THE ROLE OF EMOTIONAL SATISFACTION IN SERVICE ENCOUNTER FOR DEPARTMENT STORES IN JAKARTA

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ABSTRACT

The paper examined the role of emotional satisfaction in service encounters. Specifically, this study seeks to investigate the relationship between emotional satisfaction and key concepts such as service quality, customer loyalty, and relationship quality and clarify the role of emotional satisfaction in predicting customer loyalty and relationship quality.

In doing so, this study used data from sample survey of 320 Jakarta retail customers concerning their evaluation of shopping experience to address the issue. Descriptive analysis, mean value analysis, independent t-test, ANOVA, and linear regressions were used in analyzing the data.

The results showed that service quality was positively associated with emotional satisfaction; emotional satisfaction was positively associated with both customer loyalty and relationship quality. Further analysis revealed that customer's feeling of being to be pleased is an important indicator of the overall service experience and relationship quality.

This study implied that managers of department stores in Jakarta needed to focus on improving and maintaining service quality and enhance the shopping experience such that it resulted in the feeling of being pleased.

Keywords*: customer relations, customer loyalty, customer satisfaction, service quality*

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INTRODUCTION

Background

In this globalization era where there are so many competitors in a market is, it is very hard to maintain the customer's loyalty. Customers have many alternatives suppliers who also offer the same product with other industry. Customers may also find different prices from different suppliers. Therefore, every organization should be smart enough to create a desired service level and go far enough beyond the customers' expectation.

Understanding emotional satisfaction in service encounter will help industry to understand customers' preferences, how they perceive the service, how they evaluate the service quality to other competitors which in return will help the industry maintain customer loyalty and help the industry maintain relationships with their customers.

Wong (2004) conducted a research titled The Role of Emotional Satisfaction in Service Encounters" in Australia. The objective of her research was to investigate the relationship between emotional satisfaction and key concepts, such as service quality, customer loyalty, and relationship quality (Wong, 2004).

The author adapted Wong's research by conducting similar research in selected retail chain department stores: Metro and SOGO, in Jakarta. The research's objective was to find out whether the model was applicable in retail industry, particularly in major department stores in Jakarta.

Scope of Research

The survey was distributed to 320 people who shopped at Metro and SOGO the department stores in different locations: Central Jakarta, South Jakarta, West Jakarta, and East Jakarta.

Aims and Benefits
- To investigate the relationship between emotional satisfaction and service quality, customer loyalty, and relationship quality.
- To clarify the role of emotional satisfaction in predicting customer loyalty relationship quality.
- To find out the differences of customers perceived emotional satisfaction from customers in different area within the similar department store.
- To compare the results of the researches conducted in Indonesia and Australia.

THEORETICAL FOUNDATION

Consumer Behavior

Solomon (2004) defined consumer behavior as a process study of how people buy, what they buy, when they buy, why they buy (the motivation and decision strategy) and who are the elements that take place in purchasing decision (the factors that influenced customers to make a purchase).

The Role of Emotional Satisfaction
Organization viewed customer's satisfaction as a key outcome of product/service purchase, however a comparison is made between expectations of performance and actual performance, and satisfaction arises when actual performance is greater than or equal to expected performance, and dissatisfaction occurs otherwise (Oliver, 1980; Yi, 1990).

Service Quality and Customer Satisfaction
Service quality has been described as a form of attitude, related but not equivalent to satisfaction, that result from the comparison of expectations with performance (Bolton and Drew, 1991; Parasuraman, and Zeithaml, and Berry, 1988).

Indonesian Consumer Behavior
Findings from AC Nielsen (2006) research on Indonesian consumer behavior stated that 93% of Indonesian consumers were recreational shoppers. As a comparison, only 68% of US consumers were recreational shoppers.

RESEARCH METHODOLOGY

Research Questions
The study focused on the relationship between service quality, emotional satisfaction and customer loyalty. It measured all the components of marketing, management and psychology. The following figure illustrates the research model Emotional Satisfaction and Relationship.
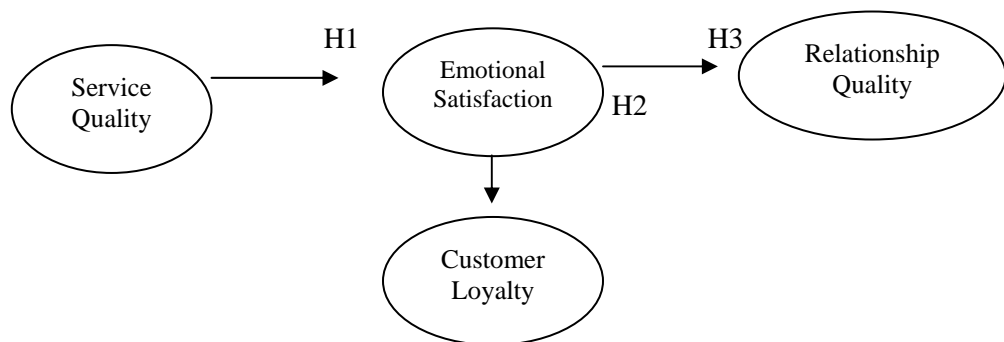

Figure 1. Research Model Emotional Satisfaction and Relationship

The most common explanation of the difference between customer satisfaction and service quality is that service quality is a form of attitude, a long-run overall-evaluation, whereas customer satisfaction is a transaction specific measure (Bitner, 1990; Bolton and Drew, 1991; Chadee and Mattsson, 1996; Cronin and Taylor, 1992). Consequently the following hypotheses were proposed:

H1. Service Quality is positively related to emotional satisfaction.

Prior research indicated that one's emotions had an influence on behavior, and that one responded to an event in certain ways to maintain positive emotions (i.e. happiness) and to

avoid negative emotions (i.e. depressions) (Stauss and Neuhaus, 1997). Oliver et al (1997) found that positive emotion led to higher levels of customer satisfaction and increased repurchase intentions. On the other hand, Andreasen (1999) found that initial negative emotion caused by a service failure results in customer exit behavior. Given that previous research has found a direct relationship between emotions and customer loyalty behavior (Liljander and Strandvik, 1997; Staus and Neuhaus, 1997), the following hypothesis is advanced:

> H2. Emotional satisfaction is positively related to customer loyalty.

Relationship quality refers to a customer's perceptions of how well the whole relationship fulfils the expectations, predictions, goals and desires the customer has concerning the whole relationship (Jarvellin and Lehtinen, 1996 if the customer is displaying positive emotions during the service encounter, it is expected that he or she will also form positive perceptions of overall relationship quality. Therefore the following hypothesis is:

> H3. Emotional satisfaction is positively related to relationship quality.

Research Design

The research design was a descriptive research and the sampling technique was convenience sampling. Data was collected through self administered method through mall intercept survey with an average of 80 respondents in METRO and SOGO for each location in North, South, West and Central Jakarta.

Data Analysis Method

The data was analyzed using linear regression analysis to investigate the association between the variables in the model. In addition to linear regression, independent t-test and ANOVA were used for comparing the results of the research among different segments.

RESEARCH FINDINGS AND ANALYSIS

Respondents' Demographics and Shopping Behavior

The findings indicate that those 4 department stores had similar customer demographics which were medium-high end customers with slight differences in age and income. It also consistent with AC Nielsen research findings in 2004 that Indonesia was ranked at the top of a survey of Asian countries for believing shopping was an alternative recreational family activity, because respondents of this research tend to go to the department store for window shopping with family and friends. It was supported by the data that most of the respondents' reason to go to department store was window shopping but more than half the respondents finally bought something in the end. Meanwhile younger respondents tend to go to the department store with friends and older people tend to go to the department store with their family.

More over the findings also reveal that the more loyal customer the more they spend to the department store and the more they will spend time to enjoy the shopping experience inside of the department store.

The differences between female and male buying behavior are revealed that male was more focus on what they bought rather than female. Furthermore it was supported by the findings

that many female respondents who bought clothes, bag and shoes actually went to the department store for window shopping compared with male who bought electronic products they went to the shopping mall for shopping reason.

Male respondents tended to spend less in the department store even though they had a similar monthly spending with female respondents'.

Mean Value Analysis

Table 1. Mean Value Analysis

	Mean all Department Stores	Mean METRO Pondok Indah Mall	Mean SOGO Plaza Senayan	Mean METRO Taman Anggrek	Mean SOGO Kelapa Gading	ANOVA
Service Quality	4.7414	4.9145	4.6141	4.9500	4.4906	0.0022
Respondent's Loyalty	4.4697	5.0548	4.3641	4.7906	3.6781	0.0000
Relationship Quality	4.6968	5.1772	4.6975	4.8187	4.100	0.0000
Emotional Satisfaction	4.8106	5.1487	4.7376	5.0812	4.2802	0.0000

The above results indicated that all the variables were rated high by overall respondents. By analyzing the mean values of each department store, it can be inferred that METRO Pondok Indah Mall was rated the highest in environment setting, customer loyalty, and emotional satisfaction. SOGO Plaza Senayan was rated the highest music played in the department store. METRO Mall Taman Anggrek was rated for its service quality while SOGO Mall Kelapa Gading was rated the lowest for all variables in environment setting, music played in the department store, service quality, customer loyalty, emotional satisfaction, and relationship quality. The above table also indicated that the mean of the 4 department stores were rated as significantly different in all variables.

Comparison of Results by Gender
The author used independent t-test analysis to investigate whether there was any difference between male and female respondents' perception about the environment setting, music played inside the department stores, service quality, respondents' loyalty, relationship quality, and emotional satisfaction.

Table 2. T-test Analysis by Gender

	Sig.
Service Quality	0.575229
Loyalty	0.057303
Relationship Quality	0.978309
Emotional Satisfaction	0.805258

The above table indicates that there was no significant difference in perceptions between male and female respondents.

Comparison of Results by Age Groups

The following analysis compared the perceptions among different age groups: <20 years old, 20-30 years old, 31-40 years old, 41-50 years old and >50 years old.

Table 1. Anova Results by Age Groups

	Sig.
Service Quality	0.0121
Respondents Loyalty	0.0922
Relationship Quality	0.0608
Emotional Satisfaction	0.0050

The above result indicates that service quality and emotional satisfaction was significantly different among different age groups.

Regression Analysis

Table 2. Regression Analysis

Regression Analysis ^{2}	H1: Service Quality – Emotional Satisfaction			H2: Emotional Satisfaction – Customer Loyalty			H3: Emotional Satisfaction – Relationship Quality		
	(ß)	(Sig)	R^2	(ß)	(Sig)	R^2	(ß)	(Sig)	R^2
All Department Stores	0.756	0	0.571	0.732	0	0.693	0.832	0	0.536
SOGO Mall Kelapa Gading	0.751	0	0.564	0.582	0	0.339	0.745	0	0.556
SOGO Plaza Senayan	0.784	0	0.614	0.796	0	0.634	0.897	0	0.805
METRO Pondok Indah	0.731	0	0.534	0.678	0	0.56	0.826	0	0.634
METRO Taman Anggrek Mall	0.719	0	0.516	0.702	0	0.493	0.753	0	0.568

The above results indicate that all the hypotheses were accepted: service quality was positively related to emotional satisfaction, emotional satisfaction was positively related to customer loyalty, and emotional satisfaction was positively related to relationship quality.

Further analysis involving each department store had consistent results. The three hypotheses were also accepted in each of the department stores.

Predictors of Customer Loyalty and Relationship Quality
Emotional satisfaction was constructed from 4 attributes: pleased/displeased, happy/unhappy, contented/disgusted, and enjoyable/frustrating. The following tables indicate the results of multiple regression analysis of the 4 attributes to customer loyalty and relationship quality.

Table 5. Predictors of Customer Loyalty

	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
(Constant)	0.4017	0.2171		1.8506	0.0651
Pleased/displeased	0.3182	0.0808	0.2991	3.9372	0.0001
Unhappy/Happy	0.3148	0.0826	0.2961	3.8087	0.0001
Disgusted/contented	0.0487	0.0807	0.0458	0.6039	0.5463
Enjoyable/frustrating	0.1649	0.0745	0.1542	2.2137	0.0275

Table 6. Predictors of Relationship Quality

	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
(Constant)	0.6647	0.1553		4.2801	2.49E-05
Pleased/displeased	0.3077	0.0578	0.3305	5.3211	1.97E-07
Unhappy/Happy	0.2022	0.0591	0.2174	3.4203	0.000709
Disgusted/contented	0.2360	0.0577	0.2534	4.0866	5.57E-05
Enjoyable/frustrating	0.0930	0.0533	0.0994	1.7451	0.081937

Table 5 indicates that the feeling of pleased/displeased, happy/unhappy, and enjoyable/frustrating were predictors of customer loyalty. Table 6 indicates that the feeling of pleased/displeased, happy/unhappy, and disgusted/contented were predictors of relationship quality. Based on the above findings, the feeling of pleased/displeased was the strongest predictors of customer loyalty and relationship quality. The finding was somewhat different from the findings in Australia. Australian respondents were more likely focus on the customer's feeling of enjoyment which served as a best predictor of customer loyalty and feeling of happiness serve as the best predictor of relationship quality.

CONCLUSION AND RECOMMENDATION

Conclusion
This study concluded that service quality was positively related to emotional satisfaction, emotional satisfaction was positively related to customer loyalty, and emotional satisfaction was positively related to relationship quality.

The main findings are Indonesian consumer behavior was not different with Australian on consumer behavior how they perceived service quality, and emotional satisfaction was affected with their future loyalty and relationship quality itself. Moreover the finding shows that service quality was positively related to emotional satisfaction. Meanwhile, emotional satisfaction was positive related to customer loyalty, and emotional satisfaction was positively related to relationship quality.

The other finding showed that customer's feeling of being to be pleased was an important indicator of the overall service experience and relationship quality. This finding was different from the finding from in Australia, in which Australian respondents were more likely to focus on the customer's feeling of enjoyment which serves as a best predictor of customer loyalty and feeling of happiness serve as the best predictor of relationship quality.

Managerial implication
For All Department Stores
Considering the feeling of pleased/displeased was the strongest predictor of customer loyalty and relationship qualities, department store managers need to enhance their position and design the department store to be as convenient as possible for the customers. Based on the finding that the longer customers spend time for shopping in the department store the more they will spend to purchase products in the department store. A manager should notice that a positive emotional feeling can lead to make customers purchase more and the more satisfy the customer they will spread the positive experience to his/her friends which finally become a good buzz marketing.

The findings about the more loyal the more satisfy the customers the more they will give profit to the company should be a key for every managers in the department store how important they are for company. To satisfy the customers, a manager should be focus on the employee itself. The more satisfy the employee the more they will give the best service to the company.

The finding also mentioned that customer loyalty and relationship quality were highly associated with customers' feelings of being pleased/displeased. From this, manager should be able to manage a good service that matches customers' needs and wants. Thus steps than manager should be focus are;
- Credibility and competent; perform a require service
- Security; it is important for customers to feel save in the department store

- Accessibility to contact an employee
- Courtesy; be polite, friendly, be more responsive, empathy because it's very important for Indonesian customer to be pleased while they are shopping

The followings are implications for each department store;

SOGO Plaza Senayan;
Respondents in SOGO Plaza Senayan were mostly young adult within age range of 20-30 years old and most of the respondents were accompanied by their friend, and lived in South Jakarta.
From the findings in the research, the store may want to consider the followings;
- Attract another consumer in another range of age. The researched showed that older customers spent more than young people. The more frequent and higher spending was showed in respondents between 31-40 years old people.
- Since the store location was close to universities, the store may want to consider giving students promotion by bring the ID card and get the customers' data (name, id, birthday, contact no) and send them an email on what they preferences on the department stores and their perception of an ideal department stores (questionnaire online)
- Family discounted program (bring family to get another additional discount to attract new customers).

SOGO Mall Kelapa Gading;
Respondents in SOGO Mall Kelapa Gading were older than respondents in SOGO Plaza Senayan, and most of them were accompanied by their family. Respondents in SOGO Mall Kelapa Gading had a bigger monthly outcome compare to SOGO Plaza Senayan but they spent less amount of percentage purchased rather than respondents in SOGO Plaza Senayan.
The author recommended the followings;
- Renovate the environment setting so customers will come and enjoy their shopping experience.
- Try to know their customer preferences in terms of music played in the department store because every people will have different kind of music preference.
- Maintain relationship with CRM supported; knowing customer past purchased and customer behavior, what do they like and how make them happy.
- Train all workers to be able to help customers inside of SOGO Mall Kelapa Gading to build their convenient and emotional satisfaction by offering professional workers.
- Focus on how to satisfy the customers and knowing what customers want and need

METRO Pondok Indah Mall;
Respondents in METRO Pondok Indah Mall tended to be older (above 40 years old). Respondent's loyalty also longer than respondents of METRO Taman Anggrek that's why they also need longer time duration for shopping inside of the department store. The percentage of purchased comparing to monthly spending is not as high as customers in METRO Taman Anggrek however respondents in METRO Pondok Indah tend to be positively stable. It is inferred that manager can maintain the relationship and maintain the

respondent's loyalty. Respondent's perception toward the environment inside METRO Pondok Indah Mall also got the highest score among other department stores.
 From this findings a manager should;

- Be able to keep maintaining the relationship with the customers and increase the loyalty.
- Give better service quality which lead to respondents' relationship quality and loyalty.
- Maintain the environment setting

METRO Mall Taman Anggrek:
Respondents in METRO Mall Taman Anggrek tended to be more younger rather than respondents in METRO Pondok Indah Mall. Their monthly spending is less than respondents in METRO Pondok Indah Mall however their respondents spent more in their percentage spending to purchase something inside METRO Mall Taman Anggrek department store. An interview has been done with one of the respondents about the highest spending in METRO Mall Taman Anggrek and the result was that people may choose to spend their money in METRO Taman Anggrek, they prefer to purchase something in METRO Mall Taman Anggrek rather than in Parisian (another department store in Mall Taman Anggrek). Parisian targeting their market for high end people, it's provide Asian designer inside.

From this findings a manager should;

- Attract more customers in other age range of group
- Invite these younger customers to bring their parents to come by giving family promotion .

By overall, manager should be able to manage and work together with other party in the department stores. Knowing the customers is important and delivers the message to the employee about company's mission, vision and goal clearly. Manager should be able to communicate with the employee and customers. The employee will help a manager to achieve the goal and Indonesian customers should be pleased to enjoy the shopping experience. The other thing, that a manager should maintain and keep an update is using technology to improve all of the facilities, such as; CRM (Customer Relationship Management).

Limitations
Considering the scope of this research which was limited to selected universities

Future research
The author recommends researchers who want to adopt similar research to expand the scope to other types of stores, such as specialty stores, or to expand the geographic coverage to include stores located outside Jakarta.

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APPENDICES

Survey ini diadakan dengan tujuan untuk menyelesaikan analisa proyek terakhir Theresia Tanihaha jurusa[...] iversitas Bina Nusantara International. Kerjasama anda dalam membantu untuk berpatisipasi sangat diharapkan. Terima [...] hanya.

SOGO MALL KELAPA GADING

Nama: .... *(Optional)*   Jenis Kelamin ☐ Pria   ☐ Wanita

#	Pertanyaan					
1	Usia (tahun)	☐ <20	☐ 20-30	☐ 31-40	☐ 41-50	☐ >50
2	Pendidikan Terakhir	☐ SD/SMP	☐ SMU	☐ D1/D2/D3	☐ S1	☐ S2/S3
3	Tempat Tinggal	☐ Jkt Utara	☐ Jkt Barat	☐ Jkt Timur	☐ Jkt Selatan	☐ Jkt Pusat ☐ Lainnya...
4	Jumlah rata-rata pengeluaran/bulan	☐ <1juta	☐ 1-2 juta	☐ 3-4 juta	☐ 5-6 juta	☐ >7 juta
5	Penghasilan/bulan	☐ <2 juta	☐ 2-4 juta	☐ 5-7 juta	☐ 8-10 juta	☐ >10 juta
6	Berapa seringkah Anda berbelanja di SOGO- dalam 1 bulan terakhir ?	☐ 1-2x	☐ 3-4x	☐ 5-6x	☐ 7-8x	☐ >= 9x
7	Bersama siapakah Anda ke SOGO ?	☐ teman	☐ suami / istri	☐ keluarga	☐ kekasih	☐ tmn kerja ☐ sendiri
8	Berapa kalikah Anda akan berbelanja- di SOGO dalam 1 bulan mendatang ?	☐ 1-2x	☐ 3-4x	☐ 5-6x	☐ 7-8x	☐ >= 9x
9	Sudah berapa lamakah anda menjadi pelanggan SOGO ?	☐ <1 th	☐ 1-3 th	☐ 4-6 th	☐ 7-10 th	☐ >10 th
10	Berapa persenkah dari total pengeluaran- anda berbelanja yang dihabiskan di SOGO ?	☐ <20%	☐ 20-40%	☐ 40-60%	☐ >60%	
11	Berapa lamakah waktu yang anda habiskan- untuk berbelanja di SOGO di tiap kali kunjungan?	☐ <30 menit	☐ 1/2-1 jam	☐ 1-2 jam	☐ 2-3 jam	☐ >3 jam
12	Alasan mengunjungi SOGO ?	☐ Berbelanja	☐ Jalan-jalan	☐ Makan	☐ Supermarket	
13	Produk yang dibeli (lanjutan No.11) (Boleh pilih lebih dari 1)	☐ Sepatu, tas& pakaian	☐ Aksesories Kacamata	☐ CD, buku, & mainan	☐ Furniture & IT	☐ Makanan ☐ make-up/ kosmetik
14	Seberapa indah tampilan suasana di SOGO?	☐ Sangat indah	☐ Indah	☐ Biasa	☐ Buruk	☐ Sangat buruk
15	Seberapa besarkah anda menikmati- music yg dimainkan di SOGO?	☐ Sangat- Menikmati	☐ Menikmati	☐ Biasa	☐ Tidak suka	☐ Sangat tidak menikmati

Silahkan ke halaman berikutnya ->

*Tolong lingkari satu dari pilihan yg tersedia untuk tiap pertanyaan dlm section 1,3,dan 4.

Section 1

Keseluruhan kualitas servis di Sogo;

		Sangat tidak setuju					Sangat setuju	
1	Memberikan servis yang sangat baik.	1	2	3	4	5	6	7
2	Memiliki kualitas servis yg sangat baik.	1	2	3	4	5	6	7
3	Memiliki standard servis yg sangat baik.	1	2	3	4	5	6	7
4	Memberikan servis yg baik dalam tiap langkah.	1	2	3	4	5	6	7

Section 2

Kesetiaan pelanggan terhadap SOGO;

1	Saya memberikan tanggapan positif terhadap SOGO	1	2	3	4	5	6	7
2	Saya merekomendasikan SOGO pada teman2 yg menanyakan pendapat Saya	1	2	3	4	5	6	7
3	Saya menyarankan teman & saudara untuk berbelanja di SOGO	1	2	3	4	5	6	7
4	Saya meyakinkan SOGO akan menjadi tempat pilihan berbelanja Sy dalam - tahun-tahun mendatang	1	2	3	4	5	6	7
		1	2	3	4	5	6	7

Section 3

Kualitas hubungan pelanggan dengan seluruh elemen servis di SOGO;

1	Bagaimana keseluruhan penilaian anda terhadap para pekerja di SOGO ?	1	2	3	4	5	6	7
2	Bagaimana keseluruhan penilaian anda terhadap pelayanan di SOGO ?	1	2	3	4	5	6	7

Section 4

Kepuasan emosi pelanggan terhadap servis di SOGO;

Tidak menyenangkan	1	2	3	4	5	6	7	Menyenangkan
Tidak menggembirakan	1	2	3	4	5	6	7	Menggembirakan
Tidak memuaskan	1	2	3	4	5	6	7	Memuaskan
Mengecewakan	1	2	3	4	5	6	7	Nikmat

Terima Kasih