

THE EFFECTS OF CUSTOMER SATISFACTION IN REPURCHASING AND WORD-OF-MOUTH BEHAVIOR TOWARDS ENTERTAINMENT INDUSTRY IN THAILAND

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Abstract

With the increasing competition of Cineplex in Thailand together with the online entertainment business on mobile devices and personal computer, it is necessary to develop various strategies in order to improve the services and technologies of entertainment industries in Thailand. The goals of this paper were to demonstrate customer satisfaction in repurchasing and Word-Of-Mouth behavior towards entertainment business. Furthermore, the comparison of customer satisfaction in repurchasing and words-of-mouth in entertainment industries in Thailand was discussed. Finally, the guidelines of a strategy of technology in entertainment industries in relations to customer satisfaction were presented.

Keywords: customer satisfaction, customer loyalty, word-of-mouth, repurchasing behavior, entertainment industry

Introduction

With the increasing competition for entertainment industry not only in shops but also in online businesses both on smart phones and on personal computer using Internet, many entertainment businesses are focusing on efforts to increase the number of customers, improve the services and options to sell the products. Knowing the customer needs is essential; various channels to purchase the entertainment products are also concerned in order to choose the right strategy to keep the customers.

An example of the strategy used in the entertainment business world in order to increase the customer satisfaction is Customer Relationship Management (CRM), organization and corporations rely on successful relationships with customers and they dedicate a large amount of effort to gaining and maintaining customers and establishing successful relationships with those customers (Harej and Harvat, 2004). Customer

Relationship Management (CRM) is a management concept aimed at enhancing customer satisfaction and improving the relationship between the organization and its customers (Jie and Mingzan, 2007). Therefore, growing in entertainment industry needs to improve the level of customer satisfaction and to keep the customers. For example, a cinema provides a CRM system both on website and phone call in order to give the information for customers when calling or searching for movie programs.

This study aims to demonstrate the influences of customer satisfaction in repurchasing behavior and word-of-mouth communication in entertainment business in Thailand. Moreover, gathering useful information in terms of using technology support for entertainment industry is one of the objectives. Including, this study aims to propose the results to assist the entertainment industry in Thailand.

This paper is separated into various sections. The next section explains the value and customer satisfaction followed by the information related to customer satisfaction and customer loyalty. Section 4 illustrates a discussion of repurchasing and word-of-mouth behavior in entertainment. Final section explains and suggests about future work.

Customer Satisfaction and Customer loyalty

The literature has proposed several definitions and indications for customer satisfaction and customer loyalty, Kotler (2000) indicates that consumers will define their choice based on their perception on the value embedded in a product or service that satisfies their need. For years companies have invested significant resources to improve their customers' satisfaction (Durvasula, et al. 2004). The success of the firm's strategy depends on the company's ability to fulfill its promises to consumers, which in turn leads to forming long-term, profitable relationships (Carpenter and Fairhurst 2005). Chow and Zhang (2008) proposed that it is important for managers to identify satisfying product attributes from dissatisfying ones, because brand switching is more likely to occur as a result of dissatisfaction. Satisfaction, as an independent variable, is considered to be linked to consumer loyalty and repurchase behavior. In addition, "a highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrade existing products, talk favorably about the company and its product, pay less attention to competing brands, and is less sensitive to price, offers product or service ideas to the company, and costs less than new customers because transaction is routine" based on the theory mentioned by Kotler and Armstrong (2004). The satisfied customers generally will be advantageous for organization. Thus, it is concluded that there is theoretically a relationship among customer value, customer satisfaction, and customer loyalty.

The finding of prior research confirms that customer value is the antecedent of satisfaction; further, satisfaction is the focal determinant of customer loyalty. Customer loyalty should be realized through customer satisfaction, ground on the perceived performance of the service product; therefore service quality and customer satisfaction are two prerequisites of loyalty (Cronin and Taylor, 1992; Shoemaker and Lewis, 1999; McIroy and Barnett, 2000). Further, in the last decade researches on loyalty have emphasized its positive effects on customer satisfaction (Ganesh et al., 2000; Jamal and Naser, 2002). Perceived service quality has also been found to have a positive association with customer loyalty (Lam and Burton, 2006) and has even been said to be a key determinant of service loyalty (Lee and Cunningham, 2001).

Customer satisfaction indicates the general health of the organization, its future prospects, and provides companies with many benefits including forming consumer loyalty, preventing customer churn, reducing marketing costs, and enhancing business reputation (Fornell 1992). Loyalty is a multidimensional construct, which is defined and viewed differently by researchers. Consumer loyalty is comprised of three distinct constructs: behavioral loyalty, attitudinal loyalty, and composite loyalty (Taylor, et al. 2006). These constructs affect consumers' expectations, satisfaction (Leingpibul, et al. 2009) and repurchase behavior. In order to build loyalty and to retain consumers, some companies impose high switching costs, which in turn impede switching intentions (Lee and Romaniuk 2009). These switching costs negatively affect consumer relations with the provider. Taylor et al. (2006) identified that the problem lies in the disagreement on the definition of loyalty, due to the multitude of constructs.

Many scholars have concentrated on the investigation of the satisfaction-loyalty relationship (Anderson and Srinivasan 2003; Bloemer and Kasper 1995; Dixon et al., 2005; Guenzi and Pelloni 2004; Mittal and Kamakura 2001). Despite these studies, Oliver (1999) stated that an inquiry into the relevant literature shows that the satisfaction-loyalty link is not well defined. Bloemer and Kasper (1995) indicated that many studies did not take into account the differences between various types of loyalty while investigating its relationship to satisfaction. Furthermore, researchers have also concentrated on satisfaction as the independent variable without taking into account different types of satisfaction. Two main views emerged from the literature review of the satisfaction-loyalty relationship.

The first view concluded that satisfaction is the main driver of consumer loyalty (Dixon et al., 2005; Fornell 1992; Genzi and Pelloni 2004; Mittal and Kamakura 2001; Szymanski and Henard 2001). Heitmann et al. (2007) stated that satisfaction positively affects loyalty, willingness to recommend, and word-of-mouth. Further, satisfaction affects future consumer choices, which in turn leads to improved consumer retention.

Customers stay loyal because they are satisfied, and want to continue their relationship. The second view of the satisfaction-loyalty relationship is that while consumer satisfaction may positively influence consumer loyalty, it is not sufficient to form loyalty (Julander, et al. 2003; Oliver 1999; Reichheld, et al. 2000). These scholars argue that although loyal consumers are most typically satisfied, satisfaction does not universally translate into loyalty. Satisfaction is viewed as a necessary step in loyalty formation, but it becomes less significant as loyalty begins to be gained through other mechanisms (Olsen 2007). Several researchers (Reichheld, et al. 2000; Suh and Yi 2006) reported that even a loyal, satisfied consumer is vulnerable to situational factors such as competitors' coupons or price cuts. Therefore, satisfaction is not likely to be the sole predictor of loyalty. Carpenter and Fairhurst (2005) suggest that satisfaction influences relative attitude, repurchase, and recommendation but has no direct effect on loyalty.

Oliver (1999) proposed six types of relationships between satisfaction and loyalty. All these relationships arise from different definitions and perspectives on satisfaction and loyalty. On one end of the spectrum, satisfaction and loyalty are two manifestations of the same concept. On the other end, satisfaction and loyalty are very distant. Oliver (1999) demonstrated that ultimate loyalty can totally encompass satisfaction, satisfaction and loyalty can overlap, or there are occasions when satisfaction does not transform into loyalty and can exist without it. Oliver (1999) stated that loyalty emerges as a combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects. Bloemer and Kasper (1995) proposed that the relationship between consumer satisfaction and brand loyalty is not simple and straightforward. The relationship between customer satisfaction and loyalty is strongly influenced by customer characteristics such as variety-seeking, age, and income (Homburg and Gierin 2001).

Overall, researchers agree that when consumers are completely satisfied they are less likely to defect or switch. Therefore, satisfaction is one of the important elements in creating consumer loyalty. However, an increase in satisfaction does not produce an equal increase in loyalty for all consumers (Soderlund and Vilgon 1999). The relationship between satisfaction and loyalty is neither simple nor linear, and satisfied customers may defect (Rowley and Dawes 2000). Rowley and Dawes (2000) stated that a customer's degree of involvement with a product is an important element in forming loyalty.

Entertainment Business

The collection of bodies that exist globally, which provides products (both tangible and intangible) that have a primary purpose of engaging or captivating an audience in the entertainment industry.

Entertainment needs an audience, without one entertainment cannot exist. Novelty is the quality of being new, original or unusual and great deal of entertainment provision is novel. Novelty is one measure by which the quality of entertainment is measured by an audience.

The entertainment industry is vast. It encompasses 18 unique sectors; which are as follows, staged story and variety; music; bars, pubs and clubs; cinema and films; broadcast media; audio-visual media; the internet; gaming; printed media; commercial gambling; spectacular sports; thrillertainment; sellertainment; spiritual entertainment; health entertainment and adult entertainment.

It is moving at a faster pace than ever before, where a continuous cycle of invention and innovation drives once desperate areas together, whose primary goals remain unchanged to captivate audience.

Repurchasing and word-of-mouth behavior in entertainment

There are several definitions of WOM. Early scholars defined it as an oral, person to person communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand, a product or a service. Westbrook described WOM as all informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers. Word-of-mouth is defined as consumer to communicate about goods and services.

It has been argued that positive word of mouth is a behavioral intention much like repurchase, but one that deals with the intention to recommend (Fornell et al., (1987). Firm profitability results from positive word of mouth because people talk about their good experiences with products and services to their families, friends, co-workers, and others, influencing other possible customers to purchase (Reichheld et al., 1990). According to Frenzen et al., (1993), the effect of customer satisfaction on positive word of mouth is one of the important antecedents of positive word of mouth. Gotlieb et al., (1994) confirmed that customer satisfaction is positively correlated with positive word of mouth. Additionally, Swanson and Davis (2003) mentioned that word of mouth communication is recognized as a very common and important form of communication for service marketers, and for maintaining a base of long-term customers. Consistent with these researchers, Patterson et al., (1997) found that there is a positive link between customer satisfaction and positive word of mouth.

Word-of-mouth (WOM) is especially important for service providers whose offerings are largely intangible and experience or credence based. In these services customers rely heavily on the advice and suggestions from others who have experienced the service. Furthermore, consumers often trust each other more than they trust

communication from firms, thus highlighting the importance of WOM (Ng et al., 2011).

In terms of WOM communication, the differences of the offline and online WOM are focused. A research found that the media and entertainment had online higher than offline word-of-mouth communication as shown below.

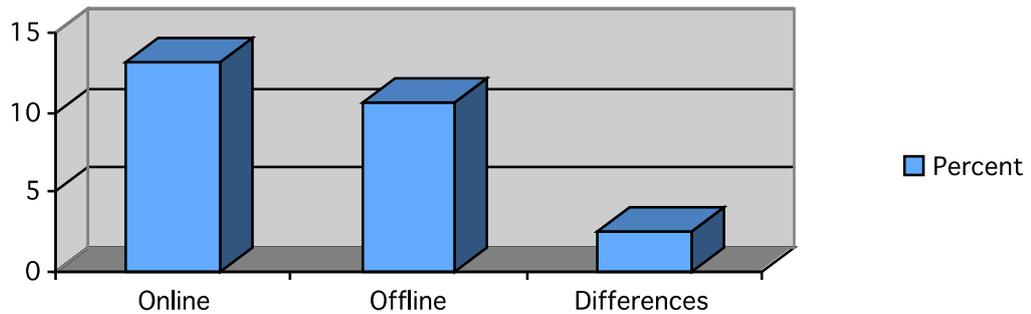


Figure 1: The percentage of online and offline word-of-mouth behavior in media and entertainment. (Keller and Fay, 2009)

Therefore, Word-of-Mouth in both online and offline is important for the entertainment business to be concerned. Moreover, customers could be very satisfied with their experience and quality of the service and be loyal, but some factors may affect the repurchase behavior. Interestingly, Consumer repurchase behavior is one of the main concerns for companies in their pursuit of profits.

Technology, Customer Satisfaction and Cinema Business

“For some reason, it has become acceptable to say [to audiences] we are providing this empty room with a TV in it and just watch a film. That has to change and if it doesn’t change, forget film, forget digital, if that experience for the audience is not valued ... people stop going.”

This quote from film director Christopher Nolan in October 2015 paints a fairly harsh picture of how some people view the current state of cinemas. To combat competition from other offerings, many cinemas are making changes to ensure better, more immersive experiences for customers. The list of new developments is long — 3D, IMAX, 4DX, and 70mm among them. 70mm, used for Quentin Tarantino’s film *The Hateful Eight* and Nolan’s 2014 film *Interstellar*, is seeing a bit of resurgence.

Customer acquisition and retention are now uttered in the same breath as revenue, and Big Data has given companies more insight than ever into personal information and buying behavior. Millennials are the most responsive to informing organizations about what they want in a more intimate way.

MAJOR, Thailand's largest movie exhibitor, suggested that its strong relationships with film distributors and the large number of theatre screens it has nationwide and branch expansion are its key success factors which facilitates the accessibility, movie exhibitors face threats from product substitution, for example, home entertainment, mobile Internet, and other recreational activities. However, no other form of entertainment is as yet a perfect substitute for the movie-going experience.

Conclusions and Discussion

It is obvious that customer satisfaction does not have the direct relationship with the repurchasing behavior, yet some effects on word-of-mouth communication. In entertainment business, especially the cinema business, the key success factors also include the relationship with movie distributors, technology, customer relationship management system, and branches available.

Prior studies have addressed issues faced by entertainment businesses. The information above has shown various aspects of customer satisfaction that affect the customers in repurchasing and word-of-mouth behavior from general industries to entertainment industry. In order to survive and grow up in entertainment industry, success depends on how the business can create more option in order to decrease prices and increase values for customers than competitors. In lines with the support of Internet and mobile devices, technology startup and social media can be helpful for customers to repurchase the same entertainment products. For example, creating responsive websites to sell the music and/or movie files that customers can pay to download them.

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