Customer Experience Driven Expectations- A Cognitive Process

KEYWORDS
customer experience, customer expectations, cognition, mental accounting

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ABSTRACT
Customer expectations are the key for success in a market which comes from meeting or exceeding their expectation. Understanding the expectations of the customers is of utmost important to serve the customers better. Several literatures have clearly identified the influence of customers’ past experience on their future expectation. This paper examines the involvement of experience driven mental process in the creation of customers’ future expectations by explaining the role of mental component while processing information. This paper provides a conceptual framework of customer experience driven expectation by integrating the concept of customer experience, customer expectation and cognitive psychology. The paper also explains how the concept of mental accounting can be applied to explain the customer expectation and positioning of products.

Introduction
The concept of customer satisfaction is always considered as an important area in marketing. Meeting or exceeding the expectations leads to a high degree of satisfaction and failure to do so leads to dissatisfaction (Walker, 1995; Paul, 2012). Managing expectations of the customers is the key for success in any market (Paul, 2012). Meeting expectation increases the probability of success of an enterprise (Schuter & Towers, 2006). Zeithaml & Bitner (1996) stressed that the marketers need to continuously consider the expectation of the customers to avoid dissatisfaction. On the other hand, satisfactory experiences provide good memories to the customers and increase customer level of satisfaction which results in increasing customer loyalty and service providers’ profitability. Experiences are personal in nature and indicate customers’ involvement at various levels (Gentile, et al., 2007). Customer experience always receives greater attention among academics and business. Understanding the role of a customer experience in his expectation is necessity of developing a customer centric marketing strategy (Bhowal & Paul, 2013; Paul, 2012). Past experience acts as main source of customers’ expectation (Anderson & Sullivan, 1993; Robledo, 2001). The organizations need to understand how customer experience affects their behaviour (Klaus & Maklan, 2011). This paper attempted to highlight the mental operation driven by customers’ past experience for shaping their expectations.

Objective
The objective of the paper is to develop a theoretical framework for customers’ experience driven expectation by integrating the concept of customer experience, customer expectation and mental accounting.

Methodology
The study is conceptual in nature. The study is based on the survey of literature available in the areas of customer expectation, customer experience and cognitive psychology. For this purpose, past studies relevant to the study were reviewed. An attempt is made to develop a conceptual framework through the integration of the literatures.

Customer Experience
Customer experience is the customers’ internal and subjective response that they have with the company. Several scholars termed experience as the ‘take-away’ impression or perception created during the process of using, maintaining, and disposing of a product or service (Berry, et al., 2002; Lweis & Heackel, 1999). Chodchuan & Haron (2012) defined customer experience as “a psychological feeling existing in the mind of the customer”. Customers’ experience comes from the felling that they have while interacting with companies (Leonard & Carbonate, 2009). Customer experience originates from the interfaces between a customer and a company, a product which provoke reactions. Customers’ always have an experience whenever they come across a product or services (Berry, et al., 2002). Consumption always carries an experiential effect (Holbrook & Hirschman, 1982). Such experience may be good, bad or indifferent depending on the customers’ own interpretation. Thus, customer experience, being a psychological process, has a strong relationship with the cognitive psychology relating to information processing.

Customer Expectation
Customer expectations are the customer wants i.e. what customers feel that a firm should offer over and above what they actually offer (Hsieh & Yuan, 2010). According to Byron (1994) expectations are the “anticipations of future consequences based on prior experience, current circumstances, or some other source of information”. “Customer expectations are the inner standard beliefs and attitude by which customers judge the products and services” (Arnold & Reynolds, 2003). Expectation changes with time with the experience. Past experience acts as the important source of expectation (Anderson & Sullivan, 1993). Robledo (2001) has also identified past experience as main source of expectation. Experience plays a crucial role in customers’ expectation formation (Bhowal, A. & Paul, T., 2014). Customer without previous experience has unrealistic and less refined expectation (Higgs, et al., 2005). Thus, expectations of the customers are outcome of the experience driven by a psychological process.

Experience-Cognition-Expectation
Expectations are not constant and as and when customers receive new information expectations are reformed (Parasuraman, et al., 1994; Coye, 2004). From the definition of experience and expectation, it is observed that both experience and expectation involves human cognitive process. The theory of cognitive psychology is predominant in shaping the expectations. Cognitive psychology focuses on how people acquire, process and store information. The cognitive theory deals with the interaction between the mental component and the information that is processed in human mind (Neisser, 1967). Cognitive theories are based on integration of events into an active storage system comprised of organizational structures termed schemata (Baron & Byrne, 1987). Schemata formulate frameworks in which new information must fit in order to be understood (Bell-Greder, 1986). The human mind processes all additional information,
Thaler (1990) mentioned that the involvement mental operation involved in categorisation economic outcome while defining mental accounting. Mental accounting draws attention about how economic outcomes are perceived and experienced and subsequently evaluated. Mental accounting involves the assignment of activities to specific mental accounts (Thaler, 1990). Thaler’s (1990) concept of mental accounting can be applied to explain the customer experience driven expectation in same sense where a customer’s perceived experience goes through a mental operation which categorizes the perceived experience into separate mental accounts. These mental accounts determine how companies have been able to position their products in the minds of the customers. As customer expectations are influenced by past experience, therefore, it can be said that positioning of products lead by mental accounting of the customer have a strong impact on their level of desire.

Conclusion

From the above discussion, it can be concluded that the customer experience has strong impact on their level of expectation. Experience influences the mental process of interpretation. Even though the Thaler’s concept of mental accounting belongs to the area of behavioral finance, it can be applied to the study of customer behaviour. Bhowal & Paul (2012) has used the concept of mental accounting to study the influence of marketing mix on customers’ behaviour. Thus, by incorporating the Thaler’s concept of mental accounting, creation of mental accounts that determines the product positioned in the customers mind can be well understood. The positioning of products determines the level of expectation of the customers. In other words, customers’ level of expectation is determined by their level of experience through categorisation process called mental accounting [i.e. Mental Accounting = (F(customers’ past experience) and Future Expectation = [i.e. EXPERIENCE -> COGNITION -> EXPECTATION]). Past experience influences the mental state of the customers which in turn influences the expectation. On this ground, it can be said that level of expectation is the outcome of experience processed in the mind of the customers.

**REFERENCE**