



# The Role of Methods of Service Encounter and Surprise in Customer Delight and Customer Loyalty in Indonesian Supermarkets

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**Abstract:** Traditionally, service encounters in firms have been conducted through interactions between customers and employees. In this digital age, however, different industries have begun to adopt “Self-Service Technologies” (SSTs) in which customers are serviced by a machine rather than a human employee. This study hypothesized that customer delight, customer retention intent, and Word-of-Mouth (WOM) intent could all be driven by both SST use and surprise. This study aimed to examine the role of SSTs and surprise on the three aforementioned dependent variables in an Indonesian supermarket setting. One hundred eighty-nine respondents were selected as the convenience sample to represent the Indonesian population, and a between-subjects experiment was conducted. The results revealed that neither service encounter method nor surprise significantly impacted the three dependent variables. Surprise may not necessarily induce delight, perhaps due to a lack of a solid explanation that followed it and differences in cultural perceptions of surprise. Moreover, it was predicted that rather than the SST use itself, customer responses are influenced by the awareness of other Indonesians towards SSTs. This study informed managers that though there is no best service encounter method to use, they can still build a successful marketing strategy by researching the needs of individual customers.

**Keywords:** *Surprise, SSTs, customer delight, customer retention intent, WOM intent*

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## INTRODUCTION

Most customers can agree that their main contact with a firm can be traced back to their encounters with frontline employees (Bitner, Brown, & Meuter, 2000). It is through these encounters that customers can acquire information about various concerns. Millions of service encounters occur daily around the world, in all kinds of industries (Bitner et al., 2000). One can venture into their local grocery store and ask a store clerk where to locate a certain item, or to a Starbucks, engaging in a service encounter as they order their morning coffee. It can be presumed, then, that customers expressing their satisfaction or disappointment with a frontline employee is equally as common (Cambra-Fierro, Melero-Polo, & Vázquez-Carrasco, 2014). For example, a single scathing online review about a disheartening encounter with a staff member may go as far as leave a negative lasting impression on the company in question and avert future potential customers. It comes as no surprise that firms pride themselves on the performance of their customer service employees.

As a growing number of firms compete on the basis of delighting customers through the quality of the service offered, the integration of technology in service encounters is part of an important future trend (Scholz & Smith, 2016). Innovations in customer service have been shown to improve customer retention (Rust & Huang, 2012) along with leading to spontaneous delight, defined broadly as pleasing and surprising experiences (Bitner et al., 2000).

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Subsequently, a surprise is crucial in inducing delight (Crotts, Magnini, et al., 2011), which precedes customer loyalty (Arnold, Reynolds, Ponder, & Lueg, 2005; Recamadas, 2018). Technology can be used by both customers and employees; in this paper, the usage of technology by customers, in particular, coined SSTs (Meuter, Ostrom, Roundtree, & Bitner, 2000), was explored.

This paper is unique as it focused on the supermarket context, an under-researched setting in the marketing field, and self-checkout terminals, an underrepresented type of SST. It also discussed and contrasted both traditional and SST-integrated services, and not individually, as often observed in existing articles. Implementing technology to enhance the customer's shopping experience is not a new concept in this field; Bitner et al. (2000) and Meuter et al. (2000) wrote about the dramatic impact of technology in revolutionizing, and in some cases, eliminating the need for interpersonal service relationships across industries. Meanwhile, Huang (2018) posited that SSTs make the shopping process more efficient. This paper at hand revealed, however, that interpersonal relationships in service were just as necessary as technological use.

This study aimed to answer the question: "What are the effects of method of service encounter (traditional vs self-service technology) and surprise on customer delight, customer retention intent, and WOM intent in Indonesian supermarkets?" The results of this study informed managers that though there is no best service encounter method to use, they can still build a successful marketing strategy by researching the needs of individual customers. In the remaining sections, the conceptual model and theoretical background of the concepts were reported, followed by the methodology section and the discussion of the results. Finally, the conclusion elaborated on the managerial implications, limitations, and future research.

## THEORETICAL BACKGROUND AND CONCEPTUAL FRAMEWORK

Figure 1 detailed the effects that were studied in this paper. I examined the individual and interaction effects of each independent variable, method of service encounter and surprise, on customer delight. I additionally examined the individual and interaction effects of method of service encounter and surprise on the second dependent variable, customer retention intent. Furthermore, I investigated the individual and interaction effects of method of service encounter and surprise on the third dependent variable, WOM intent. Lastly, I investigated the impact of two control variables, age and gender, on the dependent variables.

### *Method of Service Encounter*

Service encounters are points of interaction between customers and the firm that are initiated by customers or frontline employees (Bitner, Booms, & Mohr, 1994; Cambra-Fierro et al., 2014). These encounters allow customers to gain information and are "lenses" to which they can evaluate the firm's service (Barnes, Collier, Howe, & Hoffman, 2016; Rust & Oliver, 1994). Customers interact with the firm in diverse ways, including through technology instead of employees (Keng et al., 2007). The technology incorporated in service encounters improves service delivery efficiency on the employee side and provides the freedom to customers by enabling them to conduct their own service without employee interference, as well as preventing problems due to unskilled employees.

**SST:** SSTs are technological systems that allow customers to simultaneously produce and consume a particular service at their disposal (Meuter et al., 2000). The SST studied in this paper is the self-checkout terminal. Self-checkout terminals allow customers to swiftly purchase products without employee assistance and are mainly integrated by retailers to improve service efficiencies (Lovell & Young, 1979; Sabadus, 2009). When customers utilize these terminals, they are essentially creating their own value without any interaction with the firm (Meuter et al., 2000; Rafiah & Ariyanti, 2017). Self-checkout terminals are not as widely implemented in some Southeast Asian industries as it is in most Western industries (Hassan, Sade, & Rahman, 2014), but it would be of interest to observe how customers react to this newfangled technology and how willing they are in using it.

**Traditional service encounters:** Traditional service encounters simply refer to face-to-face interactions between employees and customers (Meuter et al., 2000). Unlike technology, human staff can handle complex problems and customize their service offerings to suit the individual needs of customers (Bettencourt & Gwinner, 1996; Meuter et al., 2000). Moreover, employees are equipped to aid customers in "recovering" from service failures, or failure of the firm in attending to the needs of the customer (Cambra-Fierro et al., 2014; Meuter et al., 2000). When service failures occur during technology usage, customers often have no choice but to stop using the technology altogether. Furthermore, perhaps the most obvious difference between the two methods is that traditional service is limited in its capability to

deliver flawless service, as employees differ in their level of expertise and effort, as well as being susceptible to making mistakes (Barnes et al., 2016).

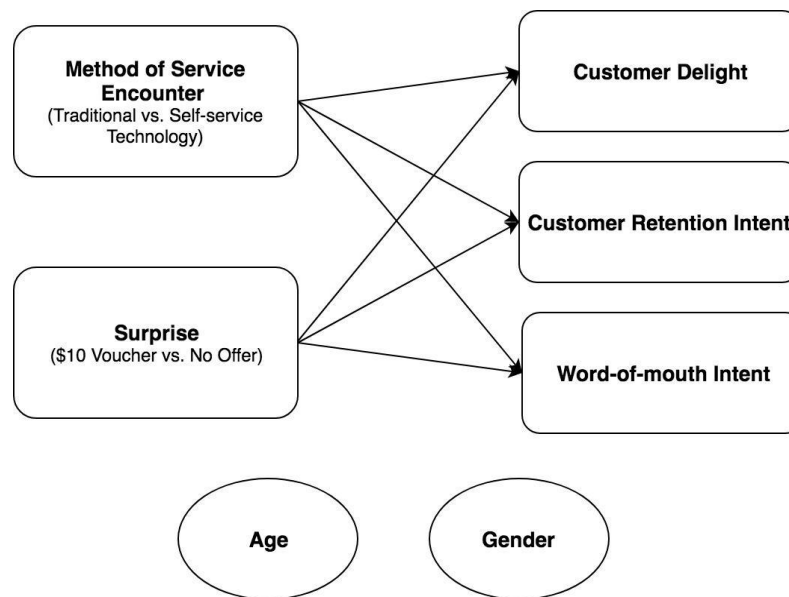


Figure 1 *Conceptual Framework*

### **Surprise**

When reviewing the relevant literature, a surprise is most often defined from a psychological perspective. Vanhamme (2000) describes surprise as an emotion that is elicited when inputs from an individual's external environment fail to match their schema or flexible memory structure built from patterned activity (Wood, Stoltz, Van Ness, & Taylor, 2018). Surprise, therefore, results in certain processes undertaken to eliminate the disparity of the associated schema (Vanhamme, 2000). The emotion of surprise itself is neutral and short-lived but can be followed by other emotions that influence it positively, such as joy, or negatively, such as sadness or anger (Ekman & Friesen, 1975). Surprise is an important concept for marketers to comprehend, as it directly relates to the creation of memorable experiences (Pine, Gilmore, et al., 1998), a crucial aspect in promoting positive consumer behavior (Ludwig, Heidenreich, Kraemer, & Gouthier, 2017).

### **Customer Delight**

**Surprise and customer delight:** Customer delight can either be viewed as an extreme form of customer satisfaction (Berman, 2005; Schneider & Bowen, 1999) or as an emotional response fueled by surprise and independent of satisfaction (Arnold et al., 2005; Ludwig et al., 2017; Oliver, Rust, & Varki, 1997; Plutchik, 1980; Westbrook & Oliver, 1991). In the former description, delight is experienced by highly satisfied, but not surprised, customers. The latter description stresses that the customer must experience a positive and pleasant surprise beyond their expectations during a service encounter to be delighted (Arnold et al., 2005; Oliver et al., 1997). Having this in mind, delight is more dependent on emotion (Ludwig et al., 2017) when compared to satisfaction. It can be argued, however, that surprise remains a necessity in establishing delight (Crotts et al., 2011; Vanhamme, 2008).

As surprise has been demonstrated to be associated with delight, the effects of surprise on delight will now be investigated. A study by Wu, Mattila, and Hanks (2015) revealed that rewards imbued with a surprise aspect, i.e., coupons given out randomly once a day to a lucky customer, enhanced customer delight more than regular rewards, i.e., vouchers from having a membership at a loyalty program. Arnold et al. (2005) supported these results, explaining that when customers come across desired products by surprise and find surprising bargains when shopping, they are likely to experience a delight. Another study by Barnes et al. (2016) also claimed that surprise, along with joy, has a strong positive relationship with delight. From these observations, a positive relationship between surprise and customer delight can be inferred.

**H1:** *Integrating a surprise in a service encounter has a more positive effect on customer delight than service encounters without integrating surprise.*

**Method of service encounter and customer delight:** Both employee and SST interactions can generate customer delight, but they differ in the type of delight created. A customer's interest with the capabilities of SSTs and the pleasant surprise from operating them led to a form of delight termed "spontaneous delight" (Meuter et al., 2000). Contrastingly, traditional encounters can promote delight through the ability of employees to personalize their services by reading emotional cues to provide the best form of service for each customer (Gwinner, Bitner, Brown, & Kumar, 2005). While delight is most likely generated in traditional encounters, this is not the case for SST use, as customers may operate the SST wrongly or experience technical failures, reducing the delight they feel. It can thus be assumed that SST use may induce less delight than in customer-employee interactions as each customer can receive the best kind of service for their needs.

**H2:** *The usage of SSTs in service encounters has a more negative effect on customer delight than through traditional service encounters.*

**Both surprise and method of service encounter on customer delight:** When operating technology unfamiliar to them, people are often surprised by the wide range of actions that the technology can carry out, especially during its infancy period (Meuter et al., 2000). On the other hand, employees can delight customers by providing particularly exceptional services and paying attention to the customer (Bitner, Booms, & Tetreault, 1990). Unlike technology, employees can be more attentive to customers and surprise them by offering services out of their job "scripts" to accommodate them, which raises delight (Bettencourt & Gwinner, 1996). Employees also have the advantage of sympathizing with customers and knowing exactly how to elicit the most surprise (and thus delight) in each customer (Ng, David, & Dagger, 2011). Through these assessments, it can be assumed that the effect of surprise through traditional encounters may lead to more delight than SST usage.

**H3:** *Offering a surprise has a more positive effect on customer delight through traditional service encounters than SST usage.*

### ***Customer Retention Intent***

**Surprise and customer retention intent:** Customer retention intent is defined as the intentions of a customer to repeatedly purchase or re-patronize a product or service from a firm (Skogland & Siguaw, 2004). Research exploring customer loyalty suggested that the best way to retain customers is not merely to satisfy them, but to delight them (Arnold et al., 2005; Oliver et al., 1997). Delighted customers are more willing to engage in further business with the firm than satisfied ones (Schneider & Bowen, 1999). Surprise is a necessary precursor to delight, but it may be difficult for firms to continuously surprise returning customers who have been exposed to the same tactics (Ludwig et al., 2017). As customers would adapt their expectations accordingly (Derbaix & Vanhamme, 2003), firms must repeatedly invest in novel tactics to maintain delight and thus customer retention. Therefore, it can be said that surprise does influence customer retention intent.

**H4:** *Integrating a surprise in a service encounter has a more positive effect on customer retention intent than service encounters without integrating surprise.*

**Method of service encounter and customer retention intent:** The impact of service encounter method on customer retention intent has not been extensively researched. Although SSTs prevail in providing convenient and speedy service to customers, traditional encounters are more personal and customizable (Bettencourt & Gwinner, 1996; Meuter et al., 2000). Employees are able to adjust certain components of their service to meet the specific needs of each customer, while SSTs are severely limited in customization by the algorithms put in place and propensity to fail. Employees are also capable of detecting how customers are feeling and can change their attitudes accordingly, which have been shown to lead to retention (Ng et al., 2011). Due to the impersonal nature of SST usage, customer retention intent is assumed to be low in firms employing SSTs, as customers will gravitate toward rival firms with traditional service that promote customization and more emotional attachment (Meuter et al., 2000).

**H5:** *The usage of SSTs has a more negative effect on customer retention intent than through traditional service encounters.*



**Both surprise and method of service encounter on customer retention intent:** When viewed through a sociological lens, integrating surprise through traditional means leads to higher customer retention intent compared to SST usage. This notion is supported by [Jiang, Hoegg, Dahl, and Chattopadhyay \(2010\)](#), who suggested that people have an innate need to belong and form relationships with others in any social contexts. When these social needs are not fulfilled, in the case of SST encounters, customers will not feel a sense of attachment to the encounter and will be less likely to be surprised by an unexpected event. If, however, employees offer the surprise to the customers themselves, they may feel they are receiving special treatment, perceiving that the employees are noticing and rewarding them ([Ng et al., 2011](#)). Moreover, this special treatment is predicted to encourage customers to “give back” and be committed to the firm ([Ng et al., 2011](#)). The social relationships that are formed through encounters may additionally increase customer trust in employees ([Bendapudi & Berry, 1997](#)), which heightens customer retention intent ([Ranaweera & Prabhu, 2003](#)). Therefore, it can be assumed that the effect of surprise through traditional encounters may lead to higher customer retention intent compared to SST usage.

**H6:** *Offering a surprise has a more positive effect on customer retention intent through traditional service encounters than SST usage.*

### **WOM Intent**

**Surprise and WOM intent:** WOM intent is the customer’s intentions to engage in informal communications between individual parties regarding a product or service ([J. Singh, 1988](#)) that can be positive, negative, or neutral ([Anderson, 1998](#)). WOM can be initiated in various ways, including through emotional events ([Westbrook, 1987](#)). When surprise is followed by a positive or negative reaction, these emotions will be more intensely felt compared to if they were not driven by surprise ([Derbaix & Vanhamme, 2003](#)). The customers’ intentions to spread WOM will thus be indirectly influenced by surprise. Furthermore, [Torres and Kline \(2006\)](#) assert that the more memorable the experience, the more willing customers will be to participate in WOM. [Derbaix and Vanhamme \(2003\)](#) supported this notion as they claim that customers are more likely to memorize more information about a surprising experience with a firm and are able to share more details about the experience than customers not exposed to surprise during their service encounter.

**H7:** *Integrating a surprise in a service encounter has a more positive effect on WOM intent than service encounters without integrating surprise.*

**Method of service encounter and WOM intent:** [Meuter et al. \(2000\)](#) claimed that WOM intent was associated with both satisfying and dissatisfying experiences with SSTs. Alternatively, WOM intent can be triggered indirectly by the performance of employees in terms of functional, technical, and relationship quality ([Hartline & Jones, 1996](#); [Ng et al., 2011](#)). [Ng et al. \(2011\)](#) concluded that relationship quality, in particular, has the largest effect on WOM intent, reporting that the more invested customers and employees are in the encounter, the higher the likelihood of customers in spreading WOM. Relationship quality can be evaluated only through traditional encounters, as customers can form trustworthy relationships with employees but not with technology. While both methods of encounter lead to WOM intent, traditional encounters are more effective in creating WOM intent compared to SST encounters due to the ability of customers and employees to be emotionally committed to each other ([Ng et al., 2011](#)).

**H8:** *The usage of SSTs has a more negative effect on WOM intent than through traditional service encounters.*

**Both surprise and method of service encounter on WOM intent:** As previously mentioned, the most distinguishable trait of traditional encounters compared to SST usage is the opportunity to connect with customers emotionally which induces trust, a precursor of WOM intent ([Ng et al., 2011](#); [Ranaweera & Prabhu, 2003](#)). When customers have trust in their employees, it is assumed that they are more likely to share any surprising experiences they had compared to if they were using an SST. Customers are more likely to be enticed by surprises in traditional encounters, as the employee can increase the pleasure customers receive from the surprise by causing them to feel special and valued, whereas this is not possible through SST encounters ([Rust, Zeithaml, & Lemon, 2000](#)). Pleasure, joy, and other positive emotions have been shown to influence WOM intent ([Westbrook, 1987](#)) positively. Therefore, it is assumed that when a surprise is integrated into traditional encounters, it is likely to generate more WOM intent due to higher customer pleasure compared to surprise integrated into SST encounters.

**H9:** *Offering a surprise has a more positive effect on WOM intent through traditional service encounters than SST usage.*

## METHODOLOGY

### *Research Design and Sample*

This study utilized a 2 (method of service encounter: traditional vs SST) by 2 (surprise: \$10 voucher offer vs no voucher offer) between-subjects experimental design. An experiment was chosen as the research method as it permits an objective test of specified hypotheses to be conducted, ensures unbiased observed treatment effects, allows an observed treatment to be described quantitatively, and is economical (Y. K. Singh, 2006). A between-subjects design was chosen as it requires little sophistication to conduct and prevents systematic bias (Charness, Gneezy, & Kuhn, 2012; Wharrad & Silcocks, 2009). It is also the most appropriate design to use to test the hypotheses of this study. Participants were recruited through my personal social networks, along with snowball sampling. The final sample consisted of 189 Indonesian participants ( $M_{age} = 38.88$ ,  $SD_{age} = 12.19$ ). Female respondents comprised 74.10% of the sample. To avoid low-quality answers, I included two simulation check questions to assess whether respondents were diligent in reading the scenarios. Incorrect answers for both questions led to the exclusion of the questionnaire. In total, 103 questionnaires out of 292 were excluded from the analysis. To avoid incomplete submissions, I ensured that all questions were mandatory to be filled. Moreover, I piloted the questionnaire five times while a colleague outside of the sample piloted it once before distributing them publicly, which led to the quality control questions being replaced by simpler ones and using a more straightforward measurement scale for customer delight.

### *Stimuli and Procedures*

Upon clicking an online link, each participant was directed to a questionnaire consisting of an introduction section and demographic questions. Afterwards, participants were asked to imagine themselves as a customer in one of four randomly chosen scenarios. Scenarios were chosen for this study in order to effectively manipulate certain variables that would be difficult to simulate in real-life settings (Smith & Bolton, 1998). In the first scenario, participants were asked to imagine themselves checking out items at a cashier manned by a human employee and imagine the employee handing them a Rp. 150.000 (USD 10) shopping voucher, telling them they are the random daily winner of the voucher. In the second scenario, instead of checking out at a cashier, participants were asked to imagine themselves checking out via a self-checkout terminal, then seeing a message appearing on the screen informing them that they are the random daily winner of the voucher. For the third scenario, participants had to imagine themselves checking out items at a cashier and not receiving a voucher. For the last scenario, participants had to imagine themselves checking out via a self-checkout terminal and again, not receiving a voucher. All questionnaires were written in Indonesian.

### *Measurements*

After reading their scenario, participants were asked to provide their opinion regarding customer delight, customer retention intent, and WOM intent. To measure customer delight, I used a two-item scale adapted from (Chitturi, Raghunathan, & Mahajan, 2008) ( $\alpha = 0.942$ ), with participants rating how likely they would feel “delighted” and “cheerful” during their service encounters on a seven-point scale (1 = not at all, 7 = extremely). To measure customer retention intent, I initially used a three-item scale based on Zeithaml, Berry, and Parasuraman (1996), with participants rating the extent to which they consider the supermarket as their first choice, would do more business with the supermarket in the future and would do less business with the supermarket in the future on a seven-point scale (1 = strongly disagree, 7 = strongly agree). However, due to a low Cronbach’s alpha value of 0.484, I decided to exclude one item from the scale, namely the respondents’ likelihood to do less business with the supermarket in the future. This revision led to a Cronbach’s alpha of 0.855 for the two other items, indicating a more reliable construct. Lastly, to measure WOM intent, I used a three-item scale based on Zeithaml et al. (1996) ( $\alpha = 0.932$ ), with participants rating the likelihood they would spread positive things about the supermarket, recommend the supermarket to someone who seeks their advice, and encourage friends and family to shop at the supermarket on a seven-point scale (1 = strongly disagree, 7 = strongly agree).

## RESULTS

### *Data Preparation*

Before any tests can be conducted, the data was cleaned and organized by removing cases with incorrect answers for both quality control questions from the dataset. It was organized further by combining the answers for each

questionnaire item into lists labelled with the item name (e.g., variable 'DELIGHT1' comprised of the answers for the first item in the customer delight construct for all scenarios), followed by finding the Cronbach's alpha values for each construct. The values of the items for each construct (e.g., 'DELIGHT1' and 'DELIGHT2') were then averaged to form three new constructs, 'DELIGHT', 'RETENTION', and 'WOM', to represent the three dependent variables. The prepared data can now be analyzed using two statistical tests, two-way analysis of variance (ANOVA) and two-way analysis of covariance (ANCOVA). The former test was chosen to observe whether an interaction exists between the independent variables and each dependent variable, while the latter test can determine whether this interaction still exists after adjusting for one or more control variables (Statistics Laerd, n.d.).

### **Hypotheses Testing**

In order to test the hypotheses of this study, I performed ANOVA tests individually on the three dependent variables, customer delight, customer retention intent, and WOM intent. I created two dummy variables, 'SERVICE ENCOUNTER' and 'SURPRISE' by designating the category 'traditional' with '0' and 'SST' with '1' for method of service encounter, and 'no surprise' with '0' and 'surprise' with '1' for surprise to distinguish the scenarios. All hypotheses were checked at the 5% confidence level. The means and standard deviations for customer delight, customer retention intent, and WOM intent can be found in Table 1, while the ANOVA results can be seen in Table 2.

Table 1 MEANS AND STANDARD DEVIATIONS FOR CUSTOMER DELIGHT, CUSTOMER RETENTION INTENT, AND WOM INTENT

Conditions		Customer Delight		Customer Retention Intent		WOM Intent	
		Mean	SD	Mean	SD	Mean	SD
Traditional	No surprise	5.59	1.438	4.96	1.556	5.52	1.324
	Surprise	5.57	1.065	5.22	1.352	5.81	1.050
	Total	5.68	1.257	5.09	1.453	5.67	1.193
SST	No surprise	5.97	0.972	5.19	1.385	5.58	1.074
	Surprise	5.62	0.944	5.11	1.469	5.69	1.259
	Total	5.78	0.967	5.15	1.423	5.64	1.171
Total	No surprise	5.77	1.246	5.07	1.473	5.55	1.205
	Surprise	5.70	1.005	5.17	1.405	5.75	1.154
	Total	5.73	1.123	5.12	1.435	5.66	1.179

Table 2 ANOVA RESULTS FOR CUSTOMER DELIGHT, CUSTOMER RETENTION INTENT, AND WOM INTENT

Variable	df	Customer Delight			Customer Retention Intent			WOM Intent		
		F	p		df	F	p	df	F	p
Corrected Model	3	1.060	0.367		3	0.309	0.819	3	0.555	0.645
Intercept	1	4915.466	0.000		1	2370.926	0.000	1	4294.285	0.000
Service Encounter	1	0.505	0.478		1	0.083	0.774	1	0.041	0.840
Surprise	1	0.232	0.630		1	0.201	0.654	1	1.306	0.255
Service Encounter * Surprise	1	2.599	0.109		1	0.640	0.425	1	0.281	0.597
Error	185				185			185		
Total	189				189			189		
Corrected Total	188				188			188		

**Customer delight:** The main effect of method of service encounter on customer delight was found to be insignificant ( $M_{traditional} = 5.68$ ,  $M_{SST} = 5.78$ ,  $F(1,185) = 0.505$ ,  $p = 0.478$ ). Subsequently, the main effect of surprise on delight was also insignificant ( $M_{no\ surprise} = 5.77$ ,  $M_{surprise} = 5.70$ ,  $F(1,185) = 0.232$ ,  $p = 0.630$ ). These findings led to the rejection of H1 and H2. The interaction effect of service encounter method and surprise was revealed to be insignificant ( $F(1,185) = 2.599$ ,  $p = 0.109$ ) indicating that H3 cannot be supported. Offering surprise through traditional service encounter methods ( $M_{no\ surprise} = 5.59$ ,  $SD = 1.438$ ;  $M_{surprise} = 5.77$ ,  $SD = 1.065$ ) did not have a more positive effect on delight than through a method involving SSTs ( $M_{no\ surprise} = 5.97$ ,  $SD = 0.972$ ;  $M_{surprise} = 5.62$ ,  $SD = 0.944$ ).

**Customer retention intent:** The effect of surprise on customer retention intent was revealed to be insignificant ( $M_{no\ surprise} = 5.07$ ,  $M_{surprise} = 5.17$ ,  $F(1,185) = 0.201$ ,  $p = 0.654$ ), leading to the rejection of H4. Similarly, the effect of service encounter method on retention intent was insignificant ( $M_{traditional} = 5.09$ ,  $M_{SST} = 5.15$ ,  $F(1,185) = 0.083$ ,  $p = 0.774$ ), thus H5 cannot be accepted. Lastly, the interaction effect of both service encounter and surprise on retention intent was also insignificant ( $F(1,185) = 0.640$ ,  $p = 0.425$ ), resulting in the rejection of H6. Thus, it can be concluded that offering surprise through traditional service encounters ( $M_{no\ surprise} = 4.96$ ,  $SD = 1.556$ ;  $M_{surprise} = 5.22$ ,  $SD = 1.352$ ) did not have a more positive effect on retention intent compared to through SST encounters ( $M_{no\ surprise} = 5.19$ ,  $SD = 1.385$ ;  $M_{surprise} = 5.11$ ,  $SD = 1.469$ ).

**WOM intent:** The main effect of surprise on WOM intent was insignificant ( $M_{no\ surprise} = 5.55$ ,  $M_{surprise} = 5.75$ ,  $F(1,185) = 1.306$ ,  $p = 0.255$ ). Hence, H7 cannot be supported. Furthermore, the main effect of service encounter method on WOM intent was similarly insignificant ( $M_{traditional} = 5.66$ ,  $M_{SST} = 5.64$ ,  $F(1,185) = 0.041$ ,  $p = 0.840$ ), and thus H8 was rejected. The interaction effect of service encounter method and surprise on WOM intent was insignificant ( $F(1,185) = 0.281$ ,  $p = 0.597$ ), leading to the rejection of the final hypothesis, H9. As such, it can be assumed that offering surprise through traditional encounters ( $M_{no\ surprise} = 5.52$ ,  $SD = 1.324$ ;  $M_{surprise} = 5.81$ ,  $SD = 1.050$ ) did not induce higher WOM intent compared to through SST encounters ( $M_{no\ surprise} = 5.58$ ,  $SD = 1.074$ ;  $M_{surprise} = 5.69$ ,  $SD = 1.25$ ).

### Effects of Covariates

After performing three ANOVA tests to analyze the impact of the independent variables on the dependent variables, I conducted separate ANCOVA tests to determine whether the two control variables, age and gender, influence the dependent variables in any way.

**Age and gender on customer delight:** Age did not have a significant effect on delight ( $F(1,183) = 0.147$ ,  $p = 0.702$ ), suggesting that the means for delight are not significantly different between respondents of different ages. Similarly, the effect of gender on delight was not significant ( $F(1,183) = 0.360$ ,  $p = 0.550$ ), indicating that the means for delight were not significantly different between male and female respondents.

**Age and gender on customer retention intent:** Age did not have a significant effect on retention intent ( $F(1,183) = 0.045$ ,  $p = 0.833$ ), implying that the means for retention intent do not differ significantly between those of varying ages. Meanwhile, gender also did not have a significant effect on retention intent ( $F(1,183) = 0.132$ ,  $p = 0.717$ ), showing that the means for retention intent do not differ significantly between genders.

**Age and gender on WOM intent:** Similar to the results for customer delight and customer retention intent, age did not have a significant effect on WOM intent ( $F(1,183) = 1.317$ ,  $p = 0.253$ ), suggesting that regardless of age, the means for WOM intent failed to differ significantly. This result can also be observed for gender, as it also did not have a significant effect on WOM intent ( $F(1,183) = 0.207$ ,  $p = 0.650$ ), indicating that the means for WOM intent were not significantly different for respondents of either gender.

### Summary of Results

All results from the ANOVA and ANCOVA tests were revealed to be insignificant at both the 5% and 10% confidence levels, which led to the rejection of all nine hypotheses. The first part of this analysis was determining whether the means for each dependent variable differed significantly based on the scenario the respondents were assigned to. It was found that there were no significant effects of the independent variables, service encounter method and surprise, individually or together on all three dependent variables. This led to the conclusion that the means for all dependent variables were highly similar and did not vary across the scenarios. Subsequently, it was found that both control variables, age and gender, failed to influence the dependent variables significantly.



## DISCUSSION

This study aimed to determine the role of service encounter method and surprise on customer delight, customer retention intent, and WOM intent in an Indonesian supermarket setting. To accomplish this, I conducted a between-subjects experiment on 189 Indonesian respondents and performed separate ANOVA and ANCOVA tests on the dependent variables. I found that the results of all tests were insignificant and concluded that none of the independent and control variables, age and gender, individually or through an interaction, exerted an influence on any of the dependent variables.

### *Important Findings*

This study generated some remarkable findings, namely that surprise had no effect on delight and that the method of service encounter had no effect on delight, retention intent, and WOM intent. Firstly, regardless of the presence of a surprising element during a service encounter, customers did not differ significantly in delight. This unique yet contradictory finding could be driven by the lack of a complete explanation alongside the surprise offer. [Kim and Mattila \(2013\)](#) revealed that providing an explanation alongside the surprise actually enhanced delight. Although the current study explains somewhat that the free voucher was given to a random lucky customer, it does not specify other important aspects, such as how many customers actually received the voucher or whether there were any terms and conditions attached to it, which may limit delight.

Subsequently, a surprise may be perceived differently across cultures. Eastern cultures are more likely to perceive surprise rewards negatively, attributing it to bad fortune, imbalance, and growing suspicious of it ([Valenzuela, Mellers, & Strebel, 2010](#)), thus deriving less pleasure from it compared to Western cultures. This is supported by [Choi and Nisbett \(2000\)](#) study on cultural perceptions of surprise. Asians reported less surprise than Americans when faced with an unexpected event, which may be attributed to the Eastern belief of “saving face” that discourages the public display of emotions. Asians may be just as surprised as their American counterparts, but would keep that feeling to themselves, as expressing genuine surprise, even in an experimental setting, may be seen as foolishness. The Indonesian respondents of this study may have been surprised, but choose to repress it to save face and perhaps because they are suspicious of the reward’s legitimacy.

Furthermore, this study revealed that regardless of the method used in delivering the service, customers exhibited similar levels of delight, retention intent, and WOM intent. While SST usage can promote spontaneous delight, employee interactions can encourage continuous delight. Spontaneous delight dissipates when customers become more familiar to the SST, but delight generated through employee interactions can be sustained in future visits and increase customer commitment to the firm ([Beatson, Lee, & Coote, 2007](#); [Meuter et al., 2000](#)). Moreover, [Proença and Rodrigues \(2011\)](#) found that SST use does not influence customer retention and WOM. This finding is especially evident in collectivistic societies such as Indonesia. Indonesians are prone to observe and emulate the actions of the majority and are less likely to engage in niche trends, such as using self-checkout systems, which currently do not have a widespread presence in Southeast Asia ([Hassan et al., 2014](#); [Vashista & Balaji, 2013](#)). Therefore, it can be assumed that it is not the SST itself that pushes customers to continue or stop purchasing from a specific supermarket or to spread WOM about it, but rather the awareness of other customers towards the SST. [Curran and Meuter \(2005\)](#) support this argument, as people are less likely to use SSTs that are unfamiliar to them or difficult to operate even if they prove to be useful.

### *Contributions to Theory and Practice*

This study is unique in that it is the only one (to date) to combine SST and non-SST service encounters with surprise. The results thus shed new light on the existing understanding of the concepts. Firstly, this study found no significant relationship between surprise and delight but suggested that this may be due to the inclination of Indonesians to conceal their thoughts and emotions. Secondly, the results indicated that SST use by itself does not impact delight. Instead of delight, customers may experience negative emotions such as stress or confusion, which may be driven by their unfamiliarity with the SST. This study accordingly contributed to the field of services marketing.

The study also contributed crucial insights for managers. First, supermarket managers should be careful in investing in surprise strategies, as they may fail to influence delight, retention or WOM in any way. Not all customers will be surprised by the same tactics; managers should first gain sufficient information about what elicits surprise in different customers before forming their marketing strategies. Secondly, managers in Indonesia should align their

customers' needs with their choice of service encounter method. If their customers value efficiency and convenience more than long-term close relationships with employees, they should consider implementing more SSTs instead of hiring employees. The inverse should also hold true. Nevertheless, managers should not view one method as more attractive than the other, as both methods have their own advantages and disadvantages.

### **Limitations**

This study is not without limitations. The first limitation concerns the sample, which was relatively small and consisted of solely Indonesian respondents. Additionally, the division of gender in the sample was largely unequal, with over 70% comprising of women. These problems may cause low external validity, as the findings are limited in their generalizability to Indonesian society. The second limitation is that I did not account for the fact that most, if not all, supermarkets in Indonesia have yet to integrate self-checkout systems. This discrepancy may have generated the non-significant results of this study, as respondents may have been unsure whether to feel delighted or committed to the supermarket because they did not have a firm grasp of what the SST actually does. To prevent future dilemmas, it would be better to conduct a pretest to familiarize respondents to SSTs that includes detailed instructions on how to operate it and the commands it can carry out. Moreover, if this study were to be replicated, it is recommended that the researcher chooses a setting in which SST usage in supermarkets are commonplace to see if results differ.

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