Ethnic Influences on Service Expectations: Results of Pilot Study

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ABSTRACT

This paper presents the first stage of the results of a study on the ethnic influence on service expectations. The study explores the difference in importance of various service expectations between service customers of different ethnic backgrounds, in particular of Canadian and Chinese customers. Through a variety of statistical analyses, significant variables influencing service expectations were identified. The results of this comparative analysis indicate that there is a difference in customer expectations based on ethnicity. Further, service firms can capitalize on these differences to enhance their service offerings and increase customer satisfaction. (JEL M31)

INTRODUCTION

This research investigates and focuses on the influence of changing demographic profiles, specifically ethnicity, on service expectations and customer satisfaction as it relates to the service firm. The evolution from an industrial - to an information-based economy has and will continue to focus on the service sector. This sector is the most dominant in the emerging information economy and, according to Porter [1990], has grown faster than other sectors in all advanced countries. As with other economic sectors, competitive advantage is essential for sustained economic growth as well as long-term viability.

Service activities permeate all businesses and the lives of all individuals. The growing importance of services to national economies has focused attention on this sector. Attaining a competitive advantage in services is becoming increasingly important to service firms as a means of maintaining growth. One way to obtain this competitive advantage is to better understand the service customer. A better understanding of the service customers' expectations will allow service firms to accurately identify the needs of their customers, thereby increasing the effectiveness and efficiency of the services they offer. Research has identified that a major factor in the understanding of the service customer involves service expectations [Zeithaml et al., 1990]. Service expectations are those factors that affect the purchase decision and the level of satisfaction of the service experience. Expectations are formed before the customer enters the service [Crane and DeYoung, 1990] and are influenced by many environmental factors [Zeithaml et al., 1993]. Durvasula et al. [1993], among others, identified a number of

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environmental factors influencing expectations includes demographic characteristics, specifically ethnicity.

Within Canada, demographic characteristics of the population and the service customer have changed significantly. Since confederation in 1867, Canada has relied on its immigration policy to sustain economic growth in human capital. In earlier times (up to the mid 1970s), this growth was sustained primarily through immigration from Europe and the United Kingdom. Today, changes in immigration patterns and composition have increased the size of Canada's visible minority population \cite{STATSCAN, 1991a, 1995}. Visible minorities have doubled in the period 1981-91, with Chinese, black, and South Asian adults accounting for two-thirds of this population segment. Despite large increases in visible minority groups in recent years, Chinese adults continue to account for the largest subgroup (26 percent in 1991) and the majority (70 percent) are domiciled in the urban areas of Toronto and Vancouver \cite{STATSCAN, 1991b}.

The changing ethnic composition of the Canadian population and the corresponding change in the service customer profile may have implications for service sector firms, especially in the area of customer expectations, satisfaction, and service consumption. This research focuses on one ethnic group, namely the Chinese Canadian segment, as it relates to customer expectations. Service firms that can identify the influence of ethnicity can alter their service offerings, thereby enhancing their competitive advantage.

METHODOLOGY

Despite the growing importance of services to national economies and the interest this has generated in research relating to services, a bibliographical search revealed relatively little in the academic literature to guide this study. However, research has been undertaken in the area of service expectations. Zeithaml et al. \cite{Zeithaml et al., 1990} identified 21 variables relating to service expectations. Our research extends the number of variables influencing service expectations and examines the affect of ethnicity relating to these variables using qualitative and quantitative methods.

In our study, focus group participants consisted of several ethnic backgrounds including Canadian, Chinese, Italian, French, and Asian. Focus group participants identified a wide range of service expectation issues based on ethnicity. Participants discussed their service experiences, specifically what they expected from a service. These discussions revealed a variety of service expectation variables from several ethnic backgrounds.

In line with the Likert summated-scale approach \cite{Likert, 1967} and based on our focus group findings and the service literature \cite{Gronroos, 1990; Gummesson, 1993; Zeithaml et al., 1993}, our survey was developed to collect data from a larger sample of the population. The survey collected data on 49 service expectation variables. The ethnic origin of the respondents was established by identifying the languages written and spoken and by the country of origin of the respondents.

Pretesting of the survey was accomplished using individual interviews and focus groups. Pretesting involved examining the meaning of questions, wording interpretation, and the appropriateness of the variables. Due to the sensitive nature of the research, of particular interest in the pretesting stage was the reaction of respondents to questions relating to ethnic background. The pretesting revealed less sensitivity to questions relating to ethnicity than was anticipated.