

# Service encounter satisfaction: conceptualized

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Services marketing

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Since the 1970s researchers have focussed on understanding consumer satisfaction. And since that time services have continually grown until they currently account for over two-thirds of America's GNP and three-quarters of American workforce employment (Assael, 1990). Service exports are also being counted on to help address the country's balance of trade problems (Zeithaml *et al.*, 1990). Suffice it to say, services are crucial to the US economy. With the marketing concept operating as a powerful driving force, understanding *consumer satisfaction and the service encounter* is now at the forefront of marketing's priorities.

The purpose of this article is to offer a richer conceptualization of the disconfirmation paradigm suitable for service encounters. A conceptualization that, while explicitly acknowledging the process of service consumption, offers practitioners significant insight into managing service delivery to satisfy consumers. Initially, this article addresses the pertinent service and satisfaction literature, followed by a detailing of the model. Finally, managerial implications and conclusions are forwarded.

## Theoretical groundwork

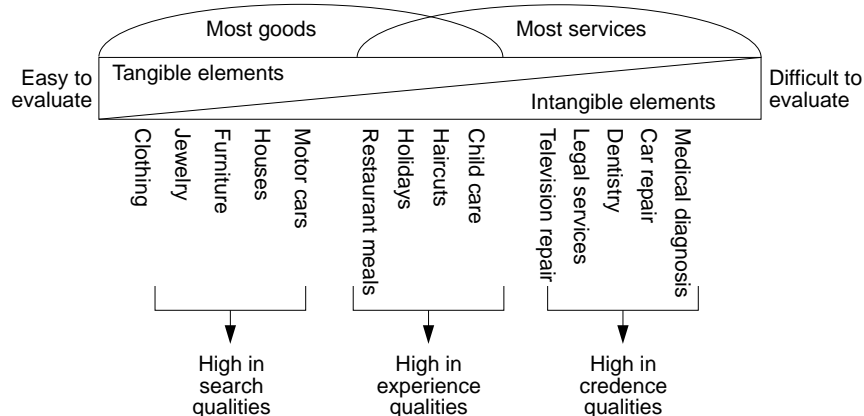
Products (goods) are bundles of attributes rendering satisfaction. Services too are bundles of attributes rendering satisfaction, yet they have been more aptly described as "promises of satisfaction" (Levitt, 1983, p. 96). Compared with goods, it is commonly accepted that services have unique characteristics. Services are primarily intangible, cannot be separated from their provider or stored in inventory, and their delivery tends to be inconsistent.

Both goods and services are conceptualized to fall on a continuum ranging from tangible to intangible (see Figure 1). Goods and services contain search, experience, and credence qualities. Search qualities are those that a consumer can determine prior to purchasing, experience qualities are those that can only be discovered after purchase or during use, and credence qualities are those that a consumer may find impossible to evaluate, even after purchase and consumption. As Figure 1 illustrates, services primarily contain experience and credence qualities.

Service performance takes place in what has been termed the service encounter; the time frame during which consumers directly interact with service providers (Czepiel *et al.*, 1985). This implies that all elements of an encounter, for example the physical facility, waiting times, and of course service personnel are involved. Such an encompassing view is not only conceptually sound but also practitioner focussed, in that variables in the

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The author would like to express appreciation to Dr Julie Baker of the University of Texas at Arlington, and Dr Ken Bahn of James Madison University for their encouragement and insights during the development stages of this article.



Source: Rushton and Carson (1989)

Figure 1. The goods/service continuum

service delivery environment are often controllable factors of a firm's marketing mix.

**Technical and functional dimensions**

Service performance has been divided into a technical and functional dimension. Technical performance is the "what" a customer receives, the *core* service, while functional performance is the way in which a consumer receives the technical service, the "how", "why", "where" and "when" of the service (Hill, 1986). For example, a hotel's core service could be described as "a comfortable night's sleep" while its functional components include having a room easily accessible from the elevator or a pleasant desk clerk. Similarly, Lovelock (1991) discusses core and supplementary services. Continuing the hotel example, "a comfortable night's sleep" remains core, while supplemental services include room service or advice on local eating establishments. Thus, services have a core component as well as peripheral components (peripheral in the sense they are not the "what" a consumer is purchasing). Service consumers evaluate both core and peripheral service performance.

**Consumer satisfaction**

Researchers generally agree consumer satisfaction (goods or services) results from a subjective comparison of expected and perceived attribute levels. The key elements have been described, with considerable conceptual and empirical support, by the disconfirmation model (see Figure 2). This model holds that consumer satisfaction is related to both the size and direction of disconfirmation, with three potential outcomes: negative disconfirmation, positive disconfirmation and confirmation.

Expectations, primarily defined as predictions about what is likely to happen during the impending exchange, are used as a reference against which one can compare performance and assess disconfirmation. Consumer expectations about service performance may be active – those future states of nature consciously anticipated by the consumer – or passive – those expectations that exist only generally and are probably not processed unless disconfirmed (Oliver and Winer, 1987). To date, the differing role of active and passive expectations has not been explicitly considered in the disconfirmation framework.

**Zone of indifference**

Woodruff *et al.* (1983) suggest consumers have a "zone of indifference" in evaluations, indicating performance must fall outside some expectation standard for satisfaction/dissatisfaction to occur (confirmation leads to a

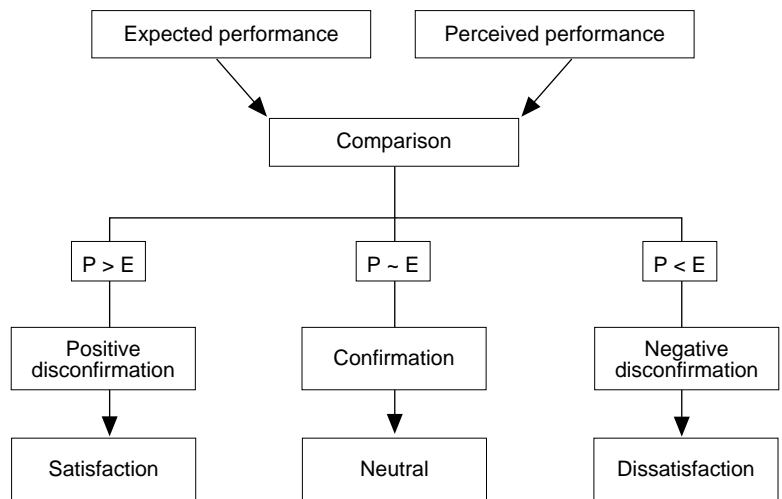


Figure 2. The disconfirmation model of consumer satisfaction

neutral/indifferent state). Oliver (1989) proposes that disconfirmation for continuously provided services does not operate unless service changes occur outside some range of experienced-based norms. In other words, consumers may not take notice of, may neither be satisfied nor dissatisfied with, certain aspects of the encounter. Hoch and Ha (1986) argue that the typical consumption experience occurs without much conscious evaluation of the multitude of factors in the environment. Because information processing limitations prevent full attention to every detail in an ambiguous situation, consumers use assimilation processing as long as the data are not incongruent enough to provide a clear violation of expectations. That is, unless something out of the ordinary occurs prior to, during, or after purchase, a consumer's evaluation of their service encounter will include increasing amounts of neutral judgments ("seeing" performance as expected). The disconfirmation model depicted in Figure 2 is based on this Woodruff *et al.* (1983) notion illustrated by Hill (1986).

#### A conceptual model of service encounter satisfaction

Researchers have cautioned against merely accepting the disconfirmation paradigm in its present form as appropriate for service evaluations; satisfaction processes with services may be different from those with goods. Jayanti and Jackson (1991, p. 603) state, "due to the increasing importance of services to the economy, processes underlying service satisfaction need to be explored further". While the traditional disconfirmation model conceptualizes satisfaction as a point in time after consumption, Fisk (1981) divides the service evaluation process into three stages: pre-consumption, consumption, and post-consumption. Fisk's conceptualization explicitly recognizes that the evaluation process of a service entails more than a simple post-usage judgment.

The newly conceptualized service encounter satisfaction model affords one a better understanding of this process by using three separate, yet integrated, stages of disconfirmation. The model considers how expectations can change during a service encounter, as well as how a consumer's "zone of indifference" and core and peripheral performance influence satisfaction. These considerations afford service providers insight into better managing satisfaction with their offering (see Figure 3). Each stage is discussed below.

Expectations can change

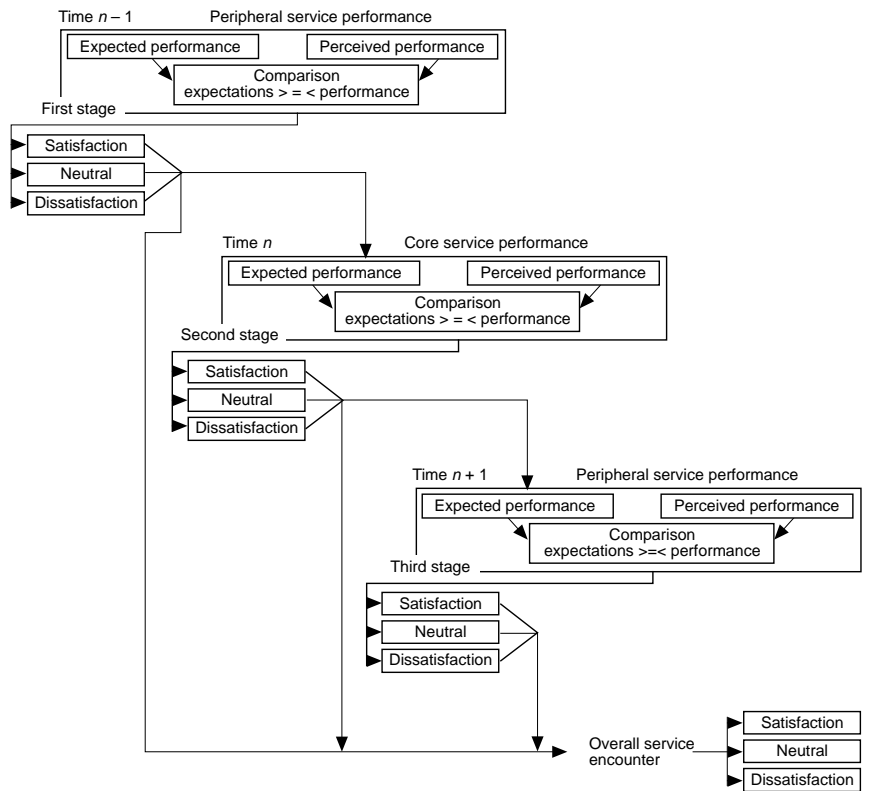


Figure 3. Service encounter satisfaction

First-stage evaluation

Prior to consuming the core service, consumers encounter peripheral components and compare their performance with expectations; expectations which are primarily passive in nature. Because these initial impressions of the service provider’s capabilities govern the direction of impending interactions, appropriately managing first-stage evaluations can be an important foundation to eventually satisfying customers. First-stage peripheral performance can be better than expected, worse than expected, or as expected.

Though external to “what” a consumer is buying, as seen through the eyes of the service consumer, peripheral service performance is a vital part of the total service offering. Examples of first-stage peripheral performance include the pleasantness of the service provider’s personality, the cleanliness of the service provider’s waiting area, or the temperature of the office environment. Shostack (1985) notes that “customers have a difficult time trying to objectively determine service quality, particularly prior to purchase...they look to the physical evidence at hand for verification. The symbolic nature of apparel and appearance plays very heavily on both their willingness to try a service and their *satisfaction* with it” (p. 251, emphasis added). A growing atmospherics literature attests to the importance of managing the physical environment; an environment which may influence consumers prior to consuming the core service.

Understandably, this stage differentiates the model from the traditional disconfirmation model. Yet, the processual nature of service encounters mandates a pre-core service delivery evaluation component while empirical research also suggests its importance. For example, Bitner (1990) demonstrates that physical surroundings (a messy versus a neat office)

significantly influence consumer responses. Baker *et al.* (1988) conclude that a bank's service facilities affect customer satisfaction. Taylor and Claxton (1994) found that airline evaluations from passengers experiencing flight delays were significantly lower than evaluations from those who did not. Perhaps most interestingly, the attributes important in evaluating the airline's performance were different between the two groups; delayed passengers based their evaluations more on punctuality dimensions! In other words, events that occur during the first stage cannot only influence overall evaluations but also suggest the relative importance of evaluative dimensions.

Because the core service has not yet been performed, consumers cannot evaluate that component. However, peripheral performance evaluations do influence a consumer's expectations of the second-stage core service, as well as influence the overall service encounter evaluation (note the two paths leading from the first-stage evaluation). For example, consumers have expectations of what a doctor should look like (perhaps even more so, what one should *not* look like!, i.e. too young, too sickly) and the extent to which the doctor does or does not confirm their pre-service expectations will influence expectations for upcoming core performance.

#### Second-stage evaluation

At time  $n$  ( $n$  being the time of core service delivery), perceived performance of the core dimension is compared with the consumer's more active expectations; this aspect of the service is more consciously anticipated by the consumer. This evaluation can be better than expected, worse than expected or as expected, which influences third-stage post-service delivery expectations and directly influences overall service encounter evaluations (note the two paths leading from the second-stage evaluation). It is important to emphasize that the core service is evaluated at this stage; for example, whether or not the plumber unclogged the drain, not if his uniform is soiled or demeanor is abrupt. Of course, model stages can easily be separated conceptually, but pragmatically all are intertwined. Peripheral service performance factors (i.e. temperature of the room) do not disappear during the second stage, yet the consumer's focus shifts on to core service delivery.

The nature of the disconfirmation framework (comparing expectations to performance) suggests most properly performed core services should lead to a confirmation of consumer expectations. In fact it is difficult to imagine plausible arguments for consumers purchasing services which they expect not to perform adequately. Levitt (1983) and Hill (1986) argue that service consumers expect the core aspect to be paramount and marketers must understand that precluding dissatisfaction (with the core service) is a prerequisite for satisfying customers. Czepiel *et al.* (1985) suggest that only small deficiencies in the core service performance can be overcome.

The conceptual separation of a second-stage core evaluation from a first- and third-stage peripheral evaluation offers two major benefits. First, it is vital for understanding that "what" a consumer buys must be adequately delivered for the opportunity to deliver a truly satisfied customer. And second, it highlights the importance of peripheral components in the total service offering.

#### Third-stage evaluation

A post-core-service delivery comparison of expected and perceived peripheral performance dimensions takes place in the third stage. As with previous stages, this evaluation can be better than expected, worse than expected, or as expected, feeding directly into the overall service encounter

**Overall service  
encounter  
evaluation**

evaluation (note one path leading from the third-stage evaluation). Examples of third-stage peripheral performance include payment procedures, the promptness of required check-out procedures, or the pleasantness of the service provider after core service delivery. Most peripheral dimensions occurring in the first stage can also manifest themselves in this stage.

Though it is difficult to specify the exact point in time when third-stage evaluations begin, a consumer's focus shifts away from the core service once it has been delivered and expectations once again become more passive in nature. Furthermore, expectations in the third stage can be different from those of the first stage and may be suggested by the process itself. Boulding *et al.* (1993) suggest that consumers update expectations whenever they receive relevant information, including when they make contact with the firm's service delivery. McGill and Iacobucci (1992) demonstrate that pre-consumption and post-consumption comparison standards are different. Consumers of an unfamiliar service (an introductory computer workshop) used small details of the encounter to evaluate the service; details not included in their initial pre-service delivery expectations. In fact, the details used would have been difficult for them to envision prior to consumption.

This stage accounts for post-core-service delivery interactions. For example, consider a consumer's overall service encounter evaluation when the doctor, two hours after performing a flawless tonsillectomy, is deliberately rude in cutting short the post-surgery consultation. Would that consumer's evaluation be the same had their interaction been more pleasant? Woodside *et al.* (1989) found that a hospital patient's food satisfaction rating explained the most variance in global satisfaction with the hospital stay (more than the rating of the doctor). The quality of the hospital food had the greatest influence on satisfaction judgments! Bitner *et al.* (1990) found that it was not necessarily the failure of the core service alone that led to dissatisfaction, but it was the employee's response to that failure. In some instances, a service provider can turn dissatisfying core service (second-stage) judgments into overall service encounter satisfaction through efforts in this stage. Clearly, post-core-service events influence one's overall service encounter evaluation; services are a process!

The overall service encounter evaluation is a function of three separate, yet integrated, evaluation stages. The importance of modeling peripheral components directly into a conceptualization of service encounter satisfaction is readily apparent; customer/firm interactions prior to and after core-service delivery influence satisfaction. Also, it is apparent that adequate core-service delivery does not ensure satisfied customers. It is this final evaluation that conceptually defines overall service encounter satisfaction, dissatisfaction or neutrality.

When making this final judgment, the type of service offering influences the weight each stage is given. In general, as you move further right on the goods/services continuum (see Figure 1), the greater the influence of first- and third-stage evaluations. Using teaching as an example, increasing emphasis will be placed on the environment in which the lecture is delivered, the reputation of the school, and the attire of the instructor, rather than the core-service offering of education. Conversely, as you move from right to left, the greater the influence of the second-stage evaluation. Using automobile renting/leasing as an example, increasing emphasis will be placed on the transportation utility of the vehicle rather than on the

**Purchasing the core service**

friendliness of the person at the rental car desk, or how they dressed, or the clutter of the rental area.

Regardless of a service's position on the goods/services continuum, consumers primarily purchase the core service (i.e. they want the drain unclogged or they want the TV repaired). If the core service is adequately delivered, peripheral performance leads consumers to recall encounters as satisfying. Too often researchers and practitioners concentrate on delivery of the core offering, yet consumers evaluate the total offering. As Lovelock (1991) notes, the core service will sooner or later become a commodity and it is the supplementary services that give firms a competitive advantage.

**Managerial implications and recommendations**

This conceptualized model affords practitioners a better understanding of how they can deliver satisfied customers. By separating service encounters into their pre-consumption, consumption and post-consumption evaluation stages, it helps a manager to see both the core and peripheral component influences of their offering. The model shows, not surprisingly, why service firms unable to deliver adequately the core component have difficulty in delivering overall service encounter satisfaction to consumers. The model further illustrates that solely delivering the core component as "actively" expected will not ensure a satisfied customer. Service marketers must go beyond that; they must also pay attention to pre- and post-core – delivery aspects – the "how", "why", "where" and "when" – because these dimensions help to shape a service consumer's overall judgment of satisfaction.

**Peripheral performance dimensions**

Service marketers must develop strategies which call to a consumer's attention potentially satisfying peripheral performance dimensions or risk having consumers walk away from an encounter with a neutral, rather than satisfying, judgment. They must turn passive expectations, on performance dimensions carefully designed to signify the quality of the service, into positive disconfirmations by directing a consumer's attention to them. It is one thing for a marketer to be truly good at some aspect of the service delivery, and quite another for the customer to be satisfied with that particular aspect. For example, consumers entering a clean hotel room with a recently vacuumed floor, sparkling windows and fresh linen may make little or no conscious evaluation of that, and often that may be best. However, management can set the "appropriate focus" by assisting consumers to notice aspects of the provided service (i.e. the often used examples of "tangibilizing the evidence" by placing a mint on the pillow of the freshly made bed or a sanitary covering on a clean drinking glass). Without such actions, often there is little reason to anticipate that consumers will be satisfied with, let alone take notice of, those aspects.

To illustrate this concept of setting the appropriate focus further, consider how to assist hotel consumers in noticing, if you so choose, the speed of check-in/check-out procedures. The hotel could use signage within the immediate environment to bring this to the consumer's attention, train contact personnel to take, and exhibit, pride in quickly serving customers during their inevitable interactions, design the lobby area to have multiple (permanent or temporary) check-in/check-out stations, or a hotel could even design management offices visibly open and "up front" so that customers can see that the firm's quest for speedy assistance has led to front desk personnel always having additional support immediately available. The ways to "assist consumers" in noticing aspects of one's service are, of course, only

### Handling poor service delivery

limited by the creativity of the provider. In the end, service marketers that are able to do something beyond expectations – something to break through the consumers’ “zone of indifference” and create positive disconfirmations – will hold a competitive advantage. Research shows that the more an attribute is not actively expected (i.e. passive expectations), the greater its importance in determining evaluations (Taylor and Claxton, 1994). And because peripheral performance dimensions, which tend to be more passively expected, are an integral part of the service encounter, marketers must continually search for and update ways to use those dimensions to satisfy customers.

This model also accounts for ways in which a service provider can recover from poor pre-service and core-service delivery during the third stage. The conceptualization calls attention to the need for, and the ability to have, policies for handling poor service delivery. Such service recovery policies enable providers to respond to problems – to create satisfied customers out of dissatisfied ones. In one comprehensive study of service encounters, Bitner *et al.* (1990) found that one-quarter of all satisfying encounters occurred when there was a core service delivery failure! It was the service’s response to that core failure that led to satisfaction. Service policies/procedures that address compensating consumers for a lengthy wait, complimentary upgrades if core performance is inadequate, or engendering contact employees to make satisfying customers a priority can often go beyond a customer’s expectations. Rogers *et al.* (1994) recommend that service providers empower employees to do whatever it takes to satisfy customers; this not only helps to negate poor core-service performances, but also creates satisfied employees.

Perhaps most importantly, this conceptualization better affords managers the opportunity to view service satisfaction as the process it is. The model provides a sketch which is useful in planning how best to manage the flow of core and peripheral performance dimensions to create satisfied customers. Planning the service interaction across all three stages requires a detailed consideration of the service process; something required in service blueprinting.

Blueprints are used to “fully and accurately portray any service system in its entirety so that the system can be understood objectively and dealt with on that basis” (Shostack, 1992, p. 77). Blueprinting helps one to identify “encounter points” where consumers directly interact with, and are exposed to, visible evidence of the service. Of course, there are several such points within a typical service encounter, and understanding the relationship which both core and peripheral performance dimensions have on satisfaction judgments can assist in planning those interactions. Services must not only plan for, and adequately perform, their core service, but also plan for, and deliver, peripheral performance because this is where service marketers are truly given the opportunity to go beyond expectations; to satisfy customers.

### “Behind-the-scenes” work

In every service, “behind-the-scenes” work takes place. And even though a service provider may be the objective best at doing such work and delivering its core service, satisfaction judgments are not solely driven by that! To deliver satisfaction, attention must be given to the totality of the offering. This conceptualization equips practitioners with a model to do just that; it outlines the flow of a service encounter and how differing aspects influence overall satisfaction. In the most basic sense, this model is a “portable

**Better  
understanding  
service satisfaction**

blueprint of service encounter satisfaction” applicable to a wide range of service offerings.

**Conclusion**

Bluel (1990) notes that his experiences tell him that he can undo all those things that caused dissatisfaction and still not have a satisfied customer, suggesting that there is not a one-to-one correspondence between what is satisfying and what is dissatisfying. He concludes by asking, “Where do we go from here?”. Perhaps, if this conceptualization of service-encounter satisfaction can successfully endure the scrutiny of practitioners and scholars alike, we have the genesis of a reply to his question.

Without doubt, researchers and practitioners will agree that consumer satisfaction is an important, yet complex, issue. And while consumer satisfaction continues to be heavily investigated, consumer service satisfaction is only now beginning to receive its due attention. To date, the distinct conceptual processes undertaken by service consumers have been elusive. This model is one attempt to capture that process better.

This model affords one a better understanding of the process of service satisfaction. By identifying and separating the peripheral and core dimensions of services, by explicitly considering the evaluation process over time, by implementing the concept of active and passive expectations within a service encounter, and by incorporating a consumer’s “zone of indifference”, a more realistic decision process for consumer evaluations of services comes forth. And to that end, hopefully a better understanding of how to increase service customer satisfaction is also forwarded.

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