Investigating the Role of Service Encounter in Enhancing Customer Satisfaction

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ABSTRACT

Recently, it is found that several pure e-tailers set up a customer service center where on-line shoppers can access a real person over the phone to answer their questions. However, there has been little systematic research examining how service encounter help to enhance customer satisfaction when a pure e-retail company set up a call center to provide additional services. This study conducted a questionnaire survey and collected data from persons who shopped on-line and had experiences in requesting help from customer service centers. 116 responses were collected and the data were then analyzed to examine the four relationships posited in the research model. The proposed research model suggests that service encounter significantly influences service quality and information quality, which can jointly predict customer satisfaction. Findings of this study help to advance the understanding of the role that service encounters play in enhancing customer satisfaction.

Keywords: E-Commerce, Information Quality, Online Retail, Satisfaction, Service Encounter, Service Quality, Virtual Store

INTRODUCTION

Virtual stores exist in the cyberspace and offer merchandise and services through an electronic channel to their customers with a fraction of the overhead required in a bricks-and-mortar store (Chen & Tan, 2004; Hoffman, Novak, & Chatterjee, 1996; Yesil, 1997). Given the lower setup costs, lower cost per customer contact, and lower maintenance cost of virtual stores, individuals can now easily own a virtual store (i.e., to become an e-tailer). In recent years, several pure e-retail companies have created wealth and successfully built up reputations of their business and brands of product. It is found that some of these e-tailers set up a customer service center where on-line shoppers can access a real person over the phone to answer their questions.

Levary and Mathieu (2000) indicated that market share is determined by a retailer’s ability to attract new customers and retain existing customers; customer total satisfaction with the purchasing experience affects retailer ability to attract new customers and retain existing customers. Krampf (2003) suggested that customer satisfaction is a key to a firm’s survival in today’s marketplace, it has been embraced by practitioners and academics alike as “the highest order goal of a company” (Peterson &
Wilson, 1992). Even though the online retailing is becoming a common business model, and some of the e-tailers have set up a customer service center, there has been a lack of research examining the role of such service encounter in enhancing customer satisfaction.

There is growing consensus that service quality is an antecedent of satisfaction with services (Birgelen, Ruyter, Jong, & Wetzels, 2002). Prior studies have suggested that service quality and information quality can predict customer satisfaction (Wang, 2008; Schaupp, Belanger, & Fan, 2009), and service encounter can predict service quality and information quality. In the context of online purchase, Zeithaml et al. (Zeithaml, Parasuraman, & Malhota, 2002, p. 362) argued that companies need to shift the focus of e-business from e-commerce (the transaction) to e-service (all cues and encounters that occur before, during and after the transactions). Buckley (2003) also suggested that understanding, measuring and managing service quality on the web has become a topical issue for ensuring customer satisfaction.

Gounaris et al. (2005) indicated that in the context of e-shopping the replacement of human-to-human interactions with human-to-machine interactions may cause a constraint on the growth of online purchase. Although firms gained efficiencies from selling online (e-commerce), their failure to focus on customers’ needs and wants resulted in poor online service performance (Loonam & O’Loughlin, 2008). Therefore, according to extant literature of Internet marketing (e.g., Buckley, 2003; Gounaris, Dimitriadis, & Stathakopoulos, 2005), providing high quality human-to-human service over the phone in virtual stores is as important as that in physical stores.

A service encounter is defined as the period of time during which a customer interacts with a service (Shostack, 1985). Groth et al. (Groth, Butek, & Douma, 2001) suggested that there are different service modes of the service delivery: face-to-face, telephone, and Internet. For customers who shop on-line, they can contact a ‘real’ customer service representative over the phone. Mallalieu (2006) stated that we typically trust the advice of experts to help us make effective decisions; salespeople often spend time trying to establish some type of rapport with a consumer prior to attempting to complete a sale. Customers’ perceived quality of the service and information they receive based on the service encounter interactions will impact their overall feeling of online purchase experiences.

This study hence attempts to advance the understanding of the roles of service encounter interactions in enhancing overall customer satisfaction in the online retail companies. The two research questions of interest to this study are: (1) do the pre-validated quality–satisfaction relationship in the marketing and consumer behavior literature sustains in the online retail model? (2) To what extent do service encounter interactions influence levels of customers’ satisfaction in online retail companies? Empirical data were collected from online shoppers. Survey questionnaires were administered to online shoppers who had experiences of contacting a customer service representative. This study then analyzed the data and discussed the theoretical and practical implications of the findings.

THEORETICAL BACKGROUND AND RESEARCH MODEL

Information technology acceptance literature and marketing literature have extensively discussed the topic of customer satisfaction. Yet, little is known concerning the enhancement of customer satisfaction in the case of pure e-tailers. Based on an extensive review of extant literature, this study proposes a customer satisfaction model for the case of online retailing. The proposed research model is depicted in Figure 1.

Service Encounter, Service Quality and Information Quality

Laing and McKee (2001) indicated that the concept of the service encounter represents the process of interaction between the consumer
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