THE DELINEATION AND INTERACTIONS OF NORMATIVE AND PREDICTIVE EXPECTATIONS IN CUSTOMER SATISFACTION AND EMOTIONS

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ABSTRACT

The importance of understanding and meeting customer expectations has long been recognized in the marketing literature. Scholars acknowledge the existence of various types of expectations, and there is a growing interest in the normative and predictive types; however, many aspects of their differences and connections remain unclear. A lack of clear distinction between normative and predictive expectations is fairly typical in the literature. This leads to deficiencies in recommendations for practitioners, and it hinders the development of richer, more comprehensive theory by researchers and scholars.

This article aims to remove some of confusion by carefully examining normative and predictive expectations with a focus on their differences and interactions in generating customer satisfaction and emotions.

INTRODUCTION

The importance of understanding and meeting customer expectations is long recognized in the marketing literature. Expectations are regarded as standards against which customers assess provider's performance. Researchers acknowledge existence of various classes of expectations, among which growing interest is drawn to two particular types – normative and predictive expectations. However the study of these types is still in the initial stage, and many aspects of their differences and connections remain unclear. The lack of distinction between normative and predictive expectations is quite typical in the literature and it leads to deficiencies in theoretical implications and recommendations for practitioners.

The authors of this article research endeavor to systematically analyze these two expectations types in regards to their differences and interactions in generating customer satisfaction. Due to the long recognized role that emotions play in the process (Laros and Steenkamp 2005), we have integrated them into our conceptualization as well.

DIFFERENCES BETWEEN NORMATIVE AND PREDICTIVE EXPECTATIONS

The concept of predictive (*will)* expectations emerged in customer satisfaction literature as a component of the expectation-disconfirmation model (Oliver 1980; Swan and Trawick 1981). In this framework, expectation is an experience-based prediction or anticipation of what likely will happen in the future. According to the more traditional interpretation, meeting expectations results in moderate satisfaction, positive disconfirmation leads to high satisfaction, while negative disconfirmation leads to dissatisfaction (Oliver 1981; Swan and Trawick 1981). The more comprehensive version stipulates that when expectations are positively disconfirmed, the result would be increased satisfaction; when they are negatively disconfirmed, the result would be reduced satisfaction; just meeting expectations would not add anything to satisfaction judgment (Krampf, Ueltschy, and d'Amico 2003; Oliver 2010). The less traditional interpretation takes into account other possible factors that might affect satisfaction, such as the height of expectations. The study of Oliver (1977), which showed that the positive disconfirmation of low expectations and confirmation of high result in a similar level of satisfaction, illustrates the point.

Predictive expectations have a statistical nature; their level is defined by the multiplication of subjective probability of a particular outcome on its valence; they grow when either the probability or the valence grows; and when at least one of these factors declines, expectancy decreases. Expectations of this type are performance-amended (Oliver 2010), i.e. updated constantly as a result of ongoing interactions with a provider.

They can move in both directions as a result of encounters with particular providers (Boulding et al. 1993). For example, a restaurant patron may be quite satisfied with a meal, and become even more satisfied with subsequent meals, but then experience poorly prepared food or discourteous service, and never patronize that restaurant again.

The notion of normative (*should*) expectations was developed in the service quality literature as an element of the SERVQUAL instrument (Parasuraman, Zeithaml, and Berry 1985). These expectations constitute customers' beliefs about what a service provider should offer and represent standards against which customers compare their perceptions of product or service quality. Parasuraman et al. subsequently delineated two levels of normative expectations as desired and adequate expectations. Desired expectations involve customers' beliefs of what should and can be provided. Adequate expectations constitute the minimum level of delivery that customers are willing to accept (Parasuraman, Zeithaml, and Berry 1994). The discrepancy between them constitutes the zone of tolerance, within which customers accept the variation in quality. Delivery below this zone would create dissatisfaction, while delivery above this zone would create high satisfaction (Zeithaml and Bitner 2003, p. 80).

Normative expectations are more generic than predictive expectations in that they reflect national cultural norms and institutional environments and are not relationship specific (Stewart, Morgan, Crosby, and Kumar 2010). Accordingly, American consumers predictive expectations would be different (and likely higher) for standard safety features on new cars, than would, for example, the predictive expectations of Indian consumers. Such expectations would hold regardless of the particular model of car. Every national culture involves two types of behavioral standards – actual, or 'as is' practices and values, or 'should-be' standards (House et al. 2004). The first type reflects standards of existing behavior in a certain cultural environment, while the second type reflects the standards of desirable behavior. Thus, the norms that are mirrored in normative expectations are 'should-be' values of national culture.

Normative expectations tend to increase over time. New scientific and technological developments, increasing competition and globalization, growing awareness of safety and environmental issues are among factors that lead to this trend. Better understanding of the process of growing normative expectations can be achieved if we invoke models developed by Clemmer (1990) and Kanou, Seraku, Takahashi, and Tsuji (1984). According to these models, all product features can be divided into three categories: *basic* "must be" features, the low functionality of which makes a product inferior and unacceptable for customers; *satisfiers*, whose performance can create both dissatisfaction and satisfaction; and *delighters*, or attractive features that make a product highly appealing to customers and generate their full satisfaction. Each product or service is a blend of these three groups. The boundaries between these three categories are not static. In time, a certain attractive feature may become a satisfier and eventually a standard feature. For instance, a decade ago, a company's website was considered an attractive feature, but now it is definitely a "must be" attribute. When airbags in cars were introduced, they represented the category of delighters, but now they have become a standard feature of every new car. This is similar to Olshavsky and Spreng's (1989) conceptualization of the raising of desired performance as the increased features and quality of products increase over time. Consequently, an organization that does not change performance and an assortment of its products is pushed backwards in terms of meeting growing normative expectations.

Perceived quality connects objective performance with growing customer needs and normative expectations. When these expectations rise, although performance remains the same, the result would be decline in perceived quality. The growth of normative expectations takes place when at least one of the following processes occurs: 1) growth of desired expectations; 2) growth of adequate expectations; 3) reduction of tolerance zone. The tendency to grow is one of the features that distinguishes normative expectations from predictive expectations, which can change in either direction as a result of a customer's cumulative experience. Several studies analyzed two classes of expectations in conjunction, pinpointing their differences and possible interaction. In one of early studies Barbeau (1985) maintained that predictive and normative expectations have a complementary relationship, and that the former represents an adaptation level, while the latter

represent a comparison level for the product. The adaptation level relates to the basis for cognitive perception and for purchasing a product whereas the comparison level relates to normative judgments and satisfaction/dissatisfaction. This distinction seems to be at odds with the mainstream of satisfaction literature alluding to predictive expectations and disconfirmation as the major factor leading to satisfaction/dissatisfaction.

Boulding, Kalra, Staelin, and Zeithaml (1993) argued that *will* expectations have an assimilative (positive) effect on perception of service quality due to an initial impression phenomenon; at the same time, *should* expectations have a contrast (negative) effect on perceived service quality. The authors concluded that organizations have to manage *will* expectations upward and *should* expectations downward. It seems, however, that this conclusion and recommendation are valid in only a limited area. Contrary to the above assertion, 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, these authors found neither the assimilative nor the contrast effect. It is reasonable to agree with Pitt and Jeantrout's (1994) warning against overpromising, i.e. inflating *will* expectations by exaggerated advertising, as reality will inevitably fall short of expectations. The assimilative effect of predictive expectations can be explained by the self-fulfilled prophecy effect, which works only when the gap between performance and expectations is not too apparent. When low predictive expectations are followed by clearly better performance the result is positive disconfirmation and higher satisfaction. By the same token, when high predictive expectations are followed by clearly inferior performance the result is negative disconfirmation and lower satisfaction.

Laroche, Kalamas, Cheikhrouhou, and Cezard (2004) found that both types of expectations achieve sufficient convergent validity and as such are distinct constructs. They also found weak and positive correlation between the two types, but this among other possibilities may be a result of a halo effect. In addition, their study revealed that *should* expectations have higher mean and lower variability than *will* expectations. This is consistent with an assertion that normative expectations are more general, category-based, rather than provider-based; they are relatively stable and do not change as a result of a specific encounter.

Regarding the connection between the two types of expectations, Zeithaml, Berry, and Parasuraman (1993) suggested and later Zeithaml and Bitner (2003) reiterated the proposition that predictive expectations impact adequate expectations. Dean (2004) examined this proposition and did not find a relationship between them. One plausible explanation for why such a relationship was not found could be the following: Zeithaml and Bitner (2009, p. 87) used an example of contrasting the wait in a restaurant in a college town during the summer semester (shorter expected waits) and regular semester (longer expected waits). If a reasonable customer anticipates that waiting time in regular semester is likely to be longer, he will downgrade his adequate expectations. Similarly, traffic in rush hour produces lower adequate expectations than in more quiet hours. However, it can be argued that these examples show that only those situational factors that are beyond control of a provider impact adequate expectations. Customers understand that even when a provider does his best, in difficult circumstances such as rush hour, certain quality dimensions may decrease somewhat, and they are eager to accept that. In contrast, internal factors which are under a provider's control impact only predictive expectations but not adequate expectations. The process of attribution differentiates between *will* expectations and adequate expectations. Predictive expectations do not depend on attribution; they reflect both intrinsic and extrinsic forces. Conversely, factors that form adequate expectations are externally attributed. Customers are not ready to accept the reduction of performance that stems from a provider's glitches. The more aggressive an external environment is, e.g., one with stronger uncontrollable factors, the closer adequate expectations are to predictive expectations. In contrast, in a more benevolent and friendly environment, wherein internal factors play a dominant role, the dissimilarity between the two types is more apparent.

Devlin, Gwinne, and Ennew (2002) studied the antecedents of two classes of expectations. As a common ground between them, these authors found that implicit promises affect both predictive and desired expectations. As far as distinctions are concerned, explicit service promises have a certain influence on predictive explanations, while word-of-mouth impacts

desired expectations. Santos and Boote (2003) maintain that consumers' predictive expectations represent 'core' expectations whilst normative expectations belong to a peripheral class of expectations. This assertion apparently implies that predictive expectations are more important than normative ones; unfortunately, these authors do not provide thorough substantiation for this argument.

Efforts to clarify differences and relationships between the two classes of expectations deserve praise; however research on this subject is still in the initial stages and the confusion between the two classes of expectations is rather common in the literature. It is not unusual that an article (even written by the highest authorities in the field), while using the same notion of expectations, unwittingly switches from one type to another. For instance, Rust and Oliver (2000) describe customer delight as the result of exceeding customer expectations to a surprising degree. Yet, it is difficult for a reader to define which type of expectations – normative or predictive – is concerned. First, the authors refer to the previously addressed models of Clemmer (1990) and Kanou, Seraku, Takahashi, and Tsuji (1994), which distinguish between such attributes of a product as 'must be', 'satisfiers' and 'delighters'. The last category includes features that are "unexpected and surprisingly enjoyable" (Rust and Oliver 2000, p.87). Since these features relate to product quality, one should conclude that the expectations type that is implied here is normative expectations. However, later in the paper Rust and Oliver explain delight using the disconfirmation model of satisfaction by Oliver (1980), which involves predictive expectations (2000, p. 88). As the paper continues, it becomes obvious to a careful reader that it uncritically moves back and forth from one type of expectations to another (See e.g. assumptions 1 and 8, pp. 89-90). Consequently, one cannot unequivocally answer the question whether delight is a result of exceeding normative or predictive expectations. This issue will be discussed in more detail later in our article.

In another instance, Saklani, Purohit, and Badoni (2000), studying the interesting subject of the threshold separating moderate and high satisfaction, use in their analysis the traditional model of disconfirmation between expectations and performance. In concluding the paper, they point to consumers' expectations keeping pace and getting revised with ever improving quality. Yet, the type of expectations utilized in the expectation–disconfirmation model is predictive, while the ever-rising expectations are normative ones. The same term 'expectations' is used by authors in both cases without specifying the kind, and for a careful reader, this leads to confusion.

Rust, Inman, Jia, and Zahorik (1999) describe expectations as a statistical distribution rather than a single-point estimate as viewed by Parasuraman, Zeithaml and Berry (1988). However, a probability distribution point of view clearly relates to predictive expectations whereas expectations used in the SERVQUAL measurement model are normative. Pitt and Jeantrout (1994) developed a checklist for the evaluation of management expectation processes for service companies in the UK. Some statements pertain to *will* expectations (e.g. "we always attempt to provide a realistic picture of what customers can expect in the service…" (p. 185). Still others can be attributed to both types (e.g. "this organization has a good idea what its customers expect" (p.186)). Lack of discrimination between the two classes of expectations is typical in the literature, and such examples lead to confusion.

NORMATIVE AND PREDICTIVE EXPECTATIONS AS STANDARDS OF COMPARISON

One indication of the lack of a clear distinction between the two types of expectations is that normative and predictive expectations are referred to as standards or reference points for customer judgments. Very similar definitions are frequently used with regards to both classes of expectations. For example, Yi and La (2003) claim that "expectation... functions as a standard of comparison or comparative referent in perceiving product or service performance" (p. 23.). Szymansky and Henar (2001) refer to "expectations as standard against which performance outcomes are assessed" (p. 17). Zeithaml and Bitner (2003) maintain that "expectations are beliefs about service delivery that function as standards or reference points against which performance is judged" (p. 60).

A less than careful reader could easily form an impression that these essentially identical

texts apply to the same phenomenon. But, the first and the second quotations are taken from papers that address predictive expectations, while the last study refers to normative expectations. Even if we agree with the idea that multiple standards can be used in evaluating performance and satisfaction (Oliver 2010; Tse and Wilton 1988; Szymansky and Henard 2001, Zeithaml. Berry, and Parasuraman 1993), the following questions arise: Do normative and predictive expectations constitute the same caliber or power of a standard? Can it be that one of them serves as a primary reference point, while the other as a secondary reference point?

As it was previously mentioned there is a positive relationship between predictive expectations and satisfaction; that is, ceteris paribus, the higher the expectations, the higher the satisfaction (Oliver 1977; Oliver 2010; Szymansky and Henard 2001). These authors, using the expectation–disconfirmation model, operate with notions of high or low predictive expectations. It seems problematic that the standard against which another phenomenon is measured is not 'fixed' and can itself be evaluated as 'high' or 'low'. Like a rose is a rose, a standard is a standard, i.e. it should remain stable. One cannot say that a foot is long or a kilogram is light. By virtue of being a standard, it plays the role of a yardstick against which other objects are measured. By defining expectations as high or low one implicitly admits that they are measured against some other, more rigorous standard of a higher caliber.

Consider the example given by Teas and Palan (2003) of a customer, who in the context of high expectations, anticipates a wait for delivery of two days, whereas in the context of low expectations, he anticipates waiting for five days. Since two days of waiting constitutes quicker delivery, the authors define the expectations in the first scenario as high, and in the second one as low. But will this individual describe his *will* expectations in the same terms? Can an objective measure such as days of delivery in itself be sufficient in defining level of predictive expectations? If for instance a letter sent within the U.S. is expected to arrive within two days, while the letter sent overseas is expected to arrive in five days, do we term expectations in the first case *high* and in the second case *low*? Probably not, because the context is different and so is the meaning of particular number of days of waiting.

Let us alter the example and consider two different customers, one who expects to wait two days for delivery, whereas another anticipates waiting five days. Let us also assume that the first customer is extremely demanding, and he is not willing to wait more than one day. The second customer is more flexible, and is ready to wait for six days. Consequently, the predictive expectations of the first individual will fall outside his normative expectations (two days versus one), while the predictive expectations of the second one will be within his normative expectations (five days vs. six). Therefore the first customer would describe his *will* expectations as low, and the second one would describe his *will* expectations as high. In order to assess *will* expectations, we need to compare them with another point of reference.

This logic brings us to the conclusion that predictive expectations are evaluated by involved parties themselves not through objective terms such as number of days or number of follow-up calls but via their normative expectations. When somebody says: "I have high expectations from XYZ product", that means that his *will* expectations are close to his *should* expectations. Low expectations would mean that there is a significant gap between normative and predictive expectations. Furthermore since normative expectations involve the range between desired and adequate expectations, and we have to establish a 'point of reference' rather than the 'range of reference', it is our opinion that there is a need to define a primary standard for *will* expectations more precisely.

Oliver (2010, p.79) outlines predictive expectations in the following way: "High expectations: desirable outcomes will occur. Undesirable outcomes will not occur. Low expectations: undesirable outcomes will occur. Desirable outcomes will not occur". This description clearly derives predictive expectations from desirable outcomes. Since predictive expectations involve the likelihood of achieving desirable results, we can infer that they are measured relative to the highest level of normative expectations – desired expectations. The latter constitute a point of reference for assessing predictive expectations. Consequently, desired expectations are a primary point of comparison for performance, while predictive expectations represent the secondary point of comparison. That is not to say that normative expectations are more important for generating customer satisfaction than

predictive expectations; impact on satisfaction is a different subject.

Unlike *will* expectations that may be viewed as low or high, normative expectations as a primary reference point cannot be evaluated as such by a stand-alone customer. They can be expressed by an individual only through absolute terms – number of follow-up calls, waiting time, delivery time etc. Desired expectations are a yardstick for measuring other phenomena and cannot be assessed by the individual himself. If one customer loses his patience after ten minutes of waiting, while another can happily wait 25 minutes, neither of them will describe his *should* expectations as high or low. Expectations will be labeled as such only by the third party, but not by the involved players.

Normative expectations stem from cultural values of desired, or should behavior (House et al., 2004). For both individuals their own expectations would be 'normal', something that is taken for granted. Even if they are aware of other's expectations, which is not necessarily the case, they will hardly define their own expectations in 'high' and 'low' terms. The first customer will probably label the second one as too permissive, loose and lenient, whereas the second individual would view the first one as too demanding and rigid. Due to the inability of individuals to evaluate their normative expectations, the common practice of measuring normative expectations through a self-report questionnaire not anchored in some objective specific measure is questionable, and as such, is very likely a waste of marketing dollars. Consider the example used by Oliver (2010, p. 81) of desired and adequate expectations of speed of delivery, both measured on scale from 1 to 5, where 1 denotes slow, while 5 denotes fast delivery. It is difficult to imagine a customer who desires slow delivery. The desired speed of delivery will always be "fast" for every potential customer regardless of real delivery time. Without some objective measure that shows the actual amount of hours or days the numbers in such scales do not seem meaningful.

Desired expectations, even if they objectively reflect the various levels for different customers (e.g. one day delivery vs. two days or ten minutes wait vs. twenty minutes wait) or rise with technological progress (thirty five miles per gallon vs. twenty five in the past), invariably tend to be tabulated by survey recipients at the highest mark of the scale. Some variation that was reported in studies (Kettinger and Lee 2005; Parasuraman, Zeithaml, and Berry 1994) can constitute a measurement artifact. Customers may be unclear what expectations a certain survey involves and interpret them differently (Teas 1993), and this will create unwarranted variation in responses.

Normative expectations constitute a standard for evaluation not only for predictive expectations but also for a customer's perceptions. They are a reference point against which judgments of perceived performance are made. Parasuraman, Zeithaml, and Berry (1994) use this notion as an argument in defense of their SERVQUAL instrument against criticism by Cronin and Taylor (1992), who developed the SERVPERF model. While SERVQUAL measures a gap between normative expectations and perceptions, SERVPERF in contrast purportedly measures perceptions alone. Parasuraman. Zeithaml, and Berry (1994) correctly state that "there is a strong support for the general notion that the customer assessment of stimuli invariably occur relative to some norm" (p. 112).

Paradoxically, this argument works against their instrument. In their multinational study, Stewart, Morgan, Crosby, and Kumar (2010) convincingly showed that customer perceptions of the same product depend on the normative expectations in different countries: the higher the normative expectations, the lower perception of a certain product or service. Therefore the identical level of objective performance will be viewed differently in different cultures due to the variation in normative expectations. The same principle will hold in regards to different customers within the same culture – an individual with higher normative expectations will assess the same performance in less favorable terms than a person with lower demands. Variation in personal service philosophy (Zeithaml, Berry, and Parasuraman 1993), available means and other possible factors create various normative expectations which result in different perceptions of quality of the same product by different customers. Devlin. (2002, p. 121) argued that "expectations regardless of whether they are measured explicitly or not, are likely to form an anchor for quality assessments". We concur with the authors' assertion that in the SERVPERF instrument (Cronin and Taylor 1992) judgments of perceived service quality are formulated in reference to some sort of

expectations, particularly desired expectations. The closer performance to desired expectations, the higher would be customer's perception of quality. As a result, the SERVPERF instrument which arguably evaluates service quality through perceptions alone, in fact unwittingly measures disconfirmation between performance and desired expectations. Consequently, subtracting expectations from perceptions in SERVQUAL model leads to double counting of normative expectations. Perceived quality of a product/service can be expressed in the formula:

Q= f (DE–Perf)

Where: **Q = perceived product/service quality;**
DE = desired expectations;
Perf = objective (rather than perceived) performance.

Of course, the function is a reversed one – the smaller the gap, the better the perceived quality.

RELATIONSHIP BETWEEN EXPECTATIONS AND PRICE

The analysis of the link between quality and normative expectations helps to distinguish between two classes of expectations in regards to the relationship between expectations and price. The latter generally is regarded a cue of product quality (Oliver 2010) or implicit promise (Devlin, Gwinne, and Ennew 2002; Zeithaml, Berry, and Parasuraman 1993) which impacts the height of expectations. But which expectations – normative or predictive – are concerned here? Do both types depend on price, and if so, in the same way? Zeithaml, Berry, and Parasuraman (1993) argued that price as an element of implicit service promises is an antecedent of both classes of expectations. Devlin, Gwinne, and Ennew (2002) also suggested that implicit promises affect both predictive and desired expectations.

We can speculate that the most obvious type for being affected by the price is predictive expectations since they are provider-related and less general. Using price as a surrogate for quality a customer forms beliefs of what certain provider is likely to deliver especially with the absence of other sources of information. For instance, customers do not anticipate the same level of service and taste of meals from a fast-food outlet as from an expensive fine restaurant, as shown in the following formula:

$PE_1 < PE_2$
Where:

PE_1 = predictive expectations from a provider with a lower price;
PE_2 = predictive expectations from a provider with a higher price.

Similar logic can be applied to adequate expectations. What is considered acceptable in a fast-food establishment would not be satisfactory in an expensive restaurant:

$AE_1 < AE_2$

Where:

AE_1 = adequate expectations from a provider with a lower price;

AE_2 = adequate expectations from a provider with a higher price.

Going one step further, it can be argued that a customer will tolerate mistakes from a fast food restaurant, whereas glitches at the expensive one will not be tolerated. This implies that tolerance zone in the latter case is narrower than in the former case.
$TZ_1 > TZ_2$

Where:

TZ_1 = tolerance zone of a provider with a lower price;

TZ_2 = tolerance zone of a provider with a higher price.

Since tolerance zone is the difference between adequate and desired expectations and this difference is lower for the more expensive

provider, the adequate expectations for this provider are closer to desired expectations. Consequently, desired expectations do not change or change much more slowly when the price increases; for both providers these expectations would be similar or identical. That is consistent with Zeithaml, Berry, and Parasuraman (1993) who proposed that the desired service level is less prone to change than the adequate service level.

This conclusion can be reinforced by an additional argument. As mentioned earlier, perceived quality is a function of the gap between performance and *desired* expectations which are general rather than product-related. Performance is not strictly proportional to price but it should generally grow together with the latter in order to keep the comparable product/service value. For the sake of argument let us assume that desired expectations change with the price in the same fashion as performance. Then no matter how a provider improves performance, the gap between it and desired expectations would be constant, which would mean that quality remains the same. For example, the quality of food and service in a fashionable restaurant are generally regarded higher than in fast-food establishment. That means that the gap between performance and desired expectations for higher quality service is lower. The only reasonable conclusion can be that desired expectations are quite stable across different products and do not (or much less) depend on price. Adequate expectations are more prone to change than desired expectations. Tolerance zone is also changeable but more from the bottom than from the top.

THE ROLE OF NORMATIVE AND PREDICTIVE EXPECTATIONS IN SATISFACTION FORMATION

As mentioned, the concept of predictive expectations has evolved in the satisfaction literature, whereas normative expectations emerged in the service quality literature. Unlike predictive expectations, whose role in satisfaction formation has been extensively studied and well established, the role of normative expectations in satisfaction formation has not been investigated sufficiently. Comprehensive models of satisfaction that go beyond mere disconfirmation include mostly such dimensions as disconfirmation, performance and (predictive)

expectations (Oliver 2010; Szymansky and Henard 2001; Yi and La 2003). None of these constructs is seemingly associated with normative expectations. Terminology also plays a certain role in the separation between the two types of expectations and disguising the role of normative expectations. The wording of these three notions creates the impression that they are separate constructs, unrelated to normative expectations, so to speak apples and oranges that independently impact satisfaction. In reality, such a relationship with normative expectations does exist: the height of *will* expectations as discussed earlier is measured relative to desired expectations – the smaller the gap, the higher predictive expectations; perceptions of performance also involve implicitly normative expectations – the higher the normative expectations, the lower the perceived performance. In fact the model that incorporates disconfirmation, performance and predictive expectations contains three types of gaps:

Disconfirmation = a gap between predictive expectations and perceived performance;

Perceived quality or perceived performance = a function of the gap between normative (desired) expectations and objective performance;

Expectations = a reversed function of the gap between normative (desired) expectations and predictive expectations.

A descriptive model that incorporates all three dimensions can be expressed with the following notation:

S= f (PE-Perf) + f (DE-Perf) + f (DE-PE)

Where:

S = Satisfaction
PE = predictive expectations
DE = desired expectations;
Perf = objective (rather than perceived) performance.

It can be argued that this formula is not parsimonious and involves double counting. All three basic variables — desired expectations, predictive expectations and performance are included in the formula twice, which gives a notion of redundancy. If a customer has high *will* expectations and they are met or positively disconfirmed, the implication is that performance is high. Thus, when disconfirmation with predictive expectations and the height of expectations are incorporated in the model, performance is already accounted for and its additional inclusion is redundant. By the same token when disconfirmation and perceived quality or performance are incorporated in the model, the level of expectations is already taken into account as well. Redundancy of one of the variables is the reason why when all three variables are included in a hierarchical regression model, one of them becomes insignificant (Yi and La 2003). *Consequently, a more parsimonious formula for customer satisfaction would be:*

S= f (DE-Perf) + f (PE-Perf)

        or

S= f (PE-Perf) + f (DE-PE).

The first formula contains perceived quality and disconfirmation; the second formula contains disconfirmation and expectations. Still, in both versions satisfaction is an outcome of interplay between performance, desired and predictive expectations.

The first model borrows partially from Olshavsky and Kumar (2001, p.63) who define satisfaction as a sum of two components: satisfaction with goods and satisfaction with information. The former is the difference between perceived performance and desires (the term similar to desired expectations); the latter is the gap between perceived performance and pre-purchased (predictive) expectations. Olshavsky and Kumar maintain that satisfaction is highest when perception is high, while desires and expectations are low. At the same time, it can be argued that these authors' division of desires into high, medium and low seems problematic. Their study uses an example of students whose desires are A, B, and C grades respectively: a student who gets B

would be dissatisfied if he belongs to the first category, highly satisfied if he belongs to the third group and moderately satisfied if he belongs to the second group. However, it is hard to imagine a student who desires to get a C grade and not an A grade. It is much more plausible that A, B, and C grades represent adequate expectations rather than desired ones. The last category of students has the lowest adequate expectations and the biggest tolerance zone; the first group has the highest adequate expectations and the smallest or even non-existent tolerance zone. Another difference between our approach and the one of Olshavsky and Kumar is that they use disconfirmation between perceptions and desires, akin to the SERVQUAL model, which was criticized earlier for double counting of desired expectations. Using actual performance which is not affected by normative expectations rather than perceived performance we believe is more theoretically sound.

TWO CLASSES OF EXPECTATIONS AND CUSTOMER EMOTIONS

Although our discussion thus far has focused on the cognitive aspect of evaluations, the affective, or emotional, aspect should be addressed as well. Prior to the marketing research of the 1980s it was commonly assumed that consumers were rational beings, emotions have come to be recognized as a valid and vital aspect of consumer decision making (Laros and Steenkamp 2005). In terms of the current topic, there is mounting evidence that customer satisfaction involves an emotional dimension in addition to cognitive evaluations. Bourgeoning research has been dedicated to affect as an essential component of customer satisfaction construct (Bagozzi, Gopinath, and Nyer 1999; Liljander and Strandvik 1997; Oliver 2010; Westbrook 1987). Scholars have established that emotions are related to the disconfirmation of expectations: if a product/service falls below consumers' expectations, they experience negative emotions; if, on the other hand, the delivery meets or exceeds expectations, customers react with positive emotions (Dube and Menon 2000; Oliver 1993; Oliver and Westbrook 1993). These relationships were studied within the disconfirmation paradigm and implicitly addressed predictive type of expectations, leaving *should* expectations mostly outside the picture. For instance, it is a common

notion in the literature that customer delight ensues when perception exceeds expectations. But which kind of expectations is actually implied here? If a customer had low *will* expectations from an encounter with a provider (emotion of apprehension), but delivery was adequate and higher than these expectations, it is unlikely that that customer will be delighted. A more plausible emotional reaction would be a relief. Customer delight will take place when not only predictive but also normative expectations are exceeded. In the latter case customer satisfaction will be higher than in the former case.

We maintain furthermore that customers' satisfaction and affective responses do not result from isolated influences of normative and predictive expectations. They stem from the combination, or interaction between the two types of expectations. Interaction between normative and predictive expectations in generating satisfaction and affective responses has not been systematically explored so far. Customer expectations have been addressed in an indiscriminative way. Consider the example by Rust and Oliver (2000), who describe two situations that create customer dissatisfaction. In the first case, a one-time (hit-and-run) delight raises the bar of expectations; if in the next time period a provider reverts to the previous level of quality, he would be worse-off because performance is lower than heightened expectations and that, in turn, would result in dissatisfaction. In another scenario, if a certain provider delights customers and then keeps the newly achieved level of quality, customer expectations will also grow. If a provider's competitor is unable to keep up with the upgraded quality and newly developed expectations, it would lead to negative disconfirmation for the competitor's customers, and resulting customer dissatisfaction. According to this logic, in both scenarios performance is lower than expectations which will create similar levels of dissatisfaction. In mathematical form, both cases can be described as follows:

$$S_1 = S_2 = f \{Perf < E\}$$

Where:

E = expectations;
S_1 and S_2 = satisfaction in the first and second scenario.

Since the level of satisfaction is similar, it can also be suggested that emotions in both cases are alike. Previously presented speculations do not take into account existence and interplay between normative and predictive expectations. When we consider the difference between two classes of expectations, the implications would be somewhat different. In the first case, hit-and-run delight creates new and elevated normative and predictive expectations. If performance returns to the previous level, it will be lower than both of them, producing strong dissatisfaction and negative emotions:

$$S_1 = f \{Perf < NE; Perf < PE\}$$

In the second case, normative expectations, which are "shaped by the best quality available in the market" (Rust and Oliver 2000, p. 91) elevate, but predictive expectations of a competitor's customers are constant; therefore his performance is lower than newly developed normative expectations but is equal to unchanged predictive expectations, so dissatisfaction is not that strong:

$$S_2 = f \{Perf < NE; Perf = PE\}$$

Consequently, satisfaction in the former case is lower than in the latter one:

$$S_1 < S_2$$

It is also reasonable to suggest that emotions experienced by customers in the first scenario would be more negative than in the second one. In general, customer satisfactions and the resulting emotions are the outcomes of different combinations of normative and predictive expectations and objective performance. According to the seminal Circumplex model by Russell (1980), emotions can be characterized by two dimensions: valence (pleasantness-unpleasantness) and arousal (intensity). It can be postulated that various combinations of normative and predictive expectations and actual performance generate different emotional responses in terms of these two dimensions. It is impossible to describe all the possible situations, but several basic scenarios can be identified:

1.   Customer's predictive expectations are noticeably lower than normative expectations because previous experience from interactions with a provider was rather disappointing. Prior to an encounter a customer has strong apprehension emotions. If the actual level of performance is higher than what a customer anticipated and falls within normative expectations, i.e. between adequate and desired expectations, the emotional response would be one of pleasant surprise, followed by relief. This case represents confirmation of normative expectations and positive disconfirmation of predictive expectations:

$$\text{Perf} = \text{NE}; \text{Perf} > \text{PE}$$

The level of satisfaction in such situation is likely to be moderately high. This can be summarized in the following propositions:

P₁: Positive disconfirmation of predictive expectations and confirmation of normative expectations result in a moderate level of customer satisfaction.

P₂: Positive disconfirmation of predictive expectations and confirmation of normative expectations result in emotions characterized by a positive valence and low/moderate arousal (e.g. pleasant surprise, relief).

2.   As in the previous scenario predictive expectations are noticeably lower than normative expectations. Previous experience of encounters with a provider was rather disappointing. Repetitive encounters with a low-quality provider can be explained by the lack of choices for a customer stemming from a monopolistic position of a provider. Actual performance in the latest encounter was again poor and confirmed to low *will* expectations. There is nothing surprising about the last encounter. Once again a customer did not satisfy his needs and aspirations. The case represents confirmation of predictive expectations and negative disconfirmation of normative expectations:

$$\text{Perf} < \text{NE}; \text{Perf} = \text{PE}$$

Level of satisfaction is likely to be low but not extremely low. Since delivered quality was anticipated, emotions would be negative but not be very strong. An example of probable emotion under the circumstances would be annoyance. This logic can be summarized in the following propositions:

P₃: Negative disconfirmation of normative expectations and confirmation of predictive expectations result in moderate level of customer dissatisfaction.

P₄: Negative disconfirmation of normative expectations and confirmation of predictive expectations result in emotions characterized by negative valence and low/moderate arousal (e.g. annoyance).

3.   Delivery is poor and noticeably lower than both normative and predictive expectations:

$$\text{Perf} < \text{NE}; \text{Perf} < \text{PE}$$

If both normative and predictive expectations are negatively disconfirmed, the outcome is likely to be considerable dissatisfaction. A customer would experience an unpleasant surprise followed by strong emotions such as anger. Hence affective response would be negative and intense. The following propositions summarize this scenario:

P₅: Negative disconfirmation of both normative expectations and predictive expectations result in low customers' satisfaction.

P₆: Negative disconfirmation of both normative expectations and predictive expectations result in emotions characterized by negative valence and high arousal (e.g. anger).

4.   A provider delivered "positive outrageous service" (Gross 1994) that exceeded both normative and predictive expectations. That provider's extraordinary performance was a completely novel experience for a customer; it created a new standard that did not exist in the customer's mind before. The case represents positive disconfirmation of both *should* and *will* expectations:

Perf>NE; Perf > PE

Under these circumstances customer satisfaction will be especially high. His affective response would involve pleasant surprise and delight, i.e. emotions are positive and intense. This can be summarized in the following propositions:

P₇ Positive disconfirmation of both normative expectations and predictive expectations results in high customers' satisfaction.

P₈: Positive disconfirmation of both normative expectations and predictive expectations results in emotions characterized by positive valence and high arousal (e.g. delight).

5. Based on a previous experience a customer holds high expectations of a provider's service. This means that predictive expectations are within zone of tolerance and even close to desired level of expectations. If performance is as high as in previous encounters, both should and will expectations will be confirmed:

Perf = NE; Perf = PE

Here, there are no surprises for a customer, either pleasant or unpleasant. His confidence in the provider has been reinforced. Emotions are positive but not as strong as in the previous case. This can be summarized in the following propositions:

P₉: Confirmation of both normative expectations and high predictive expectations results in moderate/high customers' satisfaction.

P₁₀: Confirmation of both normative expectations and high predictive expectations results in emotions characterized by positive valence and low/moderate arousal (e.g. contentment, pleasure).

Needless to say, these scenarios are generic and do not take into account other factors such as the nature of a product (utilitarian vs. hedonistic), customer experience with a provider (short vs. long), market type (business-to-business vs. business-to-customer) etc.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, this article hopefully will contribute to the growing stream of research and conceptual development on the role of different classes of expectations in a customer's experience. Adequate expectations incorporate external factors that are outside of providers' control while predictive expectations do not involve an attribution process. Normative expectations serve as a primary point of reference for customer judgments while predictive expectations serve as a secondary point of reference. Unlike predictive and adequate expectations, desired expectations are not prone to rise with a price. A well-developed model of satisfaction based on two classes of expectations and objective performance seems more accurate and parsimonious than those used in the literature. And although theoretical propositions on the relationship between expectations and performance on the one hand and satisfaction and emotions on the other hand, as presented in this paper, are yet to be verified, conclusions of the conceptual model developed herein are potentially significant.

If a customer's predictive expectations are low and subsequent experiences with the product or service is again poor, emotions would be moderately negative, rather than strongly negative because the customer expected poor results (propositions 3 and 4). For example, a shopper may purchase a brand of goods that is not her favorite because the favorite brand is temporarily unavailable. If she finds the brand no better than she had in the past, she may be again annoyed, but may be willing to purchase yet again if the circumstance arises.

The ten propositions delineated in this article may aid marketing managers in both their overall strategic planning, and in their shorter term tactics, as the following discussion and examples will explain. The clarifications our model provides in defining the differences in predictive and normative expectations will allow marketing managers to be more effective and efficient in their utilization of resources in order to maximize customers' level of satisfaction.

Customers will experience moderately high satisfaction characterized by pleasant surprise followed by relief as a result of exceeding their

predictive expectations that are noticeably lower than their normative expectations (propositions 1 and 2). Although it may be difficult to fathom why customers would purchase products or services that have been disappointments in the past, this can occur fairly frequently, even beyond the obvious monopolistic situation. For example, a dissatisfied hotel guest may voice her complaints on a guest card or on the hotel's website. If there is no follow-up from the hotel manager, the guest is unlikely to ever stay at the hotel again and will therefore not change her opinion. If, on the other hand, the manager heeds the complaints and follows up with an incentive, such as a future discount, the guest may very well return and be relieved by the experience. Given the power of word-of-mouth referrals, the costs of such follow-up would likely reap large rewards.

If a customer's predictive expectations are low and subsequent experiences with the product or service is again poor, emotions would be moderately negative, rather than strongly negative because the customer expected poor results (propositions 3 and 4). For example, a shopper may purchase a brand of goods that is not his favorite because the favorite brand is temporarily unavailable. If he finds the brand no better than he had in the past (expectations are confirmed), he may be again annoyed, but may be willing to purchase yet again if the circumstance arises. If the customer's current experience with the product or service is significantly lower than his normative and predictive expectations (propositions 5 and 6) his emotional response will be anger. In this instance he had anticipated a much better experience than he received. For example, if based on his past experience with driving a certain make and model car and his expectations of what today's cars are capable of, he purchases a new car of the same make and model. If, on the other hand, the car does not live up to his expectations he will be extremely angry, according to our propositions.

When both predictive and normative expectations are surpassed by a product or service the customer will respond with extremely high satisfaction (propositions 7 and 8). In this instance, the customer's current experience exceeds his past experience and it also goes beyond the level of what he feels the provider (or class of providers) is capable of. An obvious example would be a new, innovative computer feature that has just been introduced. But a more prosaic, and therefore more

easily achieved, example would be a moderately priced restaurant that offers truly superb service.

When a customer's past experience with a product or service is confirmed by her present experience, her level of satisfaction will be high, as this scenario presumes not only high predictive expectations, but high normative expectations (propositions 9 and 10). Although her level of satisfaction may not reach the heights of the previously discussed customer, she will become the most coveted of all – the loyal customer.

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