

CHAPTER I

INTRODUCTION

1.1. Research Background

IBM's former CEO, Louis V. Gerstner (2001), quoted that "Services are Going to move in this decade to being the front edge of the industry." This illustrates the changes sweeping across industry today. Many businesses that were once viewed as manufacturing giants are shifting their focus to services (Zeithaml, Bitner & Gremler, 2006).

In a very simple term given by Zeithaml, Bitner & Gremler (2006), services are deeds, processes, and performances. In Indonesia, the service sector, including stores, food vendors, and banks, is an important part of Indonesia's economy, accounting for 35 percent of the GDP in recent years. While more people work in agriculture, the service sector is an important source of wage labor, accounting for 12.4 million jobs in 1996. Given the economic growth in services, their profit and competitive advantage potential, it seems that the companies have the potential and opportunity to excel in services industry.

According to Oliver (1993), in the past few years marketing practitioners have increasingly turned their attention to understanding consumer emotions. These practitioners believe that the best way to gain customer loyalty is to ensure that customers have an "emotional" experience with products or services. It's no secret that emotions influence people's decisions about what, when and how they buy (Nauert, 2009).

A growing body of consumer research studies emotions evoked by marketing stimuli, products and brands (Larosand Steenkamp, 2004). Yet, there has been a wide difference in the content and structure of emotions used in these studies, and there are very few researchers that have made a research on emotions based on services. Therefore, this research focuses on consumers' emotion experiences in service encounters. In this paper, explores on how consumers express their emotions for both positive and negative service experiences.

The contents of this research paper is to understand the different types of consumer emotions regarding the critical incidents which happened in the past in service context of the post-purchase behaviors of end-users. Furthermore, this paper also explains the many different kind of services experienced and expressed both, positively and negatively.

Furthermore, this chapter explains the structure of this research paper. In Chapter 1, this study explains the uniqueness of this topic. Providing reason on why this topic has been chosen, and discuss about the research problem as well as the research objective. Moreover, Chapter 2 provides understandings on the literature review of this research paper, the consumer decision making process, the post-purchase behavior of consumers, as well as the definitions on consumer emotions. Next, in Chapter 3, this research paper explains the research context and the research method of this study, as well as the research procedures. Chapter 4 discusses about the research analyses and discussions. Followed by the conclusions and recommendations in Chapter 5.

1.2. Research Problem

This research paper focuses on consumers' emotion experiences in service encounters. Services are intangible products that are not goods (tangible products), such as accounting, banking, cleaning, consultancy, education, insurance, know how, medical treatment, transportation. Sometimes services are difficult to identify because they are closely associated with a good; such as the combination of a diagnosis with the administration of a medicine. No transfer of possession or ownership takes place when services are sold, and they (1) cannot be stored or transported, (2) are instantly perishable, and (3) come into existence at the time they are bought and consumed.

There are various kind of services mentioned in this study such as hotels, restaurants, beauty parlors, banking services, transportations, etc. Furthermore, these study include the development of and the use of the critical incident technique in identifying the factors underlying satisfying and unsatisfying service experiences (Bitner, Booms & Tetreault, 1990). Using the critical incident technique, this study identifies and classifies the different types of emotions perceived by the end-users based on their own personal critical experiences in the past regarding the service encounters. Specifically, these customer-experienced critical incidents have properties that enable valuable information about how their emotions could or/and would affects the sales income of the mentioned services. Theories of emotion vary with explanation on the relationship between a bodily response and psychological feeling being primary components. Emotions are our feelings. Literally. We feel them in our bodies as tingles, hot spots and muscular tension. There are cognitive aspects, but the physical sensation is what makes them really different.

The variety of emotions, either positive or negative, that the end consumers express based on personal experiences, is the basis of interest in this research. The concept of consumer emotions in this research is based primarily on research carried out by Edwardson (1998) who argues for the need to move beyond the satisfaction construct as a measure of the consumer experience. According to Edwardson (1998), satisfaction is a word that has been framed by a rather conservative viewpoint in business and academia. Whereas one of the more accepted theories by Parasuraman, Zeithaml & Berry (1988) suggests that satisfaction, as a transaction specific response, and service quality as a global judgment, are best conceptualized as the gap between a consumer's expectations and the performance of the provider. Hence, Edwardson (1998) stated, "This conformation/disconfirmation paradigm and the gap model are useful conceptualizations, but what is consumer anger then? A very big gap? What about excitement?"

Hereby, this study focuses on one research question: "How do consumers express their emotions for both positive and negative service experiences?". The interaction between expectations and actual product performance produce either satisfaction or dissatisfaction. However, there does not appear to be merely a direct relationship between the level of expectations and the level of satisfaction. Satisfaction is kind of stepping away from an experience and evaluating it. One could have a pleasure experience that caused dissatisfaction because even though pleasurable, it wasn't as pleasurable as it was supposed or hoped to be. These include the development of and the use of the critical incident technique in identifying the factors underlying satisfying and unsatisfying service experiences (Bitner, Booms & Tetreault, 1990).

1.3. Research Objectives

This study aims to explore consumer emotions in both positive and negative service experiences. Using the critical incident technique, this study identifies and classifies the different types of emotions perceived by the end-users based on their own personal critical experiences in the past regarding the service encounters. Specifically, these customer-experienced critical incidents have properties that enable valuable information about how their emotions could or/and would affects the sales income of the mentioned services.

1.4. Research Contribution

Academically, this study helps to figure out the variety of emotions express by consumers for both positive and negative service experiences. Thus, enables people to find out more about the different kinds of emotions. This paper also explains that not all consumer uses the word satisfaction when they are satisfied with the service provided; and not all dissatisfied consumer uses the term dissatisfaction towards the service provider.

Methodologically, the critical incident technique (CIT), has not been used widely in the marketing literature, especially in Indonesia. This study is one of the few research using this method. This research procedure will be described in detail in Chapter 3.

For managerial implications, this study is useful in explaining on how the services given by the service providers affects the consumers' feeling, and how it will affects the consumers' next buying decision towards those services. The key lesson here is, do not mess with your customers. Once you break the customer's heart, you'll get hatred in return and the name as well as the bad impression you give to your customers will always

remain in their memories. But even when you satisfy them, they tend to get amnesia, they forgot what you have done for them, not that they have less memory, but its just that they think they deserve the best because they spend a sum of money to purchase those services. Or even worse, customers always believe that they are the “King” and that they are always right. Hence, no matter how good the services you provide, if your customers do not feel satisfied, they always pin point the mistakes to the service providers. This is also known as attribution theory. When we have erred, we will more likely use external attribution, attributing causes to situational factors rather than blaming ourselves.

1.5. Research Structure

This research paper starts by giving instructions to the participants to write their experiences, the critical incidents on service, both positive and negative service experiences. This study uses the critical incident technique to evaluate the outcome. The CIT is an open-ended retrospective method of finding out what participants feel are the critical features of the software being evaluated (Flanagan, 1954). Flanagan (1954) identified five steps involved in CIT. The first is determining and reviewing the incident(s) of the study (i.e., a brief statement of the topic under study). According to Flanagan (1954), this step is essential, as evaluation is impossible without first properly identifying the incidents. The second step of CIT is to specify how factual incidents are, which involves collecting the details of the incident from the participants. This determination would lead to the development of criteria used to decide which interactions to note. The third step is to collect the data. When all of the facts are collected, the next step is to identify the issues. The fourth step in CIT is to analyze the data. The analysis should be summarized and the data described efficiently so they can be used for practical

purposes. Flanagan (1954), did acknowledge, however, that this fourth step is less objective than the others. Afterwards, a decision can be made on how to resolve the issues based on various possible solutions. The fifth and final step is to interpret and report the requirements of the incidents being studied. The most important aspect is the evaluation, which will determine if the solution that was selected will solve the root cause of the situation and will cause no further problems.

CIT analysis uses a method known as Content Analysis in order to summarize the experiences of many participants or many experiences of the same participant. Content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. According to Fitness & Fletcher (1993), emotional knowledge structures, have been found in the content analysis of the stories people tell about communal and close relationships, but these have not been studied for exchange relationships and specifically service encounters.

The instruction of the critical incident technique is designed to encourage a full, meaningful answer using the participants' own knowledge and/or feelings. The answers to the instruction is much more difficult to tabulate and analyze but provide more information than the examiner might otherwise collect. Giving away instruction is a good survey technique, because the cost (printing, distribution, collection, analysis) is low relative to that of other methods such as personal interviews, because participants can respond at their own convenience, because no interviewer bias is introduced, and because responses can be kept completely confidential. But it also has some disadvantages such as that the results may be biased toward the opinions of those who chose to respond to the

instructions versus all those who had been asked to respond, and the results may be unclear if the instructions were misunderstood.

