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Personal Interaction Encounter, Customer Involvement, Familiarity and Customer Service Experience in Malaysian Public Universities

Mazlina Mamat^{a,*}, Mahmood Sabri Haron^b, Nurhanan Syafiah Abdul Razak^a

^a*Faculty of Business Management, Universiti Teknologi MARA, Kelantan, 18500 Machang, Kelantan Malaysia*

^b*School of Management, Universiti Sains Malaysia, 11800 USM, Penang, Malaysia*

Abstract

Growing competition among Malaysian public universities makes it imperative for university management team to understand the important role of customer service experience management. Delivering a favorable customer service experience has become one of the crucial objectives in today's service environments. The primary focus of this study is on the customer service experience among Malaysian public universities' academic staff. A sample of 454 academic staff from Malaysian public universities was collected through a survey. The data analyses for the study includes correlation and regression analyses. The most important findings are the significant positive influences of personal interaction encounter, familiarity and customer involvement on customer service experience of academic staff. Therefore, the findings are hoped to provide useful insights to Malaysian public universities' management in managing their academic staff' customer service experience.

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Keywords: Personal interaction ; encounter; familiarity; customer involvement; customer service experience; public universities

1. Introduction

In recent years, Malaysia has emerged as an unexpected contender in the world market for international students in higher education. Recognizing this sector as potential new source of growth and export revenue, Malaysia aims to become a regional center for higher education. Malaysian public universities are committed towards becoming world class universities by the year 2015 in line with requirements of the Malaysian Qualifications Agency (MQA)

* Corresponding author. Tel.: +6013-964-2778
E-mail address: mzlina@kelantan.uitm.edu.my

introduced by the Ministry of Education. The major concerns and attribute that cannot be compromised are the issues of service experience, quality, and satisfaction. One of the major components highlighted in both standards International Organisation for Standardization of (ISO) and Quality Assurance (QA) are meeting customer requirements and creating satisfying service experience. Marketing studies conducted on services offered by Malaysian public universities are very limited. This research attempts to reveal the influence of personal interaction encounter, familiarity, customer involvement and customer service experience in Malaysian public universities. The Academic Affairs Departments (AAD) in Malaysian public universities not only provided their services to students but also to academic staff. The shift to a more ‘customer’ focused service delivery is crucial for AAD since it will lead to a better customer service experience for academic staff. Consequently, academic staff which comprises the majority of the total population of universities’ staff would be able to deliver higher level of quality services to their ultimate customers, the students.

There is a need to identify what are the determinants for the service experience in public higher education institutions. Little is being done to assay this phenomenon from a scholarly business perspective (Verhoef et al., 2009). According to Ling et al. (2010), service experience has become an important area in services marketing literature due to its effect on cost, profitability, customer satisfaction, and customer retention. "Today \$1 spent on advertising yield less than \$5 in incremental revenue, whereas \$1 spent on good customer experience yield more than \$60 in incremental revenue" (Odgers, 2004, p. 24). It has been proven that to increase the company’s revenue, successful customer experience management is crucial for every business in the market place. According to Berry and Parasuraman (1992), they argue that the strategic success of a service organization depends on the ability of service providers to enhance their images by consistently meeting or exceeding customers’ service expectation. These components must be measured regularly to response to the changes of the environments where the expectation of the stakeholder is becoming higher. The outcomes of the measurement are very useful for the university’s administrators to provide plans and solutions for the continuous improvement so that the service offered by the university’s departments are significant to its’ customers.

Although personal interaction encounter, customer involvement, familiarity and customer experience have been researched separately in a number of studies, these variables have not been examined simultaneously in public service context. The present study aims to fill this gap by examining the relationships among personal interaction encounter, customer involvement, and familiarity with customer service experience in the context of Malaysian public universities. By looking at the issues discuss above, the objectives of the study are formulated as follows:

1. To examine the influence of personal interaction encounter on customer service experience;
2. To study the relationship between customer involvement and customer service experience; and
3. To investigate the relationship between familiarity and customer service experience.

The following sections are organized as follows: section two is the literature review, section three discusses methodology, section four shows empirical results and section five concludes and gives recommendation based on the findings of the study.

2. Literature Review

2.1. Customer Service Experience

Experiences appear to lack disciplinary borders; they are important in anthropology, sociology, economics, psychology, philosophy, and other fields. Experience is gained when what happens is translated into knowledge (common sense), not only when it remains a simple lived occurrence (Carù & Cova, 2003, p.269). Grewal et al. (2009) see it as including every point of contact at which the customer interacts with the business, product or service. Akin to their definition is the one put forth by Verhoef et al. (2009) that the “customer experience originates from a set of interactions between a customer and product, a company, or part of its organization, which provoke a reaction” (p. 33). Meyer and Schwager (2007) consider it to be both an internal and subjective response that people have to any direct or indirect contact with a company.

It is generally presumed that experiences are positive encounters, but negative experiences are also possible. It is interesting to note that when experiences are described and defined, researchers generally imply positive or pleasant events or feelings (Lashley, 2008). Experiences are often described, for example, as memorable, emotionally

intense, obscure, and diverse phenomena, and they are often initiated by environmental dimensions and emotive and internal responses. In contrast, Walls et al. (2009) noted that physical incongruence and unprofessional employee behavior contributed to negative consumer experiences. Collins (2004) depicts experience as a compelling process whereby transient, short-term emotions (such as happiness and anger) are transformed into long term emotional energy (feelings of confidence, elation, strength, enthusiasm, and initiative in taking action). This transformation occurs through interaction rituals performed by participating individuals. Interaction rituals are face-to-face interactions that occur on a daily basis.

2.2. Personal Interaction Encounter

Personal encounters are viewed as a period of time during which a consumer interacts with service personnel (Bitner, 1992). The quality of personal interaction encounters can be assessed based on the service provider's competence, listening skills, and level of dedications (Chandon et al., 1997). Coye (2004) also found that a service provider's behavior at the point of delivery may influence consumer expectations toward the service offering. Pullman and Gross (2004) argued that "effective experiential design creates loyalty when the service provider relies on its employees and customers to enact a shared identity and emotional connection during the customer's experience" (p. 556). According to Gilmore and Pine (2002), the key to creating memorable encounters lies not in improving the functionality of a service but rather in layering an enjoyable experience on top of an existing service. Stated otherwise, memorable guest experiences are achieved when a company engages individual customers in an inherently personal way. This construct lends itself to postulating that, in order for an organization to be competitive and to survive in the service industry, it must look for ways to embrace new experience-staging techniques and to employ them in a way that has a maximum effect on service encounters.

2.3. Customer Involvement

Involvement is defined as "perceived relevance of the object based on inherent needs, values, and interests" (Zaichkowsky 1985, p. 342) in exploring enduring and intrinsic relevance of an object. Involvement has been considered an imperative variable in understanding and predicting consumer behavior. Hoyer and MacInnis (2004) suggested that people more actively processed information and formed attitudes when their involvement was high. When involvement is high, people use more cognitive efforts to process persuasive information. In general, consumers are more willing to receive marketing messages, be influenced by marketing communication, and change their attitudes when their involvement levels are high. Involvement has been developed as a psychological construct predictive of sports related behavior (Funk, Ridinger, and Moorman 2004). Due to the studies spanning several disciplines, involvement has been approached in several different ways. Consequences of involvement are posited in the domain of information processing-attention and comprehension processes (Celsi and Olson, 1988), motivation to process (Bloch et al., 1984), types of processing (Mittal, 1988) and interactions (Levy and Nebenzahl, 2008), as well as repurchase loyalty (Olsen, 2007).

2.4. Familiarity

The concept of familiarity has been studied extensively in various fields of social sciences. Knowing a person or an object means increased knowledge structure, thereby, affecting consumer information processing activities in several ways (Alba & Hutchinson, 1987). The impact of familiarity on consumers' information processing has been a feature of traditional and recent information processing theories of consumer choice (Bettman, 1979). It has been argued that familiarity facilitates the acquisition of new information as well the use of existing information (Park & Lessig, 1981). In terms of terminology, the term of familiarity has been used interchangeably with expertise and experience when referring to prior knowledge (Rao and Monroe, 1988). However, Alba and Hutchinson (1987) suggest that consumer knowledge has two components: familiarity and expertise. Familiarity is defined as the number of product-related experiences accumulated by consumers, expertise is the ability to performed product-related tasks successfully (Rao & Monroe, 1988). In this research, consumer's familiarity consists of service familiarity. Theoretically, consumers who are becoming more familiar with services are likely to undergo several cognition-related changes. In particular, increasing familiarity leads to more elaborated cognitive structure due to increase knowledge. In this phenomenon, familiarity can explain that the more often people are exposed to a

certain stimulus, the more positively they evaluate it, and therefore, feel less psychological distance toward the stimulus.

3. Methodology

The purpose of the study is to investigate the influence of personal interaction encounter, customer involvement and familiarity on customer service experience. Hypothesis testing is implemented to explain the variance to the research’s outcomes. This study employed a correlation study by using a cross-sectional survey design where data were gathered once by means of a structured questionnaire in order to answer the research question of the study. The unit of analysis for this study is individual, which consists of public university academic staff in Malaysia. A self administered questionnaire was designed in order to collect the data. The questionnaire was personally administered along using an intercept approach to the targeted sampling frame using a stratified random sampling method. Approximately 5 out of 10 approached academic staff agreed to partake in the research study. A total of four hundred fifty four (454) usable questionnaires were collected for data analysis.

Measurement for personal interaction encounter was adapted from Wakefield and Blodgett (1999) – attentiveness (0.95), reliability (0.79) and responsiveness (0.93). Measure of familiarity was adapted from Johnson and Russo (1984). The ten-item instrument – Revised Personal Involvement Inventory (RPII) – developed by Zaichkowsky (1987) was used to measure customer involvement, while customer service experience was measured by adapting a CEI scale which was tested for validity and reliability by Kim et al. (2011). Each of the five scales had Cronbach’s alpha coefficients above 0.70; alpha = 0.95 for benefits, alpha = 0.81 for convenience, alpha = 0.87 for accessibility, alpha = 0.70 for utility, and alpha = 0.84 for trust. All items used seven-point Likert-type scales with anchors of “strongly disagree” as 1 and “strongly agree” as 7.

4. Research Analysis and Findings

The Pearson Coefficient of Correlation and multiple regression analyses were utilised to test the hypotheses. Table 1 shows the correlation matrix among the variables. Correlation matrix is required to show the association between two variables at a time. Sig. (2-tailed) in the table indicates the probability level from a null hypothesis test and all of them are significant (p < 0.01). The Pearson correlation between customer service experience (CSE) and personal interaction encounter (PIE) is 0.752 (significant at 1%). There is a medium positive relationship between these two variables. The Pearson correlation between customer service experience (CSE) and customer involvement (CI) is 0.682 (significant at 1%) and it means that there is also a medium positive relationship between them. The Pearson correlation between customer service experience (CSE) and familiarity (F) is 0.675 (significant at 1%). This result also shows a medium positive relationship between familiarity and customer service experience. All three correlation results indicate that personal interaction encounter, customer involvement, and familiarity give significant positive effect to customer service experience if other independent variables are absent.

Table 1: Correlation on Customer Service Experience, Personal Encounter, Customer Involvement and Familiarity

Variables	CSE	PIE	CI	F
Customer Service Experience (CSE)	1	0.752**	0.675**	0.682**
Personal Interaction Encounter (PIE)		1	0.619**	0.678**
Customer Involvement (CI)			1	0.560**
Familiarity (F)				1

* **Correlation is significant at the 0.01 level (2-tailed)

Multiple regression was conducted in multivariate analysis to predict the values on a quantitative outcome variable (customer service experience), using several other predictor variables (personal encounter, customer involvement and familiarity).

Table 2: Multiple Regression Analysis

Model Summary ^b										
Model						Change Statistics			Sig. F Change	Durbin-Watson
	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2		
1	.817 ^a	.667	.665	.41227	.667	300.215	3	450	.000	1.960

a. Predictors: (Constant), Clc, Fc, Pic

b. Dependent Variable: Customer Service Experience

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	5.008	.019		258.805	.000	4.970	5.046		
	Pic	.336	.033	.409	10.162	.000	.271	.401	.457	2.189
	Clc	.255	.040	.245	6.421	.000	.177	.334	.509	1.966
	Fc	.223	.028	.285	7.973	.000	.168	.278	.580	1.723

a. Dependent Variable: Customer Service Experience

According to model summary, Table 2, the multiple regression model with all three predictors produced $R^2 = 0.667$, $F(3, 450) = 300.215$, $p > 0.05$. All three predictors had significant positive regression weights, indicating that academic staffs with higher personal interaction encounter, customer involvement and familiarity were expected to have higher customer service experience, after controlling all the other variables in the model. Adjusted R square takes into consideration the number of observations and the number of predictor variables to make sure that things are not too inflated. If R square is at 0.667, it means that all independent variables explained the dependent variable for 66.7%. The other 33.3% remaining explain the dependent variable which comes from other variables that is not included in this study. For the model coefficients, constant (5.008) indicate the value of customer service experience when all independent variables equal to zero. For personal interaction encounter, the Beta is 0.336 means 1% increase in personal encounter will increase customer service experience by 33.6% (significance at 5%, $p < 0.05$). While Beta for customer involvement is 0.255, which means 1% increase in customer involvement will improve customer service experience by 25.5% (significance at 5%, $p < 0.05$). For familiarity, the Beta is 0.223. This means that 1% increase in familiarity will improve customer service experience by 22.3%.

In conclusion, all three research hypotheses for this study are accepted. There are significant influences between personal interaction encounter, familiarity and customer involvement on customer service experience among academic staff when adopting services at Academic Affairs Department (AAD).

5. Conclusions

This research examined the Academic Affairs Department (AAD) customer service experience utilizing a model which attempts to demonstrate the significant effects of personal interaction encounter, familiarity and customer involvement. This study contributes to a better understanding of factors influencing customer service experiences in the context of public higher learning industry. The knowledge generated as a result of this research can help universities management to improve their service encounters especially their personal interaction encounter and guide front line employees-customers interactions in an effort to create satisfactory customer service experiences.

To influence future visits among low familiarity customers, it may be necessary to deliver services beyond their expectations. It has been stated that this may result in high expectations which make it harder to satisfy customers in the future (Rust & Oliver, 2000). However, understanding customers' expectations and finding an opportunity to exceed them is a viable strategy to gain repeat visits. Firms should always be responsive to customers' needs, and empower staff to incorporate some delightful surprises in their delivery of services to make the consumption of service experience memorable.

The involvement of customers in service production processes has been increasing, particularly as organizations

seek to reduce costs through customer participation. Customer involvement through self-service has recently been increasing in services particularly the adoption of internet services. More tasks are conducted by using online services such as academic reports, student performance, examination activities, administrative affairs and other activities. As service customer involvement expands, the issue of how that involvement affects customer response to service becomes increasingly important. Such customer service roles have depth as well as breadth.

In conclusion, the model in this study presents an initial comprehensive view of how customer service experience are composed in a public universities setting. Given the growing need to differentiate in the marketplace and create a competitive advantage, creating a service environment that facilitate personal interaction encounter, familiarity and customer involvement which encourages positive guest experiences is likely to receive academic and managerial attention.

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