ARE THEY BEING SERVED? LINKING CONSUMER EXPECTATION, EVALUATION AND COMMITMENT

Authors:

Chris Mason

Lecturer in Marketing

Swinburne University of Technology

Hawthorn,Victoria 3122,

Australia

John Simmons

Kaplan Business School

London

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Purpose

The paper develops a conceptual framework to show how service provider value propositions and customer purchase decisions represent the offer and acceptance of types of psychological contract that, if satisfied, result in particular levels of consumer commitment and related attitudinal and behavioural outcomes.

Design / Methodology / Approach

The model is developed by the integration of approaches from the marketing, CSR and psychological contract literature and represents a holistic and multi-disciplinary perspective on the service value proposition.

Findings

Analysis shows how alignment of different types of value proposition with consumer expectations impacts on the nature and level of consumer commitment. Customer commitment can also contribute to service provider reputation and brand equity.

Research Implications / Limitations

The conceptual framework and research propositions generated from it should be tested in organisations representative of transactional, relational and transpersonal service providers to provide deeper insights for researchers and practitioners.

Practical Implications

Findings confirm the need for providers to target value propositions at particular consumer groups as part of a more sophisticated and nuanced approach to customer segmentation. The paper also recognises possible changes in consumer expectation and how proactive service providers can track and respond to these.

Originality / Value

The paper's unique contribution is to confirm the rationale for and the benefits of applying constructs from the psychological contract literature to generate deeper insights into the service provider-consumer relationship.

Key words: service value, ethical consumption, relationship marketing, psychological contracts.

Paper classification: Conceptual paper

Introduction

The purpose of this paper is to propose an integrated framework for understanding service provider-customer relationships that enables providers to assess the nature and relevance of the value propositions they offer to particular consumer groups. The paper's distinctive contribution is to view service provider value propositions and customer purchase decisions as the offer and acceptance of types of psychological contract that, if satisfied, result in particular attitudinal and behavioural outcomes. The resultant conceptual framework generates a set of research propositions that can be tested in transactional, relational and transpersonal service provider contexts to develop a more sophisticated understanding of market segmentation. The model also recognises possible changes in consumer expectations, and identifies how providers can track and respond to these.

The paper's rationale is twofold. First, researchers have recognised that greater understanding of provider-customer relationships is a competitive imperative in the dominant marketing paradigm; and second that any resultant analysis of consumer identification and retention requires a formalised relationship model that identifies customer motivations, the requirements for close bonds with providers and elaborates the behaviour and attitudes that result (Hess and Story, 2005). The paper therefore focuses on the level of alignment between the type of service value proposition (SVP) that service providers espouse and offer to consumers, and the nature of the SVP expected and experienced by customers (Figure I). It suggests that, viewed through the lens of psychological contract theory, provider-consumer relationships can be of a transactional, relational or transpersonal nature – and that each has implications for consumer commitment. The paper presents a holistic analysis of the SVP concept that recognises different types of service provision, consumer expectation and commitment. Concepts from marketing, CSR and psychological contract literature underpin the analysis, and the holistic perspective responds to calls for a multi-disciplinary and macro-level perspective on the field (Kwortnik and Thompson, 2009). This level of analysis can limit consideration of any one variable (Pate, 2006) but it is hoped that the conceptual framework will stimulate further research on individual variables within it.

The approach taken is consistent with a 'service dominant logic' of marketing that views it as an iterative process of exchanges which starts with provider presentation of a SVP to a target section of customers who, if they decide to purchase, then assess its value in use (Tronvoll, 2007). Subsequent sections of the paper focus on key stages of service provision and the research findings that underpin these. The stages in Figure 1 are labelled Box 1, Box 2 etc for ease of reference.

The Service Value Proposition

Figure I identifies a service provider's espoused SVP – the value proposition it projects to current and prospective consumers – as a logical starting point (Box 1). SVPs have been described as clusters of functional and emotional values that promise a particular service experience (Alsem and Kostelijk, 2008; De Chernatony and Segal-Horn, 2003); and the clusters can be elaborated to identify four value domains: functional, economic, psychological and ethical (Simmons, 2009). The value propositions that service providers offer include the nature of the service; its price; the policies and processes that relate to service delivery; and the organisation's customer relations philosophy and core values (Walsh et al, 2009). However, providers vary significantly in the benefits that their SVPs emphasise (Hess and Story, op. cit.) as do consumers in the type of benefits that they seek (Burnett and Hutton, 2007). This implies that provider-consumer relationships are moderated by brand attributes and consumer characteristics (Hess and Story, op. cit.) The paper contends that SVPs which result in purchase decisions by customers can be regarded as the

offer and acceptance of particular types of psychological contract – and that the type of contract (and whether consumers believe service delivery accords with it) influences consumer expectation, satisfaction and commitment. This view of SVPs as representing a particular type of promise to consumers accords with contemporary definitions of marketing (Gronroos, 2006) and is explored in more detail in the next section.

The Service Value Proposition as a Psychological Contract

The paper utilises the psychological contract concept from employment relations (Rousseau, 2004) and applies it to the consumer-service provider relationship. The concept has made a major contribution to employment relations theory and especially to explaining the changing nature of the employment relationship (Pate, 2006) - but the paper represents its first application in linking types of service provider propositions to levels of customer commitment and their attitudinal and behavioural outcomes. This section of the paper explores conceptual issues relating to the psychological contract prior to confirming the concept's relevance to service provider-customer relationships and proposing a definition of it for use in that context.

The paper utilises O'Donohue and Nelson's (2007, p. 548) definition that views the psychological contract as "the individual's beliefs in mutual obligations entered into with the employer..... (that is) predicated on the perception that promises have been made, and considerations offered in exchange, which bind the employee and the organisation to a set of reciprocal obligations". While the concept's contribution to employment relations theory is well recognised, a number of conceptual issues relating to it remain contested or capable of further development (Cullinane and Dundon, 2006). They include: where employee perceptions of obligations to the organisation, and organisation obligations to them, come from; who represents the organisation and is seen as 'liable' if contract breach occurs; and can there be a true 'contract' if one party's perception of the contract terms is not acknowledged by the other (Cullinane and Dundon, op. cit.). The paper's stance on each of these is described in the next section.

First, the psychological contract rests on the notion of an exchange relationship where promises – both explicit and implicit – create mutual obligations between employee and organisation. Explicit promises are derived from policies, written communications and other management contact (Conway and Briner, 2005) while implicit promises are inferred from interpretation of past patterns of exchange, vicarious learning or taken for granted factors such as equity or good faith (Rousseau, 2001). Second, commentators agree that one party to the contract – the employee – is easy to identify, but opinion differs as to whom or what represents the employer. Possibilities include the Managing Director, HR Department, or the employee's line manager (Conway and Briner, op. cit.). However, the balance of research evidence suggests that employees do not single out a particular organisation agent. Instead they interpret agents' actions as those of the organisation as a whole that, over time, result in the organisation being attributed with human qualities such as 'mean', 'autocratic' or 'caring' (Conway and Briner, op. cit.). Third, psychological contracts differ from employment contracts as they are based on cognitions and perceptions rather than formalised agreement (O'Donohue and Nelson, 2007). A psychological contract is formed when an employee believes that promises have been made as part of the employment relationship that commits employer and employee to a set of mutual obligations. Therefore, while perceptions of implicit promises are more likely to be contested by the other party than explicit ones, mutuality is not a necessary condition for a psychological contract to exist as such contracts are grounded in perceptions of fair exchange and reciprocity (Sels et al, 2004).

The promissory nature of the psychological contract parallels that found in interdependent firm-customer relationships (Kingshott and Pecotich, 2007) and provides a strong rationale for its application to understanding the processes by which customers evaluate service value propositions. The paper therefore draws from advances in the psychological contract in employment relations to propose a definition of it for use in service provider-customer contexts:

"A psychological contract is created between customers and service providers when customers believe that the service purchase, and the exchange relationship it creates, obligate the provider to honour the explicit and implicit promises that customers perceive in the service value proposition."

Social exchange theory explains social relationships as a process of negotiated exchanges between parties based on expectations that actions will result in a commensurate return. This relational and promissory perspective attests to the importance of perceived balance in relationships, and confirms how the parties' evaluations of this influence consumer attitudes and behaviour (Lievans et al, 2007). Thus, the comparison consumers make between the benefits they believe can be legitimately expected from a SVP and those that the service provider delivers will shape the nature and soundness of the psychological contract.

Research has identified two main types of psychological contract – transactional and relational – whose differences centre on the nature of the relationship and the level of trust between the parties (Rousseau, op. cit.). Transactional contracts are typically more episodic, instrumental and financially focused – and characterised by a low trust relationship. Relational contracts are ones that the parties expect to continue over a longer period of time, involve emotional as well as economic components, and embody higher levels of trust (Kingshott and Pecotich, op. cit.). An additional type of contract to the transactional and relational variants that also has applicability to service provider-customer relations is identified in recent HRM studies. Transpersonal contracts are those where an individual's perception of organisational obligations is not based solely on personal entitlement, but includes promotion of a cause which the individual values highly (Thompson and Bunderson, 2003). In these contracts the parties have ideologically infused expectations of each other, namely that the outcome of the relationship is a synergistic contribution to the public good (Burr and Thompson, op. cit.). Support for the recognition of transpersonal contracts in service provider-consumer relationships is found in studies that indicate increasing numbers of consumers look to organisations to match their desire to contribute to societal well being (Trudel and Cotte, 2008). Figure II shows how different types of psychological contract between consumers and service providers influence the nature of the relationship, the type of benefits that consumers seek, and consumer self image.

Application of psychological contract concepts to service provider-consumer relationships suggests that providers vary significantly in the value propositions that they offer. Providers who compete primarily on the basis of price and convenience stress functional and economic benefits in the belief that these will induce targeted consumers to purchase on a primarily utilitarian basis. Provider emphasis on competitive pricing, customer convenience and competence in 'the essentials' of service provision is indicative of a transactional SVP designed to align with the expectations of cost conscious consumers. Other service providers give greater emphasis to psychological benefits such as service quality and life style enhancement that aim to create a more personalised and trust-based provider-consumer relationship (Hess and Story, op. cit.). Relational SVPs are designed to appeal to more image

conscious consumers who, in addition to functional and economic benefits, believe that service purchase will enhance personal well being and social standing. Also, a small but increasing number of providers differentiate themselves further by offering transpersonal SVPs that claim to embody ethical business practice and sustainability. Here, provider emphasis on corporate social responsibility enables purchasers to regard their custom as contributing to a better society, and so they may be willing to pay a price premium or incur costs to achieve this. A core attraction is the opportunity for the humanitarian values of providers and consumers to combine in a synergistic contribution to societal well being. The paper categorises service provider-customer relationships as transactional, relational or transpersonal on the basis of their core characteristics, but it is acknowledged that each type of relationship has elements of other types within it and so is not a totally pure form (DelCampo, 2007).

Subsequent sections of the paper draw from the psychological contract literature to analyse the nature and implication of the three types of service provider-consumer contract.

The Service Value Proposition: Consumer Characteristics and Expectations

SVPs offered by the three types of service provider emphasise different benefits and represent transactional, relational or transpersonal value propositions. Pre-purchase evaluation of these propositions is influenced by the characteristics of particular consumer groups and the combination of service benefits that each group seeks. Consumer purchase is based on the presumed match between provider promise and customer expectation of a particular type of value proposition that results in a transactional, relational or transpersonal service contract between the parties. The enacted SVP which consumers then experience enables them to decide whether contract outcomes have met or fallen short of expectations and, if expectations have been met, the three types of contract result in different attitudinal and behavioural outcomes. Examples include eco-tourism and ethical financial services.

Consumer characteristics that impact on the expectations of and attitudes towards service providers are now described in greater detail (Box 2) as they play a significant role in consumers' selection, evaluation and repatronage intentions (Bodey and Grace, 2008). Examples include socio-demographic factors, level of education, personal values, self image, ethical orientation, disposable income and awareness of other providers. They interrelate as the following examples show. Low income consumers from social classes C and D are likely to prioritise price and convenience in their purchase decisions (Payne and Holt, op. cit.). Young, status conscious consumers are more likely to be influenced by a provider's symbolic characteristics, the feelings invoked by the provider, and the degree of congruity between customer self image and provider brand image (O'Cass and Frost, 2002). A significant proportion of consumers in the 50+ age group have higher disposable incomes and are willing to pay a price premium for personalised service, greater provider reliability and trustworthiness (Mochis, 2003). Middle income consumers – those in the 40-60 age bracket – enjoy stable careers and higher disposable income are likely to purchase goods and services that they regard as high quality and aesthetically pleasing (Shukla, 2008). Ecologically conscious consumers who are willing to pay more for environmentally friendly products have collectivism and security as strong personal values (Laroche et al, 2001); and personality factors such as interpersonal trust and religious belief are positively related with consumer support for cause-related marketing (Youn and Kim, 2008). Older consumers are likely to have greater concern for ethical consumption and so represent an important target market for transpersonal service providers (Carrigan et al, 2004). The use of consumer characteristics to inform customer segmentation and targeting is not new, but some firms have developed this approach to enhancing brand commitment by their creation of 'brand communities' that

create closer and more pervasive alignment of brand values with customer values. Here customers are viewed by the company as like minded partners whose involvement in brand dissemination and advocacy increases product relevance to the brand community and prospective purchasers (Lawer and Knox, 2006).

The significance of customer segmentation and its links with the psychological contract is supported by recent research showing that around 40% of consumers eschew a deeper relationship with service providers and are happy with a transactional arrangement; while a further 35% actively seek the more personalised association that relational contracts provide (Burnett and Hutton, 2007). Consumer characteristics therefore influence both what customers seek from providers and the type of provider-consumer relationship that the parties enter into at the point of purchase. However, attitudes to service providers can be influenced by factors other than consumer evaluation of the SVP. Prior patronage of the provider, the opinions of other service users or media comment may play a part (Jevons et al, 2005) – as can the economic or political climate. In the latter instances, consumers are likely to give greater importance to psychological and ethical benefits in SVPs when the economy is buoyant and disposable incomes are higher, or when the media gives environmental concerns receive greater prominence. Effective service providers are therefore those who utilise 'adaptive foresight' (Zeithaml et al, 2006) to track customer concerns and then modify their SVPs accordingly (Burnett and Hutton, op. cit.; Crane and Desmond, op. cit.)

As indicated above, the provider's espoused SVP and subsequent consumer purchase decision represent the offer and acceptance of a particular type of psychological contract (Box 3). Recent studies support the view that psychological contracts in marketing develop from the communication and bargaining that takes place in the early stages of provider-consumer interaction (Kingshott and Pecotich, op. cit.). Customers then compare what they believe the contract has promised with what it delivers – and the outcome has significant implications for consumer satisfaction and commitment. Box 4 shows aspects of service provision that influence the experienced SVP. Consumer experience is shaped by the perceived quality and value of the service provided (Payne and Holt, 2001); the amount and credibility of communication received from the provider (De Chernatony and Segal-Horn op. cit.) the competence and empathy of those delivering the service (Mosley, 2007); and the perceived fairness of the service encounter (Aurier and Siadou-Martin, 2007). The significance of perceived fairness in consumer service is recognised in equity research (Olsen and Johnson, 2003), and evaluation impacts on satisfaction, trust and the credibility of the service organisation (Aurier and Siadou-Martin, op. cit.).

The SVP experienced by consumers therefore results in a cumulative evaluation of how well the SVP promise matches the reality of service delivery. However, while there is some commonality in consumer expectations, these vary depending on the type of psychological contract that underpinned the service encounter. Thus, consumers who believe they have a relational or a transpersonal contract with a service provider will have significantly different expectations to those who purchased on a primarily transactional basis.

The Service Value Proposition: Consumer Evaluation and Outcomes

Boxes 5A and 5B show how customer perceptions of the consumer-provider relationship impact on satisfaction and commitment – and the ways in which these outcomes influence consumer attitudes and behaviour. Satisfaction and commitment represent complementary perspectives on consumer assessment of the service experience (Bolton et al, 2004). Box 5A shows that a sound psychological contract – when what was received matches what was promised – results in customer satisfaction (De Chernatony and Cottam, 2006: Papasolomou and Vrontis, 2006) and this leads to consumer inclination to repurchase.

In contrast, Box 5B recognises the possibility of 'service failure' either when the outcomes of service delivery are perceived as inadequate or when the service delivery process falls short of consumer expectations (Bhandari et al, 2007), and service defects that providers fail to remedy are likely to lead to consumers switching to alternative providers (Reimann et al, 2008). Customers react more negatively to service failure if they believe the provider could have prevented this whereas, if they feel partly responsible or ambiguous regarding failure cause, the negative effects can be mitigated (Choi and Mattila, 2006). If service failure occurs, most service providers attempt service recovery – action to deal with service failure – and its success influences consumer attitudes and behaviour, and provider reputation. Recent analysis of the recovery process emphasises the importance of viewing it as a service encounter in its own right, while recognising that consumer attitudes to service recovery and service delivery are influenced by similar factors (Zeithaml et al, 1993). In both successful and recovery service situations consumer characteristics, their expectations and experience of similar service provision and the service encounter context impact on customer attitudes and behaviour. Customer perceptions of the level of service failure may also be significant and link to whether they have developed a strong commitment to the provider over a period of time. Thus established and highly committed consumers may forgive companies for unethical conduct when perceived harm is low, but become progressively dissatisfied as the level of perceived harm increases (Ingram et al, 2005).

Thus Box 5A relates to successful service encounters that result in particular levels of consumer commitment, attitudes and behaviour; while Box 5B indicates the consequences of some form of service failure. As indicated above, customer reaction to service failure is influenced by their level of expectation of the provider, the provider's service recovery response and previous experience of similar service encounters (Bodey and Grace, 2008). A successful provider response that re-establishes customer satisfaction leads back to Box 5A, and a level of commitment ensues. However, an unsuccessful provider response leaves a dissatisfied and disaffected consumer who is unlikely to repurchase and whose negative advocacy is likely to have an adverse impact on provider reputation (Box 7).

Boxes 6A, 6B and 6C show how different types of satisfied psychological contract produce different levels of consumer commitment (Bolton et al, op. cit.), and each level of commitment has different attitudinal and behavioural outcomes (Angeles Iniesta and Sanchez, 2002). Perceived obligations in the psychological contract represent its holding power and act as the 'glue' that binds the parties together; so levels of consumer commitment are likely to be progressively greater in transactional, relational and transpersonal contracts. Recent themes in the marketing literature recognise customer commitment as an important market segmentation criterion (Angeles Iniesta and Sanchez, op. cit.). It is defined as the desire to maintain a relationship with a service provider and has two components - continuance commitment and affective commitment (Fullerton, op. cit.).

Service delivery that accords with a transactional psychological contract results in continuance commitment – where consumers view the organisation as an acceptable future service provider if it continues to offer equivalent functional benefits and is not undercut by cheaper alternatives (Box 6A). Continuance commitment is conditional on strict price/functional value calculations, convenience, high switching costs and lack of alternatives (Lariviere, 2008). Provider-consumer ties are therefore limited, instrumental and fragile – and quickly terminated if the requisite functional and economic benefits are not forthcoming. Service delivery that accords with a relational psychological contract results in affective

commitment (Fullerton, op. cit.) (Box 6B), and here provider-consumer relationships are 'broader and deeper' (Bolton et al, op. cit.). Broader as consumer expectations are met in psychological and emotional value domains as well as functional and economic ones; deeper as provider-consumer ties centre on enhancement of customer self image and self esteem rather than on price and convenience. Satisfied relational contracts result in stronger identification with service providers and greater customer loyalty and advocacy. Service delivery that accords with a transpersonal contract also produces affective commitment (Box 6C) and outcomes are similar to those from relational contracts – enhanced consumer-provider ties, customer esteem and self image. The difference is the greater level of commitment generated by satisfied transpersonal contracts, and this results from the 'higher cause' that consumers believe their patronage contributes to. This stronger 'values-based' loyalty may lead customers to forego cheaper or more convenient providers and to proselytize the virtues of the provider to others (Hoeffler and Keller, 2002). The strength of ideologically infused provider-consumer relationships in transpersonal contracts derives from the parties' 'conjoined' humanitarian values. These types of consumer commitment are similar to conceptualisations of organisational commitment in that continuance commitment is seen as deriving from employee perception of the cost of leaving the organisation, affective commitment from employee identification with the organisation, and normative commitment from a perceived obligation to the organisation that is grounded in moral values (Johnson et al, 2009).

Box 7 shows how the nature and strength of consumer commitment to a provider impacts on the provider's external reputation and brand equity. Reputation is defined as the cumulative view of a provider by salient stakeholders (Bravo et al, 2009; Walsh et al, op. cit.) while brand equity is the differential effect that brand knowledge has on consumer response to the brand (Chen, 2001) - so each increases or decreases dependant on stakeholder evaluation. Reputation can therefore form part of a feedback loop which may lead the service provider to revise the SVP that it offers. Changes in provider reputation also influence the expectations and purchase decisions of prospective consumers as studies show that much brand meaning is either inter-customer generated or inter-customer mediated (Jevons et al, op. cit.). The model's depiction of consumer commitment as both an antecedent variable and an outcome variable is supported by findings of a recent study of the concept (Walsh et al, op. cit.). However, while Figure I recognises the reputational outcomes of consumer experience, it is acknowledged that other factors or stakeholder perceptions can impact on provider reputation. Studies show the value of a positive reputation to providers as it can insulate them from some of the negative consequences of service failure (Hess, 2008).

Values and Value in Service Value Propositions

Relationship marketing literature makes an important distinction between consumer values and consumer value (Payne and Holt, 2001). Values derive from consumer beliefs, while value is the benefit that consumers obtain from the service experience. Thus, values refer to factors that influence consumer decisions on whether to accept a SVP and inform their evaluation of the subsequent service experience; while value is decided by customers assessing the benefits and sacrifices that the purchase decision produces. The trade off dimension of the value decision is important as it recognises that consumers who accept transactional, relational or transpersonal SVPs are making choices regarding the relative importance of functional, economic, psychological and ethical benefits. Therefore each type of SVP can represent 'value' as value is created when consumers believe that the benefits which result from the purchase decision (perceived quality) exceed those expected at a given price (perceived value) (Payne and Holt, op. cit.).

The paper suggests that three UK service organisations who offer transactional, relational and transpersonal SVPs are representative of different types of service provider. A budget airline (Ryanair) is representative of transactional service providers, a national retailer (John Lewis Partnership) of relational providers and an ethical bank (Triodos Bank) of transpersonal providers. As a transactional service provider, Ryanair aggressively markets itself on price as 'the low fares airline' and on convenience from having the greatest number of European destinations – each forming part of the Company's 'no frills' approach to marketing air travel. Its Passenger Charter commits the Company to "continuously offer the lowest fares to all our passengers on all routes on which we operate" (Ryanair.com, 2010). Being recognised as the lowest price airline dominates its marketing communications and covers car hire and hotel web links flights as well as flights. The John Lewis Partnership (JLP) stresses its commitment to high standards of customer care and equitable dealing in the belief that these create a more personalised, higher trust relationship that engenders customer loyalty. Its website refers to the aim of "securing customer loyalty and trust by providing outstanding choice, value and service"; and that JLP partners are dedicated to "serving customers with flair and fairness" (The John Lewis Partnership 2010). Triodos Bank's guiding principles of sustainability, responsible stewardship and transparency are indicative of a transpersonal service provider, and the Bank's SVP stresses how it and like-minded customers can make a synergistic contribution to the public good. Its mission statement restricts finance to "companies, institutions and projects that add cultural value and benefit people and the environment" (Triodos Bank 2010), thereby helping to create "a society that promotes people's quality of life and that has human dignity at its core" (ibid).

The foregoing can be seen as explicit promises that represent key components of each company's SVP. Explicit promises are part of the company's marketing communications and its espoused SVP. However, complete separation of explicit and implicit promises is challenging as consumers are likely to link implicit promises to explicit ones. For example, Ryanair 'guarantees that 80% of its flights will take off on time, but customers are likely to make the implicit assumption that this assurance applies to their flights. JLP's commitment is 'never to be undersold', and customers expect it to uphold this, but also that the price guarantee does not prejudice JLT service standards. Triodos is fully committed to operating ethically, but customers are also likely to have an implicit expectation that the Company will go further and proselytize the values of sustainability on a more general basis.

Consumers compare a provider's espoused SVP with the one they experience during the service encounter, but the criteria they use vary according to whether the purchase was from a transactional, relational or transpersonal service provider. The three service providers represent archetypal provider types, and therefore illustrate differences in consumer expectation and evaluation. Ryanair customers who purchased on the basis of the transactional provider's SVP are likely to evaluate the service encounter on whether it met their core expectations of price, convenience and accordance with provider specification. JLP customers who purchased on the basis of the relational provider's SVP have additional expectations of higher standards of customer care and empathetic treatment – and these will feature prominently in their evaluation. Triodos Bank customers who purchased on the basis of the provider's transpersonal SVP will seek confirmation that their custom has resulted in a contribution to societal well being. However, it should be recognised that expectation and experience of a provider's SVP are not the only influences on consumer attitudes. For example, media comment about a provider unrelated to the consumer service experience or other contextual or consumer-specific characteristics may impact positively or negatively on how providers are viewed by current and prospective customers.

Organisations representative of transactional, relational and transpersonal service providers such as the ones above can be used to test the research propositions suggested in the next section of the paper.

Research Questions

The paper has shown how service provider value propositions and consumer purchase decisions represent the offer and acceptance of types of psychological contract; and that satisfied contracts result in particular types of consumer commitment and related attitudinal and behavioural outcomes. The conceptual framework presented in the paper enables identification of the following research propositions:

P1. There is a positive relationship between satisfied transactional contracts between service providers and consumers and subsequent consumer continuance commitment in that consumer intention to repurchase is dependent on price/functional value calculations, convenience, high switching costs and lack of alternatives.

P2. There is a positive relationship between satisfied relational contracts between service providers and consumers and subsequent consumer affective commitment that is manifested in enhanced provider-consumer trust, greater consumer self esteem and stronger intention to repurchase.

P3. There is a positive relationship between satisfied transpersonal contracts between service providers and consumers and subsequent consumer affective commitment that is manifested in enhanced provider-consumer trust, greater consumer self esteem, stronger intention to repurchase and the belief that the service encounter has contributed to a better society.

These propositions can be tested on a sample of customers from transactional, relational and transpersonal service providers. The populations can also be used to assess whether the current economic and political climate is changing the level of importance that consumers place on the types of benefit that SVPs offer. This research agenda will contribute to marketing theory and practice in the following ways. First, it will enhance conceptual understanding of how the benefits emphasised in different types of SVP are evaluated by consumers at the purchase decision stage and after the service transaction has been completed; together with the implications of these evaluations for consumer satisfaction, commitment and provider reputation. Second, findings from the programme will enable practitioners to undertake a more holistic and nuanced analysis of their market segmentation strategies as well as suggesting ways of tracking any changes in consumer expectation that may impact on these.

Conclusion

The paper began by posing the question 'are they being served?' to generate insights into the relationships between types of service provider SVP, consumer expectations and purchase experience. It confirms that consumers make purchase decisions by comparing what they believe SVPs promise with the service benefits that they receive. They then assess the resultant service quality to decide whether they are satisfied with the service encounter. Customer expectations are shaped by their prediction of the likely nature and standard of service provision as well as by consumer characteristics, attitudes and preferences. Perceived service quality is determined by the degree and direction of discrepancy between customer perceptions and expectations, while consumer satisfaction is a cumulative assessment of whether service provision accords with expectation. Satisfied contracts result in different types and levels of consumer commitment and related attitudes and behaviours.

Perceived value is identified as a fundamental marketing issue and one that has strategic implications (Sanchez-Fernandez and Iniesta-Bonillo, 2007) but its implications vary between different consumer groups. Consumers are served if they seek and receive the benefits that they expect from a service provider's SVP whether the encounter represents a transactional, relational or transpersonal psychological contract. However, the nature and strength of consumer commitment varies considerably dependant on the type of contract entered into. Transactional providers must deliver on price, value and convenience as continuance commitment via repeat business is dependent on these functional and economic benefits. Relational providers who deliver psychological and ethical benefits as well as functional and economic ones generate affective commitment that induces greater consumer loyalty and this added value enables a level of premium pricing (Scott, 2007). Transpersonal providers who add ethical benefits to the others achieve a level of affective commitment that produces the greatest consumer loyalty and advocacy - with the additional benefit that consumers may see themselves as partners in a brand community that seeks to enhance awareness of and respect for the values the brand stands for in prospective purchasers and society in general. The three research propositions derived from the conceptual framework presented in the paper represent suggestions for future research and should be tested on samples of current and prospective customers of transactional, relational and transpersonal service providers.

Conceptual analysis shows that alignment between provider promise and customer experience results in customer satisfaction and commitment - but that the type and depth of commitment varies between transactional, relational and transpersonal psychological contracts with the range, strength and mutual reinforcement of provider-consumer links increasing progressively across the three. The paper's contention that more powerful bonds are created when a provider establishes efficient, positive and choice shaping associations with its SVP in the minds of a target group is supported by two recent studies. One shows that positive, strong and multi-faceted consumer commitment forms the basis for subsequent purchase decisions and consumer loyalty (Chen, 2001) while the second offers a convincing explanation of why this occurs. Research on memory formation and retrieval shows that the greater the number of positive associations that an SVP evokes in the memory of prospective purchasers, the more likely they are to choose it (Walvis, 2008). Moreover, this positive effect is amplified if brand associations create strong, multifaceted and mutually reinforcing links between customer choice criteria and the brand or SVP (Walvis, op. cit.). So, while consumers who seek transpersonal SVPs represent a niche market at the present time, service providers who offer transactional SVPs (and to a lesser extent those who offer relational ones) should be aware of the greater fragility of consumer commitment to them. This fragility will increase if the twenty-first century represents a more socially responsible era in which customer expectation of ethical benefits influences the type of service provision that they seek.

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Figure 1: Service Value Proposition, psychological contract and consumer commitment

BOX 1
THE ESPOUSED SVP
- Service Provision & Quality
- Price / Value Ratio
- Service Provider's Policies and Process
- Organisation Values and Ethical Practice
- A Transactional, Relational, or Transpersonal SVP

BOX 2
CONSUMER CHARACTERISTICS
- Socio-Demographic Factors
- Personal Values
- Disposable Income
- Expectations of service provider
- Knowledge of other Service Providers

BOX 3
PURCHASE DECISION
- Acceptance of Transactional, Relational or Transpersonal SVP

BOX 4
THE EXPERIENCED SVP
- Quality & Value
- Amount & Credibility of Communication
- Empathy of Service Providers
- Perceived Justice
- Rhetoric versus Reality Comparison

BOX 5A
EVALUATION OUTCOMES
- Satisfaction (Alignment with Expectations)
- Commitment (Inclination to Act)

BOX 5B
SERVICE FAILURE
- Customer Expectations
- Service Recovery

BOX 6A
CONTINUANCE COMMITMENT
From a satisfied Transactional Contract
- Lack of Choice
- Convenience
- Switching Costs
(Conditionally Acceptable Provider)

BOX 6B
AFFECTIVE COMMITMENT
From a satisfied Relational Contract
- Identification with Provider
- Price Premium
- Loyalty
- Advocacy
(Preferred Provider)

BOX 6C
AFFECTIVE COMMITMENT
From a satisfied Transpersonal Contract
- Strong Identification with Provider
- Price Premium
- Loyalty
- Advocacy
- Societal Contribution
(Conjoined Provider)

BOX 7
EXTERNAL REPUTATION
- Prospective Consumers
- Brand Equity