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## The Servicescape and Behavioral Outcomes: Formative versus Reflective Indicators

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# **Not all Services are Created Equal: An Investigation into the Role of Emotion in Service Experiences**

## **Abstract**

The literature is abundant with research which advocates the important role of emotions in the consumption of both products and services. For services, emotions are thought to be even more significant with regards to how they influence the consumption experience. The reason for this is that for many services, the consumer tends to spend an extended period of time in the service thus increasing the likelihood of an emotional experience. A second emotional trigger stems from the interpersonal dimension that goes hand in hand with many services. The problem with this view is twofold: firstly, not all services are delivered over an extended period of time, and secondly, many services lack a significant amount of personal contact. For this reason, we propose and illustrate how the service classification, that is, whether it can be regarded as a hedonic or utilitarian greatly determines the extent to which emotions influence satisfaction with the service.

**Key words:** Customer satisfaction, consumption emotions, affect, service satisfaction, utilitarian, hedonic.

**Track:** Services Marketing

## **1. Introduction**

Early customer satisfaction literature viewed the disconfirmation of expectations process as wholly cognitive in nature (Churchill & Suprenant, 1982; Oliver, 1980). Later revisions to the model led to the inclusion of emotional reactions which were thought to more thoroughly explain the complexity of customer satisfaction formation (Mano & Oliver, 1993). Since this time, there has become an almost ubiquitous acceptance that satisfaction evaluations are comprised of both cognitive and affective elements. Within this paper we address this issue and we question whether emotional reactions are in fact prevalent in all service situations. We chose two retail services, one hedonic and the other utilitarian to examine how the role and extent to which emotions are experienced varies depending on the type of service.

## **2. Understanding the role of emotions in consumer behaviour**

The study of emotions originates in the field of psychology, within which there has been a considerable debate on whether emotions are driven by cognitive processes (Lazarus, 1984) or whether they occur independently of thought (Zajonc, 1984). For marketing scholars the former of these two approaches seems to dominate the literature. This view sees emotions as cognitive appraisals and are typically coupled with physiological responses (Bagozzi, Gopinath, & Nyer, 1999; Lazarus, 1984). Within the customer satisfaction literature, one of the first studies to explore the influence of positive and negative affect on satisfaction was Westbrook's (1987) study on two product categories; cars and cable television. It was found that positive and negative affect contribute independently and significantly to satisfaction judgements beyond the effects of the cognitive disconfirmation of expectations (DE) model. For both products, positive affect was positively and negative affect negatively related to satisfaction. A follow up study by Westbrook & Oliver (1991) attempted to extend Westbrook's (1987) earlier findings through the examination of the affective structure of satisfaction. While they found that three emotional responses were important antecedents of satisfaction; pleasant surprise, interest and hostility, other findings in their study were very mixed. For instance, their analysis revealed that a group existed that were positively satisfied yet their purchasing experience was largely devoid of affective reaction. According to the authors, it seems that only those who are at extreme ends of the satisfaction scale appear to elicit emotional responses. In general, this stream of research has generally found that if a product exceeds customers' expectations, positive emotions will result and vice versa when expectations are not met (Oliver, 1993; Oliver & Westbrook, 1993). This valence-congruent direction has long been accepted within the literature and the direct link between positive emotions and negative satisfaction is also thought to be robust (Dubé & Menon, 2000; Westbrook, 1987). More recent product research also supports this contention, however it has been found that the role of affect actually decreases over time with the role of cognition becoming more prominent (Homburg, Koschate, & Hoyer, 2006).

A number of studies have also examined the influence of emotions on customer satisfaction within a service context. Price, Arnould & Diebler (1995) was one of the first to examine this issue, with the authors believing that that because the consumer is actively engaged in the service encounter, emotions should be more significant than for other purchases. Unfortunately it was found that on average, consumers have little or no emotional response to service encounters. Contradictory to Price et al.'s (1995) findings, quite different results were found by Alford & Sherrell (1996) where it was revealed that general and service provider affect had a direct effect on performance evaluations which subsequently influenced satisfaction. Liljander & Strandvik (1997) also investigated whether customers experience emotions while consuming a service and whether they are related to perceived satisfaction in a labour force bureau and it was found that emotions explained more of satisfaction than any

other single construct in the model. Interestingly, negative emotions had a stronger effect than positive emotions on satisfaction. In recent years, result of studies have become conflicting, with some finding that cognitive evaluations are more salient than emotions (Burns & Neisner, 2006; Garry, 2007; Mudie, Cottam, & Raeside, 2003) while others find that emotions are significant predictors of satisfaction (Krampf, Ueltschy, & d'Amico, 2003; van Dolen, de Ruyter, & Lemmink, 2004). We propose that this confusion in the literature is most likely to stem from the variation in the contexts under study. For instance these studies cover a broad range of situations which include a variety of retail contexts (Mudie et al., 2003; van Dolen et al., 2004), dental services (Alford & Sherrell, 1996; Krampf et al., 2003) and law firms (Garry, 2007). More specifically we believe that whether the service is either a hedonic or utilitarian service has an important bearing on the extent to which emotions are elicited by consumers.

### **3. Utilitarian and hedonic services: the role of emotions**

Classifying goods and services into being either utilitarian or hedonic in nature was first introduced by Woods (1960) and was later developed by Hirschman & Holbrook (1982). In their treatise of hedonic consumption, Hirschman & Holbrook (1982) highlighted the differences between hedonic and traditional consumption situations wherein they defined hedonic consumption as 'the facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one's experience with products', (Hirschman & Holbrook, 1982, p. 92). Associated with hedonic consumption are heightened levels of emotional arousal and it also effects non-cognitive modalities such as the olfactory, tactile and aural senses. Hedonic products are primarily consumed for sensory gratification, fun and enjoyment and generate high levels of emotional arousal (Lim & Ang, 2008). Classifying phenomena according to whether they are utilitarian or hedonic has become quite topical in recent years, with studies examining hedonic or utilitarian differences in a variety of contexts including; motivation research (Childers, Carr, Peck, & Carson, 2001), advertising appeals (Albers-Miller & Stafford, 1999), attitudinal research (Voss, Spangenberg, & Grohmann, 2003), cross-cultural differences (Lim & Ang, 2008) and value research (Jones, Reynolds, & Arnold, 2006). Different types of products and services have also been classified according to whether they are utilitarian or hedonic (Chitturi, Raghunathan, & Mahajan, 2008; Dhar & Wertenbroch, 2000; Hirschman & Holbrook, 1982; Okada, 2005; Wakefield & Blodgett, 1999) with the difference between the two product or service types stemming from the benefits that a consumer receives in return for consuming them. Basic necessities such as food and certain types of clothing are utilitarian products that satisfy physiological or safety needs. Although clothing or food products are not limited to being utilitarian products by definition as they can migrate to being classified as hedonic products if they are consumed in a discretionary nature. With regards to services, much of the same theory applies, with hedonic services characterised as being more sensual in nature and are consumed for affective pleasure and fun. Conversely, utilitarian services are those services that are more task-oriented and are used to achieve some sort of functional goal (Dhar & Wertenbroch, 2000). Utilitarian services are generally characterised as being low involvement services that are primarily consumed for a particular reason. Furthermore, utilitarian services are characterised as being low in terms of customer contact with little heterogeneity across different firms' offerings and with an emphasis on the usage of equipment.

### **4. Hypothesis development**

It is evident from the literature that there is an implicit assumption that the type of service has considerable bearing on the extent to which emotions are experienced in services yet there is a dearth of studies which have addressed this particular issue. The current study compares

the extent to which emotions are experienced in two contrasting retail environments, one hedonic and the other utilitarian. As the literature suggests that in hedonic services, consumers are more likely to experience emotions we propose that for this type of service, emotions will be more dominant. The antithesis will occur for the utilitarian service wherein, emotions are less likely to have a significant impact on customer satisfaction. Also in line with emotions research, we propose a valence-congruent relationship between emotions and customer satisfaction, whereby positive emotions lead to higher levels of customer satisfaction and negative emotions have a negative effect on customer satisfaction. We also test the well documented positive relationship between customer satisfaction and behavioural intentions. The propositions are detailed in the following hypotheses:

H1(a,b): Positive emotional reactions will have a positive influence on customer satisfaction in the hedonic (a) and utilitarian service (b).

H2(a,b): Negative emotional reactions will have a negative influence on customer satisfaction in the hedonic (a) and utilitarian service (b).

H3(a,b): Customer satisfaction will have a positive effect on behavioural intentions in the hedonic (a) and utilitarian service (b).

H4: Emotional reactions will be more pervasive in the hedonic service than the utilitarian service.

## **5. Methodology**

An upscale department store was chosen as the study site for the hedonic service. It was felt that this store sufficiently met the requirements of a hedonic service as the luxury range of products stocked by the store, as well as the lavish decor fit well with a service design that is more sensory in nature. Moreover, retail personnel provide an individualised service for customers thus having relatively high levels of interaction between employees and customers. For the utilitarian service, a service station was chosen as this service would only be visited by consumers out of pure necessity. Furthermore, there is likely to be little contact between service personnel and customers, with a heavy emphasis on self-service technologies. These issues culminate in a service that has a standardised transactional approach to the delivery of its service which leads to a consumption process that is almost entirely absent of any kind of emotional response. Data was collected from the high end retailer over a two-week period and resulted in a sample of 281, of which 253 were useable. The data collection for the service stations took approximately three weeks which garnered a sample of 355. For both services, respondents were intercepted as they exited the store with student interviewers used to personally administer each survey.

The items used in the survey were all taken from previously validated instruments. Emotions were measured using Watson, Clark & Tellegen's (1988) PANAS scale. This scale has been used previously in consumer research (Bloemer & de Ruyter, 1999; Mano & Oliver, 1993; Oliver, Rust, & Varki, 1997) and has undergone extensive psychometric evaluation by its originators. Customer satisfaction was measured using a shortened version of Oliver's (1980; 1997) scale and finally behavioural intentions were measured using items from Zeithaml, Berry & Parasuraman's (1996) instrument. All items were measured on seven-point scales ranging from 'Strongly Disagree' to 'Strongly Agree'. The research model (see Fig. 1) was tested using Anderson & Gerbing's (1988) two-step approach. The first stage of which involved testing the reliability of items in a confirmatory factor analysis. This highlighted issues with regards to a number of items across both samples and led to a series of deletions. The final constructs used in the analysis were found to meet reliability and discriminant validity criteria and the results of which can be found in Table 1. The two structural models

were then run using LISREL 8.51, both of which were found to fit the data well. For the hedonic service the following fit indices were found;  $\chi^2 = 112.18$ ,  $df = 71$ ,  $p = 0.00133$ , RMSEA = 0.048, CFI = .98, SRMR = 0.057. Similar well fitting statistics were found for the utilitarian service;  $\chi^2 = 81.22$ ,  $df = 40$ ,  $p = 0.00013$ , RMSEA = 0.054, CFI = .97, SRMR = 0.068.

Based on the conceptual support from the literature, it was hypothesised that positive emotion would have a positive effect on customer satisfaction (H1a,b) while negative emotions would have a negative effect on customer satisfaction (H2a,b). For both services, support was found for the directionality of the paths, however, for the hedonic retail service, the path between negative emotions and customer satisfaction was non-significant (H2a). Across both contexts, support was also found for the path between customer satisfaction and behavioural intentions, thereby finding support for H3a,b. With regards to H4 we found that for the hedonic service, positive emotions contributed significantly and positively to customer satisfaction with a path coefficient of 0.40. Upon initial inspection this does not seem a considerable amount of variance that emotion is contributing to satisfaction, however when we examine the utilitarian service we can see that although the relationship between emotions and satisfaction is significant and in the expected direction, the path coefficient is considerably lower at 0.14. With regards to negative emotions, a slightly different picture emerges, for the hedonic service, negative emotions do not significantly contribute to satisfaction, whereas for the utilitarian service the relationship between satisfaction and emotions is supported.

As these results are relatively inconclusive with regards to answering H4, further analysis of the means for all emotion items in the survey shows that for the utilitarian service emotional responses were almost non-existent with the mean responses for many of the emotions between 1.00 and 2.00 (see Table 2 for further details). As the scale-points ranged from 'Not at all' (1) to 'A lot' (5) the very low mean scores demonstrate the absence of emotional responses within this service. *t* tests were also performed and significant differences were found between the two services across all emotions items. These differences were also in the direction expected with the means of the hedonic service significantly higher thus indicating how pervasive emotions are in this context. It is also interesting to note that many of the Eta squared values are medium to strong which gives further support to the significant differences between the two groups. This is more notably the case for positive emotions with three emotions (Interested, Excited and Inspired) having Eta squared values of greater than 0.48 which is considered very large (Cohen, 1988).

## **6. Concluding remarks and final discussion**

One of the initial purposes of this study was to highlight how services differ greatly in their ability to elicit emotional responses from consumers. We selected two services on the basis that although they can both be broadly classified as retail services they are quite dissimilar in terms of the level of service they provide to customers as well as the overall service experience. Structural equation modelling was used to test a structural model which hypothesised the well documented valance-congruent relationship between emotions and customer satisfaction in both service contexts. This was almost entirely supported across both samples, however, the path between negative emotion and customer satisfaction in the hedonic sample was found to be non-significant, albeit in the expected direction. Furthermore, for the hedonic service, positive emotions had a sizeable effect on customer satisfaction highlighting how significant emotions can be for this type of service. Additional analyses in the form of *t* tests also demonstrated how mean emotion values for the hedonic

service were consistently higher than for the utilitarian service. These findings question the widely held view that emotions play an important role for services, while we find that this is in fact the case for certain services; it cannot be generalised to all. This seems to be particularly the case for services where interaction between service personnel and customers is relatively limited and where the customers' choice to use or frequent the service is motivated by utilitarian needs.

**Table 1: Results of Comprehensive Model Testing**

	Loading		<i>t</i> -value		Coefficient $\alpha$		Composite Reliability	
	High	Low	High	Low	High	Low	High	Low
<b>Positive Emotion (PE)</b> PE → CS	.40	0.14	5.18 <sup>a</sup>	2.06	.71	.72	.74	.73
<b>Negative Emotion (NE)</b> NE → CS	-.14	-.44	-1.95 <sup>b</sup>	-6.37	.79	.81	.80	.82
<b>Customer Satisfaction (CS)</b> CS → BI	.55	.44	8.72 <sup>a</sup>	5.14	.88	.60	.90	.65
<b>Behavioural Intentions (BI)</b>					.91	.85	.92	.88

<sup>a</sup> = Significant at the  $p < .05$  level

<sup>b</sup> = Non-significant at the  $p < .05$  level

**Table 2: Means Standard Deviations for the Utilitarian Service**

	Service	Mean	<i>t</i>	<i>p</i>	( $\eta^2$ )		Mean	<i>t</i>	<i>p</i>	( $\eta^2$ )
Interested	Hedonic	3.81	17.82	.00	.52	Distressed	1.23	3.507	.00	.02
	Utilitarian	2.17					1.06			
Nervous	Hedonic	1.37	6.48	.00	.07	Guilty	1.51	6.541	.00	.07
	Utilitarian	1.03					1.04			
Excited	Hedonic	2.76	17.04	.00	.48	Scared	1.19	3.797	.00	.02
	Utilitarian	1.22					1.03			
Upset	Hedonic	1.33	4.41	.00	.03	Hostile	1.22	4.730	.00	.04
	Utilitarian	1.06					1.02			
Strong	Hedonic	2.37	8.65	.00	.12	Enthusiastic	3.00	12.901	.00	.27
	Utilitarian	1.45					1.75			
Irritable	Hedonic	1.61	6.35	.00	.07	Proud	2.32	9.249	.00	.14
	Utilitarian	1.14					1.41			
Alert	Hedonic	3.10	6.05	.00	.06	Ashamed	1.21	4.032	.00	.03
	Utilitarian	2.44					1.03			
Inspired	Hedonic	2.94	17.05	.00	.48	Determined	2.52	9.063	.001	.14
	Utilitarian	1.30					1.57			
Jittery	Hedonic	1.48	6.18	.00	.06	Attentive	3.00	10.791	.00	.19
	Utilitarian	1.08					1.86			
Active	Hedonic	3.04	10.02	.00	.17	Afraid	1.15	3.225	.001	.02
	Utilitarian	1.96					1.03			

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