic because
salespeople have price, product, and sales knowledge, including a selling strategy. Consumers may not have that much knowledge and frequently have no buying strategy. The great deal of money and durability of automobile may lead to consumer anxiety. Besides, car purchases involve a high level of social and psychological involvement, compounding the anxiety caused by the car’s price and life span (Abramson & Desai 1993).

According to Laurent and Kapferer (1985) the major reasons for high involvement in purchasing as follows:

1. The importance of product to the buyer
2. High perceived risk or functional risk
3. There is a symbolic value to the product (psychological risk)
4. The emotional value to the product (ability to give pleasure)

The literature on consumer behaviour reveals that a buyer who has involved in an extensive problem solving during the purchasing process passes through various stages of decision making. These stages are Problem recognition, Information search, Evaluation of alternatives, Purchase decision, and Post purchase behaviour. Consumers of compact segment cars are expected to be highly involved in purchasing as they always follow a value for money concept while making their purchase decision. Hence, it can be presumed that
certain factors related to the cars which are considered by the consumers during these stages, have significant influence in turning them as satisfied or dissatisfied. A clear understanding of such factors and their relevance in different stages is of great importance to marketers as the same will help them to deal their potential customer in an efficient manner (Kotler & Armstrong 2010, Hawkins et al. 2007).

Since the compact segment cars accommodate all the possible stages of interaction of customers during its purchase, the researchers decided to validate the model for cumulative approach of customer satisfaction with the compact segment car owners. A model for satisfying the compact segment car owners would be helpful to the marketers to completely satisfy its customer.
2.12 Conclusion

A detailed review on the literatures of customer satisfaction states that the concept is context specific and varies as per the cultural changes. It become meaningless to holistically approach to the concept but requires customized outlook to each regions and product. The concept can be measured on the basis of antecedents and consequences because the processing and evaluation of customers’ satisfaction cannot be traced easily. A marketer can give some inputs to satisfy a customer and can be measured through repurchases or positive word of mouth. Through this study, the researcher has developed certain influencers to customer satisfaction that can be considered as cumulative evaluation of each transaction specific satisfaction that better predict the reasons and causes of customer satisfaction. If the marketers are able to aware of the causes of customer satisfaction or dissatisfaction, he can take effective decisions as per the requirements.