

Integrated Approach to Management of Predictive and Normative Expectations

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The present study proposes a unified framework that incorporates management of desired expectations, adequate expectations, predictive expectations from a provider and from competitors, and the zone of tolerance. Management of expectations differs at three points of time – choice/purchase, actual service, and post-consumption stages. Unlike predictive expectations, the level of adequate expectations is affected by attribution process. By emphasizing uncontrollable factors, a company can create a positive differential between focal predictive expectations and adequate expectations and use it to its advantage. A provider needs to tread a fine line between consistent high performance and occasional pleasant surprises on variable basis.

Keywords: desired expectations, adequate expectations, predictive expectations

INTRODUCTION

The role of expectations in generation of customer satisfaction and loyalty has been a focal point of researchers' attention for quite a long time. It has become a commonplace that businesses need to understand customer expectations in order to meet and – if possible – to exceed them. Numerous studies have endeavored to conceptualize and measure various types of expectations and their relationship with customer outcomes. The most extensively examined types are normative, or “should” expectations (Parasuraman, Zeithaml, & Berry, 1985; Zeithaml, Berry, & Parasuraman, 1993) and predictive, or “will” expectations (Churchill & Suprenant, 1982; Oliver, 2010). At the same time, despite the numerous studies, there is a dearth of systematic analysis of management of customer expectations, and as a result, inconsistent managerial implications related to the subject. Management of a certain phenomenon goes beyond its measurement and establishing relationships with other variables. Expectations management involves active manipulation, or framing, of expectations with the purpose of changing them in a direction advantageous to a provider of a product or a service. If we put ourselves in the shoes of practical managers, we find ourselves confused by the contradictory practical recommendations made in different studies. It is unclear for practitioners in the field in what way they need to change expectations in order to attain desired results. Do they need to raise expectations to achieve Pygmalion effect and assimilate performance with expectations (Boulding, Kalra, Staelin, & Zeithaml, 1993; Lee, Lee, & Yoo, 2000)? Or should they, on the contrary, lower expectations so as to create positive disconfirmation, or at least prevent negative disconfirmation of expectations (Szymansky & Henard, 2001; Walker & Baker, 2000)? Or is it best to disregard the role of expectations, since according to some research, confirmation of high

expectations and disconfirmation of low expectations result in the similar level of satisfaction (Oliver, 1977), which implies that satisfaction is affected by other variables rather than expectations?

Among other pivotal questions that remain largely unanswered is that of which classes of expectations can we actually manage. Are these only predictive expectations? Most studies devoted to the subject of expectations management in fact address this type, even when they do not emphasize it. Are normative expectations manageable to the same extent as predictive expectations? Are the tools that businesses use to manage expectations related to both types? For instance, when a company makes promises via advertising and other channels of communication with customers (which may result in under-promising or over-promising) – does that affect both normative and predictive expectations? And most importantly, should these two types be managed separately, or is it more beneficial to deal with both of them in a systematic combined fashion? Existing literature does not provide comprehensive answers to these questions. Previous research has not incorporated management of different classes of expectations in a unified framework.

The current study endeavors to address these hitherto understudied issues. It emphasizes the need for managing different classes of expectations in integrated fashion. The structure of the paper is as follows: First, the concepts of predictive and normative expectations are delineated. Then, critical analysis is presented of existing practical recommendations on management of predictive and normative expectations in turn. Finally, a framework for the joint management of two classes of expectations is outlined, and practical recommendations are made.

CONCEPTS OF PREDICTIVE AND NORMATIVE EXPECTATIONS

As stated above, the most common classes of expectations investigated in the literature are predictive and normative expectations. Both types are used as benchmarks, or reference points, against which customers compare their perceptions of a product/service performance. The notion of predictive expectations was developed in expectancy-disconfirmation literature. This type reflects customer's anticipation of what will likely happen (Churchill & Suprenant, 1982; Oliver, 1980; Swan & Trawick, 1981). The magnitude of these expectations is the result of multiplication of valence of outcome on probability (Oliver, 2010). Being statistical in nature, "will" expectations can be characterized by mean and variance. Consequently, their increase is the result of growth in mean valence and reduction of variation/uncertainty (Rust, Inman, Jia, & Zahorik, 1999). If the probability of various outcomes is unknown, customers find themselves in a state of ambiguity; if valence, or possible outcome is unknown, the result will be ignorance (Oiver, 2010). This type is "performance-amended," that is, they change in both directions as a result of cumulative customer experience (Boulding et al., 1993; Clow, Kurtz, & Ozment, 1998; Licata, Chakraborty, & Krishnan, 2008). Research also found that the more experienced the customer is, the more difficult is to change his or her predictive expectations, and efforts devoted to management of them bring diminishing returns (Boulding et al., 1993; Tam, 2007).

The notion of "should" expectations was developed in service quality literature (Parasuraman et al., 1985; Zeithaml, Berry, & Parasuraman, 1993). Relative to predictive expectations, normative expectations are more general and tend to remain more stable (Boulding et al., 1993; Licata et al., 2008; Laroche, Kalamas, Cheikhrouhou, & Cezard, 2004; Walker & Baker, 2000). Since they reflect national cultural norms and institutional environments and are not relationship specific (Steward, Morgan, Crosby, & Kumar, 2010), the sheer number of them is significantly lower than the number of predictive expectations. "Should" expectations relate to the whole class of providers of a certain product/service, while "will" expectations relate to each specific provider that a customer is aware of.

In turn, normative expectations include two subtypes – desired and adequate expectations (Parasuraman, Zeithaml, & Berry, 1994). The former reflects the level of performance that the best in class provider can and should deliver. The latter is the minimal level that a customer would tolerate or consider acceptable. The difference between them constitutes the zone of tolerance. If performance falls below this zone, the result, according to the model, will be negative disconfirmation of normative expectations and dissatisfaction; if it falls within the range, the outcome will be confirmation and

satisfaction; if performance exceeds the desired expectations and is above the zone of tolerance, the result would be customers' surprise and delight and, consequently, positive disconfirmation and high satisfaction (Johnson, 1995). The size of the zone of tolerance depends on certain factors, such as importance of quality feature or dimension (Parasuraman, Berry, & Zeithaml, 1991; Walker & Baker, 2000). The higher the importance, the higher the adequate expectations and the shorter the zone of tolerance. Desired expectations are the least flexible of all types (Walker & Baker, 2000; Zeithaml et al., 2013). They reflect the best option for any particular category of a product or service. Adequate expectations, in contrast, incorporate situational factors that are not under the control of a provider and thus are more variable. This important point will be addressed later in the paper in more detail.

ISSUES IN MANAGEMENT OF PREDICTIVE EXPECTATIONS

As far as management of predictive expectations is concerned, practitioners face an obvious conundrum. Consecutive studies found a positive relationship between both predictive expectations and disconfirmation with customer outcomes such as perceived performance (Boulding, Kalra, Staelin, & Zeithaml, 1993) and satisfaction (Oliver & Burke, 1999; Szymansky & Henard, 2001). The higher the expectations, the more difficult it is to positively disconfirm them. Since expectations and disconfirmation have countervailing influences on customer outcomes (Oliver, 2010), there is an inherent tension in management of predictive expectations (Kopalle & Lehmann, 2006; Swan & Trawick, 1981).

One dominant line of thought presented in the literature is that predictive expectations have an assimilative effect on perception of performance, and hence, need to be managed upward. Assimilative effect can be explained psychologically through initial impression (Boulding et al., 1993), need for consistency, ego protection and enhancement (Oliver & Burke, 1999), need to reduce post-purchase cognitive dissonance (Tse & Wilton, 1988), and self-fulfilled prophecy, or the Pygmalion effect (Oliver, 2010). Since customers try to maintain consistency in their thoughts and emotions before and after the purchase, a decision to raise "will" expectations seems reasonable. This argument can be reinforced so that in the service where a customer plays an active role, self-fulfilled prophecy is particularly salient. Such components of service quality as two-way open communication between a provider and a customer, empathy, and responsiveness are greatly dependent on positive customer expectations. The argument can be made that the higher the element of human interaction is, the more pivotal the Pygmalion effect is, and consequently, the stronger assimilative effect of expectations.

It can be maintained, however, that the conclusion of assimilative effect, and the recommendation to raise expectations are valid in only a limited area. Voss, Parasuraman, and Grewal (1998) found that (predictive) expectations play an assimilative role only when there is performance/price consistency; if such consistency is absent, the study found neither an assimilative nor a contrast effect. Since price acts as an implicit promise and antecedent of predictive expectations (Devlin, Gwinne, & Ennew, 2002; Zeithaml et al., 1993), then it can be posited that predictive expectations play an assimilative role only when expectations and performance match; when expectations and actual performance deviate beyond a certain threshold, expectations stop playing an assimilative role. Thus, inflating "will" expectations by overpromising cannot be considered a sound strategy (Parasuraman et al., 1985; Pitt & Jeantrout, 1994; Szymansky & Henard, 2001), at least in a long run.

The range within which an assimilative effect can work is referred to as the zone of indifference (Oliver, 2010; Wirtz & Mattila, 2001), where a customer does not yet feel the difference between expectations and actual quality. Sometimes in the literature the zone of indifference is equated with the zone of tolerance. Stodnik and Marley (2013) maintain that customers do not respond to heterogeneity within the zone of tolerance. In their model slope of regression of satisfaction on quality within the zone of tolerance is zero, so satisfaction does not vary within this range. Zeithaml et al. (2013) state that customers do not particularly notice service performance within the tolerance zone (p. 55). Other researchers claim that the zone of indifference is smaller than the zone of tolerance (Oliver, 2010; Wirtz & Mattila, 2001) since customers are not indifferent to what they have to tolerate. Although the last position seems more plausible, another critical difference needs to be pointed out: the zone of indifference

and the zone of tolerance belong to different scales – predictive and normative expectations – rather than to one scale as the literature usually implies. There can be different combinations of these two zones depending on where “will” expectations and performance stand relative to “should” expectations. The zone of indifference constitutes the range where performance is indistinguishable from expectations, and the dominant process is assimilation. If predictive expectations are low and performance matches them (as is often the case with car sales), the zone of indifference can be below or in the lowest portion of the zone of tolerance. When predictive expectations and performance are moderate (as with routine activities such as purchasing in a supermarket), the zone of indifference will find itself closer to the middle of the zone of tolerance. When predictive expectations and performance are high (e.g., with luxury hotels), the zone of indifference will be located at the upper segment of the zone of tolerance.

Outside the zone of indifference, contrast effect and disconfirmation start to set in. The apt strategy of a company in the area of discrepancy between performance and expectations is to accentuate the difference and attain customer satisfaction through positive disconfirmation. One of the suggestions in the literature is to under-promise in order to lower expectations and achieve pleasant surprise and satisfaction via over-delivery (Davidow & Uttal, 1989; Peters, 1987). The problem with this recommendation is that a product may lose its competitive appeal in the process. After all, why customers would choose to purchase a product with low expected performance?

A plausible solution to this problem is to separate management of expectations at different points of time – the time of purchase/choice and of actual service. At the former point the reasonable approach is to promise on essential outcomes, or technical features (Gronroos, 1984) that a company intends and is capable of delivering. The assimilation process at this point should be prevalent. During actual service certain process-oriented, or functional (Gronroos, 1984), expectations can be lowered (e.g. increasing anticipated waiting time during the phone call) in order to beat these lower expectations in actual delivery, while creating surprise and relief. This point will be analyzed more comprehensively when we address the managing of predictive and normative types in connection.

ISSUES IN MANAGEMENT OF NORMATIVE EXPECTATIONS

Normative expectations have a contrast effect on performance and satisfaction, and according to some sources are to be managed downward (Boulding et al., 1993). This suggestion is hardly applicable to the “ceiling” of normative type – desired expectations. One reason for this is that desired expectations are category-based and general; they are not the outcome of activities of a singular provider. Another reason is that this type has a general tendency to grow with technological progress and growing awareness of safety and environmental issues. The pattern of their growth can be outlined invoking three types of a product’s features: basic “must be” features, satisfiers, and delighters (Clemmer, 1990; Kano, Seraku, Takahashi, & Tsuji, 1984). Must-be features in a best-case scenario generate neutral reaction; if their functionality is low, they are deemed unacceptable and lead to dissatisfaction. Satisfiers can create both dissatisfaction and satisfaction depending on the level of their functionality. Delighters are attractive features that exceed current desired expectations and generate a high level of satisfaction. The boundaries between these three categories are not stable. With scientific and technological progress, delighters tend to turn to satisfiers and eventually to standard must-be features. Simultaneously, new delighters are developed, and they push desired expectations upward. Therefore, downward management of this type does not seem an applicable approach.

Possible methods of management of desired expectations are based on factors affecting this type. Zeithaml, Berry, and Parasuraman (1993) claimed that explicit and implicit promises have a direct impact on desired expectations. If it is the case then explicit promises (via advertising, PR, and other types of communication with customers) and implicit ones (tangible aspects of service and price) would be the tools for managing desired expectations. It seems that this proposition also contradicts the common conceptualization of desired expectations as category-based, general and least flexible of all types. A promise (whether explicit or implicit) by a provider can change desired expectations only when two conditions are present: 1) a provider promises to achieve a new level of quality that was hitherto unknown

to a customer (new attractive features or brand-new products based on innovative technology); 2) a provider indeed delivers upon his promise. Only when a new unparalleled level of service/product quality actually materializes, does it become a new standard for desired expectations. Such “positively outrageous level of service” (Gross, 1994) is accompanied by emotions of surprise and delight (Rust & Oliver, 2000; Zeithaml et al., 2013). If in contrast a provider’s promise is within the parameters of “business as usual,” and it does not exceed existing standards, desired expectations remain unchanged. In a similar vein, if actual performance does not meet elevated promises, desired expectations do not rise either. Since this type of expectations is the least flexible, it stands to reason that it is the least manageable. Several other factors affecting desired expectations mentioned in the literature such as personal needs and personal service philosophy (Devlin et al., 2002; Zeithaml et al., 1993), relate to intrinsic factors that are very difficult, if not impossible to manage.

As for the management of adequate expectations, they are less stable than the desired type because they reflect situational factors. For instance, while driving in rush hour a reasonable person would expect a longer drive and as a result, have lower adequate expectations than at less busy times. Zeithaml et al. (2013, p.62) used an example of distinctions in waiting for service in a college town’s restaurant during quieter summer semester versus during the busier regular semester. If customers realistically anticipate that waiting time during a regular semester is likely to be longer, they will lower their adequate expectations. Based on this logic, Zeithaml et al. (2013) maintain that adequate expectations are directly impacted by predictive expectations.

I argue that this conclusion is questionable. If adequate expectations are just derived from predictive expectations, then it is unclear how it is possible for predictive expectations to have an assimilative effect, and for adequate expectations as a subtype of normative expectations to have a contrast effect in satisfaction formation. These two postulates are logically incompatible. In addition, as stated earlier, there are as many predictive expectations as there are providers of a certain product that a customer is familiar with. Would it be reasonable to state that there are as many adequate expectations as well? In that regard, Zeithaml et al. (2013) provided an example of Burger King and McDonalds maintaining that since customers anticipate lower quality from Burger King than from McDonalds, their adequate expectations of the former would be lower than of the latter. However, it is rather more plausible that adequate expectations, i.e., minimal service that a customer can tolerate, are the same in both cases, but that predictive expectations from Burger King are lower than predictive expectations from McDonalds (and possibly lower than adequate expectations). Different adequate expectations from different providers of the same product would essentially mean applying a double standard and creating an ethical conundrum. In contrast, different predictive expectations do not imply the use of double standard. To illustrate the point, a professor should have the same normative (including adequate) expectations of performance from all students in class. Otherwise, it would be indeed using double standard and favoritism. However, there is nothing unethical in generation of varied predictive expectations from different students based on their heterogeneous performance as the semester progresses.

Customers are hardly ready to accept the reduction of performance that stems from a provider’s glitches. Previous examples demonstrate that only those situational factors that are *beyond the control* of a provider reduce adequate expectations. Customers understand that even when a provider does his best in challenging circumstances such as rush hour or a busy semester, certain quality dimensions may somewhat deteriorate, and they are in fact eager to accept that. Consequently, what differentiates between predictive expectations and adequate expectations is the process of attribution. Predictive expectations do not depend on attribution; they reflect factors that are both under and beyond the control of a provider. “Will” expectations constitute extrapolation of a situation “as is” regardless of whether it is influenced by internal or environmental forces. By contrast, factors that form adequate expectations are uncontrollable and externally attributed. If these external factors are negative, adequate expectations decrease and the zone of tolerance widens accordingly. When, on the other hand, reduction of performance is attributed to internal factors such as inferior level of service, adequate expectations, unlike predictive ones, do not change. In a more aggressive external environment where uncontrollable factors are stronger, the distance between adequate expectations and predictive expectations is small. Conversely, in a more benevolent

environment, wherein internal factors play a dominant role, the difference between two types is more salient.

If adequate expectations were derived from predictive expectations, then management of these two types cannot be decoupled; adequate expectations would be destined following the moves of predictive expectations. If it were the case, then each time a company raised predictive expectations, adequate ones would rise as well, with two negative implications. First, it would reduce the zone of tolerance, making a company more vulnerable. Second, it would eliminate the possibility of creating a positive differential between “will” expectations and adequate expectations that a company can use to its advantage. Emphasizing unfavorable external factors in communication with customers can be a way of increasing the size of this gap and the size of the zone of tolerance, which would make the company’s offer more acceptable to a customer. The critical role of attribution process as a differentiator between predictive and adequate expectations has been absent from the existing literature. Attribution has significant implications for management of expectations, as will be demonstrated shortly.

INTEGRATED MANAGEMENT OF PREDICTIVE AND NORMATIVE EXPECTATIONS

Management of predictive and normative expectations in isolation may achieve only partial results and is insufficient. To be more effective, both types should be managed in integrated fashion. Since desired expectations are least flexible and manageable, the main parameters that can be manipulated are predictive expectations, adequate expectations, and the zone of tolerance. These parameters should be addressed differently at three different points of time: choice/purchase, actual service, and finally, post-consumption evaluation. Again, external factors being equal, adequate expectations are the same for all contenders, but predictive expectations are different. One of the goals in expectations management at the point of choice/purchase is to create predictive expectations from focal company (“us”) higher than those of competitors (“them”):

$$PE_f > PE_c \quad (1)$$

where: PE_f – predictive expectations from a focal provider; PE_c – predictive expectations from a competitor.

Predictive expectations from focal company should also be equal or higher than adequate expectations:

$$PE_f \geq AE \quad (2)$$

where: AE – adequate expectations.

If a company does not endeavor to create a new standard of desired expectations, its promises and resulting predictive expectations will fall within the zone of tolerance:

$$DE \geq PE_f \geq AE \quad (3)$$

where: DE – desired expectations.

If, in contrast, a company incorporates new features (especially delighters) into a product or creates a brand-new product with higher performance and actively communicates it to customers, it promises to deliver above current desired expectations:

$$PE_f > DE \quad (4)$$

In order to keep predictive expectations above adequate ones, the most apparent course of action is to attempt to reduce adequate expectations and increase the zone of tolerance, while not lowering focal predictive expectations. A prudent provider on the one hand, emphasizes unfavorable external factors that

are outside control of a company, and, on the other hand, demonstrates company's internal capabilities to successfully handle external challenges. A "we shall overcome" stance allows differentiating between company's offerings and those of contenders. Boulding et al. (1993) provided an apt example of such an approach: an airline communicating to customers that all airlines had issues with ensuring on-time arrivals due to "factors outside of airlines' control, but that they were the best at being on time" (p.25).

Another possible way to widen the zone of tolerance and lower adequate expectations is to compartmentalize handling of various product/service features. As mentioned earlier, previous research (Parasuraman, Berry, & Zeithaml, 1991; Walker & Baker, 2000) maintained that the zone of tolerance of less essential service dimensions is wider than that of dimensions that are more critical. There are ample indications showing that customers can tolerate certain inconveniences if they realize that pivotal features of a product are first-rate. For instance, the more valuable a service, the more customers are willing to wait (Maister, 1985). People are willing to wait long hours in Times Square in New York on New Year eve in freezing temperatures and high-density surroundings. In a similar vein, many customers are ready to wait in long lines on Black Friday because they hope to attain unusually high value as the outcome of such waiting. Both examples show that adequate expectations regarding waiting time are low when value of core dimensions is high. In a more general sense, it can be suggested that the more valuable the core features of a product/service, the higher the zone of tolerance of secondary features. In other words, the higher predictive expectations of core aspects of a product (i.e., the closer predictive expectations are to desired ones), the lower adequate expectations are concerning peripheral aspects. If this proposition (to be tested in empirical research) is correct, then a provider is well advised to look creatively for ways to increase the value of central offerings (e.g., providing complementary products and services, selling in bulk, etc.) so as to make peripheral deficiencies more tolerable to customers.

An additional proposition with respect to decreasing adequate expectations is to take advantage of the time factor. Difficulties are endured more easily by a customer if these are perceived as temporary. For instance, when a customer rents a car for a few days during a vacation, he or she is not as picky about its features as with a car to be owned and used for a long period of time. Thus, the zone of tolerance of some features can be widened, and adequate expectations can be lowered when a customer realizes that issues are short-term. Moreover, when waiting is finite, explained and justified (Maister, 1985), customers not only can endure longer waits, but they can view other inconveniences as acceptable. In this regard, reduction of uncertainty in waiting reduces adequate expectations and widens the zone of tolerance.

At the same time the impact of uncertainty on adequate expectations is not unequivocal. In other instances, the effect of uncertainty on expectations will be in the opposite direction – its reduction heightens adequate expectations and narrows the zone of tolerance. Zeithaml et al. (2013) note that more knowledgeable customers articulate specifically what they want and are less tolerant of mistakes in service. Thus, the more knowledgeable a customer, the smaller the zone of tolerance is. Walker & Baker (2000) demonstrated that experienced customers after period of acclimatization raised adequate expectations and narrowed the zone of tolerance. Tam (2007) pointed out that higher uncertainty gives a provider more latitude in dealing with customers. Therefore, educating and training customers in order to make their expectations more precise as some sources suggest (Ojasalo, 2001; Zeithaml et al., 2013) can be a double-edged sword and not always advantageous to a company's bottom line. The situation in which providing more information to customers is not beneficial to a company clearly presents an ethical issue, a detailed analysis of which, however, is beyond the scope of this study.

Previous arguments point to the downward management of adequate expectations and ostensibly are in line with the aforementioned recommendations of Boulding et al. (1993). However, there can be circumstances in which the reverse logic is warranted. When a provider is confident that focal predictive expectations are significantly higher than predictive expectations of rivals' offerings ($PE_f \gg PE_c$) and higher than existing adequate expectations ($PE_f \gg AE$), the opposite strategy towards adequate expectations should be considered and adopted. Kettinger and Lee (2005) suggested that a company may endeavor to reduce rather than enlarge the zone of tolerance by raising adequate expectations so that customers would not tolerate rivals' products:

$$AE > PE_c \quad (5)$$

This is obviously a riskier strategy than the previous one. It can be advised only if a company's quality is sufficiently high. More specifically, both quality of design and quality of conformance should be impeccable (Meirovich, 2006). Quality of design involves a fit between product features and customer needs. High quality of design can be attained given the presence of three factors: deep understanding of customer requirements, translation of these requirements into a product and continuous improvement of the design process (Widrick, Mergen, & Grant, 2002). High quality of conformance reflects low variation in company's processes and conformance to specifications. Using the terminology of Total Quality Management, a company has to achieve a high process capability (the ratio between specification and control limits; $C_p \geq 2$), where it practically guarantees that deviations would not reach specification limits. These conditions require that functional departments which directly communicate with customers (marketing and sales) work in close collaboration with operations and quality assurance in order to prevent inflated promises and extravagant expectations. Kopalle and Lehmann (2006) point out that decisions on quality, expectations, and price should be made by the same unit/person, which is often not the case. Increasing adequate expectations can backfire if there is disconnect between marketing and operations in a company. Note that the strategy of increasing adequate expectations is sensible only when customers have developed predictive expectations of rivals' products PE_c . If such expectations are irrelevant or inactive, the only appropriate approach towards adequate expectations is to lower them.

This rationale is valid when the process moves forward from purchase to actual service. At this point the choice is already made, and expectations from contenders are largely irrelevant, so there is no risk involved to have focal predictive expectations lower than those of competitors. The only variables that should be taken into account are focal predictive expectations and adequate expectations. During service period some companies communicate with customers regarding possible reductions of quality on some features due to objective circumstances beyond the provider's control. This can include weather conditions causing delays in airline industry, higher than usual call volume in call centers that leads to longer waiting time, backlogs in supply chain, etc. By doing so they deliberately reduce both predictive and adequate expectations in order to achieve positive disconfirmation of both types:

$$Perf > PE_f \quad (6)$$

$$Perf > AE \quad (7)$$

Consequently, the zone of tolerance becomes wider, and there are higher chances that performance will not fall below it. This is a sound strategy unless it is viewed by customers as manipulation. If they realize that this is a company's gimmick rather than authentic communication, these interactions fail to achieve intended results of lowering adequate and predictive expectations. Another peril is that customers will not "buy" the causes of difficulties as objective and will make an internal attribution. In this case predictive expectations decrease, but adequate expectations do not:

$$AE > PE_f \quad (8)$$

Clearly the worst-case scenario during the service process is when promises are not kept and performance slides below both types of expectations:

$$PE_f > Perf \quad (9)$$

$$AE > Perf \quad (10)$$

At the final phase of post-consumption evaluation, customer's outcomes entail a certain level of satisfaction and emotions. While both cognitive and affective responses are results of previous transactions, they are also the prerequisites of future expectations and behaviors.

The relationship between expectations and emotions has been investigated by researchers (Dube & Menon, 2000; Oliver & Westbrook, 1993; Schneider & Bowen, 1999). Special attention in the literature in this regard was paid to the role of emotions of surprise and delight. Their connection to expectations is two-fold. On the one hand, delight is viewed as a result of positive disconfirmation of expectations to a surprising degree (Rust & Oliver, 2000; Zeithaml et al., 2013). On the other hand, delight may raise expectations which would be difficult and too costly for a company to exceed in the next cycle (Pitt & Jeantrout, 1994; Zeithaml et al., 2013). Indeed, if a company tries to surprise customers every time in order to create delight, they would expect that in future transactions. The result would be the *expected surprise*, which constitutes a logical contradiction, and as a strategy is hardly sustainable.

This line of thought presented in the literature necessitates some clarifications. First, positive disconfirmation of expectations to a surprising degree not always leads to delight. Suppose a customer was apprehensive because he/she had low predictive expectations of a provider's service. In the event, service quality turned out to be quite acceptable and surprisingly higher than these negative expectations. It is unlikely that in this situation the customer will be delighted; a more probable affective response would be *relief*. This emotion ensues when performance is higher than *low* "will" expectations, and equal or higher than adequate expectations, but lower than desired expectations:

$$\text{Perf} > \text{PE}_f \quad (11)$$

$$\text{DE} > \text{Perf} \geq \text{AE} \quad (12)$$

If a customer becomes more confident in a company's ability to deliver a product of decent quality, predictive expectations grow. Here emotions of surprise and relief trigger change in future predictive expectations but not in desired expectations. Customer delight is most likely to occur when not only *high* predictive but also normative/desired expectations are exceeded:

$$\text{Perf} > \text{PE} \quad (13)$$

$$\text{Perf} > \text{DE} \quad (14)$$

Second, even if there are no additional surprises in further transactions, a company that steadily delivers high product quality finds itself in a good shape. If its performance is consistently higher than that of competitors, then this performance will be equal to focal predictive expectations but higher than predictive expectations from competitors:

$$\text{Perf} = \text{PE}_f \quad (15)$$

$$\text{PE}_f > \text{PE}_c \quad (16)$$

$$\text{Perf} > \text{PE}_c \quad (17)$$

Consequently, in the post-consumption phase, management of expectations once again has to take into account predictive expectations of competitors. A company should communicate "indirect disconfirmation" – performance exceeding predictive expectations from competitive offerings.

Third, there is some evidence that delight can be achieved without surprise and positive disconfirmation. There are other antecedents of delight rather than surprise, such as ongoing flow, and engagement with a customer (Kumar, Olshavsky, & King, 2001). However, the effect of novelty and pleasant surprise should not be discounted either. To borrow from the theory of reinforcement (Skinner,

1953), the most potentially beneficial course of action for a company is providing consistently high quality that exceeds expectations from competition and creating occasional pleasant surprises based on a variable rather than on a fixed or continuous schedule.

CONCLUSION

Management of different classes of expectations is not analyzed systematically in the literature. There are no studies that incorporate joint management of desired and adequate expectations and predictive expectations in a unified framework. In addition, no differentiation is made in the literature between management of expectations at different points of time – purchase, actual service, and post-purchase evaluation. As a result, suggestions on expectations management are either partial (e.g., to reduce adequate expectations (Kettinger & Lee, 2005)) or too sweeping (e.g., to manage “will” expectations up and “should” expectations down (Boulding, 1993)). Although inherent tensions in management of expectations are noted in the current literature (Kopalle & Lehmann, 2006; Swan & Trawick, 1981), these tensions are not explored thoroughly.

The central thread of this study is that different types of expectations have to be managed in an integrated fashion. Of all the types the “ceiling” level of normative expectations – desired expectations – is the most stable and least manageable. Desired expectations change when customers become aware of innovative higher quality products or incorporation of new attractive features/delighters in existing products. Joint management of predictive and normative expectations differs at three points in time – the choice/purchase, actual service, and post-consumption phases. At a choice/purchase stage the parameters that should be addressed are focal predictive expectations, predictive expectations of rivals’ products, adequate expectations, and the zone of tolerance. The goal at this point is to create focal predictive expectations that are higher than predictive expectations of rivals’ products and not lower than adequate expectations. Unlike predictive expectations, the level of adequate expectations is affected by the attribution process: they decrease when customers make external attribution of reduction in expected service. By emphasizing factors that are beyond the control of a provider, a company can create a positive differential between focal predictive expectations and adequate expectations and use it to its advantage. In a case where a company possesses high caliber of quality management, it can consider raising adequate expectations and decreasing the zone of tolerance. Otherwise, it is advised to choose the less risky strategy of reducing adequate expectations by emphasizing external factors outside its control. During the process of delivery, the goal is to lower predictive and adequate expectations on some, mostly process-oriented dimensions, in order to generate positive disconfirmation of both predictive and adequate expectations. At the post-consumption stage special attention has to be paid to customer emotions (such as surprise, relief and delight) because these might trigger the creation of new predictive and normative expectations in a new consumption cycle. A company needs to tread a fine line between consistent high performance and occasional pleasant surprises on a variable, unpredictable basis.

The presented framework for joint management of predictive and normative expectations is rather general. It does not take into account various contingency factors affecting the role of expectations mentioned in the literature. Among these factors are types of product (tangible goods vs. service, credence products vs. verifiable ones), customer experience, brand name, etc. As with any general model, the framework described here should be adapted to specific situations according to contingency factors; such adaptations, however, are outside the scope of this paper.

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