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Author
Hume, Margaret, Sullivan Mort, Gillian, Winzar, Hume

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Singing! Dancing! and Service!: A Great show needs service for them to come back

Margee Hume, Gillian Sullivan Mort, Hume Winzar
Griffith Business School, Department of Marketing, Griffith University, Nathan Campus,

Abstract

In an environment of reduced government funding and increased pressure for accountability and measurable results from corporate sponsors, the problem of getting people to attend, and to return to, a performance venue is more important. We use structural equation modelling to test a model of the relationships amongst audience members' perceptions of theatre performance, peripheral services, and intentions to return to that theatre in the future. We show that Satisfaction and Value are driven equally by perceptions of the show and perceptions of peripheral services. The results suggest a reassessment of theatre patron services for arts venue management.

Introduction

The majority of performing arts organizations operate as not for profits and are required to be accountable for fund allocation. Government support for the arts has reduced in recent years as governments look for ways to encourage corporate business to sponsor and support the arts. One of the major strategic challenges for cultural arts organizations is to balance all the economic issues and constraints, such as the allocation of resources with the importance of meeting artistic and cultural goals (Sullivan-Mort et al, 2003). By better understanding the drivers of the antecedents of repurchase intention such as value, show experience, service quality and satisfaction and repurchase intention itself organizations can design products, programs and program delivery which best retain and enhance audience numbers and provide services which assist in developing audiences for long term survival. This paper analyses the roles of core and supplementary service within the antecedent relationships of repurchase intention (RI) in a performing art context. Research has advanced our understanding of factors influencing initial consumption (Shoham and Brencic, 2004) but we know comparatively little about the interrelationship of factors leading to RI. Current research has positioned RI research and RI strategies as an extremely valuable force in the development of firm profitability and future sustainability (Hennig-Thurau and Klee, 1997).

Core and supplementary service define and differentiate various service offerings. The core service is the basic reason for the business to be in the market and represents the firm’s basic competency in creating value in the first instance (Ferguson et al., 1999). Supplementary services are those services that support and facilitate the core offering (Lovelock, 1983). Little is understood about the nature of the influence of core and supplementary services on RI. This research models the relationships among the antecedents of RI addressing the differential role of core and supplementary services on the antecedent of RI and RI itself.
In this paper we measure consumers’ responses to a theatre performance to better understand the nature and predictors of repurchase intention (RI) in performing arts settings. The services marketing literature suggest that increases in satisfaction positively contribute to an organisation’s financial strength and competitiveness through customer retention (Fornell and Johnson, 1993; Hennig-Thurau and Klee, 1997). Generally, retention is more cost effective than seeking new customers.

Research on traditional services such as telecommunications, insurance and healthcare (Hellier et al., 2003) show that value (Voss, Parasuraman, and Grewal, 1998) service quality (Zeithaml, 1996) and customer satisfaction all can contribute to repeat behaviour. These have been modelled, with value (Caruana, Money, and Berthon 2000), service quality (Zeithaml et al., 1985) and satisfaction (Bahia, Paulin, and Perrien 2000) all showing both indirect and direct relationships to RI. Interestingly, many of these relationships have not been replicated in multiple contexts, suggesting that some results may be influenced by contextual effects (Bahia et al. 2000; Lee, Lee, and Yoo 2000).

This paper proceeds as follows. First, value, satisfaction and RI and their relationships are reviewed. These relationships form the basis of the model tested. Second, service quality literature, focussing on core service and supplementary service, is discussed. A system of relationships appropriate for empirical estimation is then developed. A discussion of cultural performing arts follows, identifying core and peripheral services and suggests this context as an interesting context for examination. Finally, data and method, analysis and discussion of findings and implications for both practice and further research are offered.

Value

Zeithaml (1988) sees Value ‘as the benefit received by customers for the price of the service exchanged or the overall utility of a product based on the perceptions of what is received and what is exchanged’. Perceived value has a strong relationship to perceived risk (Voss, Parasuraman, and Grewal 1998). Consumer’s perceived risk is suggested to mediate the quality-value relationship and impact on the perceived quality, price, risk and willingness to buy assessment. Researchers have identified four general areas of value. These include low price, receiving what you want, quality for price and receiving what you have paid for (Caruana, Money, and Berthon 2000; Zeithaml 1988). Sweeney et al. (Sweeney, Soutr, and Johnson 1999) advance the measures offered by Zeithaml (1988) by suggesting that the measure of performance influences perceived risk or the perceived possibility of losing something of importance, such as time or money.

Customer Satisfaction

Customer satisfaction (CS) is the attitude resulting from the comparison of the expectation of performance and the perceived performance of the service experience (Oliver 1980). CS applies to both tangible and intangible goods and the definition includes both transactional and cumulative measures (Jones and Suh 2000). Expectancy disconfirmation as an antecedent of satisfaction is generally accepted by researchers (Fornell and Johnson, 1993; Spreng and Olshavsky, 1993; Zeithaml, Parasuraman and Berry 1985) despite some mixed empirical support (Yi 1991).
Overall, customer satisfaction is the attitude of a consumer in a successful service encounter.

Value and Customer Satisfaction

Customers derive value from the exchanges they make. It includes such factors as convenience, price savings, extra customer service and added extras. Value has a direct and encounter-specific relationship to satisfaction (Patterson and Spreng, 1997; Sweeney et al., 1999; Zeithaml 1988). Voss et al. (1998) argue that value is the most important indicator of repurchase intention (RI). Similarly, Petrick (2002) found that service quality was a strong predictor of first-time purchase but that value was a stronger predictor of repurchase intention. Thus satisfaction appears to be a mediator of the Value-RI relationship.

Repurchase Intention

Repurchase intention is the individual’s judgement about buying a service again, the decision to engage in future transactions (Hellier et al. 2003, Zeithaml, Berry, and Parasuraman 1996). Narrower than behavioural intention, RI is seen as the more appropriate outcome variable in this research project as the performing arts objective is to maximise repeat purchase.

Customer satisfaction (CS) and Repurchase Intention (RI)

Satisfaction increases a firm’s profitability through developing customer retention (Hennig-Thurau and Klee, 1997) and has direct effects on RI (Bahia, Paulin, and Perrien, 2000). Early research (Patterson and Spreng, 1997) identified the main predictor of RI as customer satisfaction, yet several other factors have received attention in recent research. These include mood and past experiences (Liljander and Mattsson, 2002), affect and value (Caruana et al., 2000), convenience (Butcher, Sparks, and O’Callaghan, 2002; Ryan, Rayner, and Morrison, 1999), and customer familiarity (Soderlund, 2002). While each of these was shown to have some influence on RI, none, however, were shown to be as strong as satisfaction (Sweeney et al., 1999).

Core and Supplementary Service Quality

In early research, Lovelock (1992) defined services as “consisting of core and augmented attributes”. Lovelock’s definition allows for the delineation of specific core content and supplementary activities and is the conceptual basis for measuring Service Quality in this work. The “service encounter” or “service experience” is the entire transaction received by the customer (Dwyer, Schurr and Oh, 1987; Tseng, Qinhai, and Su 1999). While service quality (SQ) is a well-established construct (Brady and Cronin 2001, Zeithaml 1988, Zeithaml et al. 1996, Zeithaml et al. 1985) with theoretical links to value, satisfaction and RI, yet the empirical evidence is mixed (Bahia et al. 2000). A possible reason for mixed results is that researchers typically treat the service offering and the quality of the service as univariate constructs. Separating the service into core and peripheral attributes of service enables a more rigorous assessment of elements critical to RI. Separation of the service aspects is supported by Ferguson et al. (1999) who found that technical and functional aspects
of services quality and their relation to service management effectiveness were different between the core and supplementary services.

Service Quality and Value

Zeithaml (1988) proposed that service quality leads to perceived value. Intrinsic core aspects, extrinsic aspects and prices were all found to positively contribute to service quality (Brady and Cronin, 2001). Other research suggested it is the extras or supplementary services that lead to value (Anderson and Narus 1995). As supplementary services are proposed to differentiate one service from a competitive service by creating value (Anderson and Narus 1995) it could be expected that a strong positive relationship would exist between service quality of supplementary services and value. As well as this direct relationship, (Caruana et al. 2000) promote value as a moderator of the service quality and satisfaction relationship. Consumers measure the expected performance of the core service or core product against the actual product or service they receive and decide on the level of value they have received. High levels of quality are found to be antecedent of high levels of value (Caruana et al. 2000).

Service Quality and Satisfaction

The mixed findings of service quality research suggest we should examine the pathways of SQ directly and indirectly to satisfaction and RI. Brady and Robertson (2001) have shown that the relationship of service quality to RI is mediated through consumer satisfaction. Others such as Henning-Thurau and Klee (1997) suggest three potential relationships: (1) service quality as an antecedent to customer satisfaction, (2) customer satisfaction as an antecedent to service quality and (3) the two constructs as one and the same. Bahia, Paulin and Perrien (2000) support the first two of these causal relationships but argue that service quality and customer satisfaction are clearly two distinct constructs. The lack of consensus on these relationships suggests that it would be useful to split core service quality and supplementary service quality.

Service Quality and RI

Petrick (2002) tested three models to see which satisfaction, value or SQ had the stronger effect on RI. This work in a cruise ship environment suggests that SQ was the stronger predictor with both moderated and direct effects on RI. Palmer and O’Neill (2003) found similar results and suggested that separating out service attributes, examining frequently and non-frequently consumed services and different consumer characteristics would further support this relationship.

Cultural Performing Arts: Core and Supplementary Service

A performing arts service offering must provide a core service in the show experience fulfilling the cultural and artistic goals of patrons while also providing a “good night out”, moving crowds efficiently and using venues effectively. The performing arts sector competes in the more complex arena of entertainment, particularly against movies and sports. With Government support for the arts declining, support from the corporate business sector to sponsor and support the arts is required. Balancing all the economic issues and constraints, such as the allocation of scarce resources, with the
importance of meeting artistic and cultural goals (Caldwell and Woodside, 2003; Gandhi-Arora and Shaw, 2002) while providing competitive entertainment and maximising ticket sales is the strategic challenge for cultural arts organisations. Hoskins and McFadyen (1991) suggest that more focus is required in understanding the roles of service quality and customer satisfaction and indeed overall value in the cultural industry to compete. Compelling evidence still exists for application of more advanced concepts from services marketing in the performing arts (Rentschler 2002). The cultural arts then are an ideal context for research. This paper examines the constructs of core and supplementary service quality, value and satisfaction and their relationship to RI in the experiential context of the performing arts. It allows the development of strategic prescriptions for the future of this sector as well as advancing fundamental service research.

Method

Sampling Frame

Random candidates were recruited from active social precincts of Brisbane, Australia. All respondents had attended at least one arts performance in the last three years. The sample size of 273 respondents included 156 women and 117 men. Respondents were aged between 19 years to 65+ years.

Instrumentation

The five constructs – core service, peripheral service, value for time and money, customer satisfaction and repurchase intention – were operationalised using recommended scaling procedures (Miller, 1970; Zikmund, 1997). Known scales in the extant literature yielded 112 items which were reduced to 37 items after an expert panel of marketing scholars and industry professionals examined the items for redundancy and relevance to the performing arts. A pre-test of 50 respondents permitted further refinement. Scale inclusion was determined using Cronbach’s Alpha, (Miller, 1970). The results indicated that each of the scales was unidimensional. Pre-test alpha values for constructs include peripheral service quality at 0.919, core service quality at 0.799, value at 0.886, customer satisfaction at 0.854 and re-purchase intention at 0.784.

Convergent and Discriminant Validity

Convergent validity is established if the average variance extracted for each factor accounts for 0.50 or more of the total variance according to Anderson (1984). All variances extracted were greater than 0.50 as seen in Table 1. Core service quality is 0.542, peripheral service quality is 0.736, satisfaction is 0.784 and RI is 0.531, thus establishing convergent validity. Discriminant validity refers to the degree a construct measure differs from others and offers a unique measure. This can be found if the average variance extracted is larger that the squared correlation coefficients between factors. This was met with average variance extracted of 0.644 and squared correlation coefficients between factors of 0.455, thus supporting discriminant validity.
Performing confirmatory factor analysis (CFA) using AMOS 5.0 (Arbuckle 1994) assessed the adequacy of construct measures. All indicators loaded on their respective constructs. Testing using AMOS 5.0 confirmed each construct measurement model. Table 1 report the measurement indices for each model. Each model was found to be consistent with data according to GFI >0.9 (Tanaka and Huber 1989), RMSEA close fit to 0.05 (Browne and Cudeck, 1992), p-value of > 0.05 and CMIN < than 3 (Carmines and McIver, 1983).

### Table 1: Scale and Item Generation, Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Peripheral Service Quality</th>
<th>Core Service Quality</th>
<th>Value</th>
<th>Customer Satisfaction</th>
<th>Repurchase Intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items (factor loading)</td>
<td>Access, parking and transport to the venue was available, convenient and easy to find (.787)</td>
<td>This venue is well organised and performs the service right the first time (.884)</td>
<td>The show was entertaining and professional (.587)</td>
<td>For what I received from this service, it was worth the time and effort (.809)</td>
<td>I believe that purchasing service from this theatre was a wise choice (.650)</td>
</tr>
<tr>
<td></td>
<td>I was happy with the actors, stage and show (.645)</td>
<td>The show was what I expected (.655)</td>
<td>For what I received from this service, it is worth the money spent (.804)</td>
<td>I am satisfied with my decision to visit this theatre (.772)</td>
<td>I was happy with my experience with this service provider (.759)</td>
</tr>
<tr>
<td></td>
<td>The behaviour of the staff at this venue makes me feel comfortable and confident (.840)</td>
<td>For what I received from this performance, my time and money was well spent (.731)</td>
<td>I probably would see another performance at this venue (.591)</td>
<td>I probably would choose the performing arts over other forms of entertainment (.562)</td>
<td>I would probably spend my entertainment budget on the performing arts (.599)</td>
</tr>
<tr>
<td>Variance extracted</td>
<td>0.784</td>
<td>0.541</td>
<td>0.736</td>
<td>0.627</td>
<td>0.531</td>
</tr>
<tr>
<td>Measurem t model fit</td>
<td>p=0.126; CMIN/df= 2.072; GFI =0.989; RMSEA=0.06</td>
<td>p=0.427; CMIN/df=0.632; GFI =0 998; RMSEA=0.00</td>
<td>p=0.273; CMIN/df= 0.601; GFI =0.996; RMSEA=0.00</td>
<td>p=0.687; CMIN/df= 0.162; GFI =0.997; RMSEA=0.00</td>
<td>p=0.579; CMIN/df= 0.3; GFI=0.999; RMSEA=0.00</td>
</tr>
</tbody>
</table>

Structural Model Fit and Parameter Estimates

After confirmation of the measurement model, Amos 5.0 was used to test the structural model (Arbuckle, 1994). Chi-square statistical significance (87.2) was expected given the large sample size (Anderson and Gerbing 1991). Support from other indices, CMIN/df 1.825 being below three (Carmines and McIver, 1983), GFI of 0.932 (Tanaka and Huba 1989), AIC 225.820 (Akaike 1987) and a RMSEA measure of approximately 0.058 (Browne and Cudeck 1992) indicated a close model fit (Browne and Cudeck 1992). Figure 1 shows standardised regression weights with significant values in bold.

The results indicate value to be a direct statistically significant predictor of satisfaction (beta=0.704 and t=7.77) and satisfaction to be a statistically significant
direct relationship predictor of RI (beta=0.898; t=9.02). Both forms of service quality, with core service quality (beta=0.330; t=5.55) and peripheral service quality (beta=0.391; t=8.84) were direct predictors of value for time and money. Core service quality and peripheral service quality were not statistically significant predictors of satisfaction (beta=0.085; t=1.40) and (beta=0.073; t=1.48). Similarly, core service quality (beta=0.037 and t=0.57) and peripheral service quality (beta=0.069; t=1.34) were not direct predictors of RI. These pathways support the mediating role of value and satisfaction to repurchase intention and a system of relationships in which Core and Peripheral Service Quality have a direct relationship to Value but have no direct effect on Satisfaction or Repurchase Intention. Figure 1 displays the significant pathways in the model found in this research.

Each of the following hypotheses were supported:

- Value has a positive and direct relationship to Satisfaction,
- Satisfaction has a positive and direct relationship to Repurchase Intention,
- Core Service Quality has a positive and direct relationship to Value; and
- Peripheral Service Quality has a positive and direct relationship to Value.

Discussion

The system of relationships modelled in this study examined the impact of core service quality and supplementary service quality on value, satisfaction and RI. Independent variables in this study are core service quality and peripheral service quality. Core service quality and supplementary service quality have no direct relationship to RI and no direct relationship to satisfaction. The relationships of core service quality and supplementary service quality to satisfaction and RI are mediated through value. The findings of previous research (Skogland and Siguaw 2004) that found service quality a predictor of RI in a hospitality setting were not supported. Importantly, the role of core service quality, in the context used in this research (the show itself), has been clarified and has no direct influence on RI. The tradition of managerial focus on core service quality, particularly in the performing arts, as the key factor in repurchase warrants review.

The research agenda focused on the nature of the independent variables of core service quality and peripheral service quality and their relationship with RI. The agenda further questioned the set of variables mediating the relationship with RI. The independent variables positively influenced perceived value, which positively influenced satisfaction, which in turn affects RI. The research strongly suggests that a sequence of relationships exists, similar to a hierarchy of effects, in the determination of RI. Moreover, it suggests this relationship applies even in an experiential setting such as the performing arts, where core and supplementary service are easily distinguished and where the core service, the show itself, has traditionally regarded as the focus of the service offering and has received strong research and managerial attention.

Figure 1: Path Model for Repurchase Intention
Managerial implications

These relationships present opportunities for managers to undertake more effective strategic planning and managerial decision-making of core and peripheral service quality. Strategic decisions about peripheral service quality, such as workflow and crowd control, ticketing fulfilment, staff procurement and staff training, all reflect areas possibly underemphasised in current practice. The implications are that the same time and effort that goes into aspects of the core service quality, such as dress rehearsals, music quality, actor selection, costumes and set design, must be undertaken for the peripheral service quality elements, because both are drivers of value and neither has a direct influence on satisfaction or RI. A combined strategic focus is therefore required to deliver the customers’ desired value experience. This research specifically suggests that value and satisfaction in a performing arts setting extends beyond the concept of artistic value and ‘the show’, emphasizing a need to integrate the management functions of commercial and artistic activity.

References


Butcher, Ken, Sparks, Beverley, and O'Callaghan, Frances. (2002). "Effect of social influence on repurchase intentions". The Journal of Services Marketing, 16(6), 503.


