

**CUSTOMER EXPECTATIONS FROM LUXURY SERVICES – A ZONE OF  
TOLERANCE PERSPECTIVE**

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**Keywords:** Customer expectations, luxury, services, zone of tolerance

This study aims to categorize customer expectations from luxury services and explore their antecedents.

## **EXTENDED ABSTRACT**

### **Research Questions**

Past research on luxury consumption mainly focuses on luxury goods with limited literature on luxury services. Although owning and using luxury goods helps people show these off as a status symbol, luxury services are less likely to satisfy such symbolic necessity as these may be consumed in private away from public eye and we need to understand luxury consumption via service experiences. Expectations from services play a major role in shaping customer's zone of tolerance with the desired and adequate levels of service (Zeithaml, Berry, & Parasuraman, 1993). However, this framework was developed for services in general and may not explain differences in expectations from luxury versus non-luxury services. Hence, this study aims to address the following research questions:

RQ1: What are the different levels of customer expectations from luxury services?

RQ2: What are the antecedents of different levels of customer expectations from luxury services.

### **Method and Data**

We use a qualitative research methodology to seek an initial understanding of the above research questions from current users of luxury products and services. We recruited Australian consumers using a 'snowballing' approach based on their past use of luxury services and self-description as luxury customers (N=10). We used an interview guide with face-to-face meetings and telephone calls. Each interview lasted around 45 minutes and the responses were recorded in writing or transcribed later. The transcripts were analysed using NVivo software, with nodes and sub-nodes created to conceptualise luxury services, customer expectations from luxury services, different levels of expectations, and antecedents of different levels of customer expectations from luxury services. Next, the relevant contents of the interview transcripts were

assigned to each node or sub-nodes for analysis. The final output includes the total number of respondents who contributed to the nodes, the frequency of responses related to the nodes and it could be represented based on hierarchy charts, word trees, etc.

### **Summary of Findings**

Luxury services emphasize top-quality service and uniqueness. Customers seek exclusivity, expensiveness, and a satisfying, indulgent experience that brings enjoyment and pleasure. Key factors include pampering, comfort, superior aesthetics, and feeling superior. Customer expectations from luxury services include pampering, exceptional quality, uniqueness, peace of mind, privacy, enjoyment, and cultural sensitivity. Customers expect attentive, genuine service personnel, enhancing their feeling of being special and important. These insights lead to a conceptual framework of luxury service expectations with the following propositions:

- P1:** Difference between desired and adequate service is smaller for luxury compared to non-luxury services.
- P2:** Zone of tolerance varies across customers based on the various situational factors.
- P3:** The desired service level is more stable as compared to the adequate service level
- P4:** The enduring service intensifiers, personal needs, and the customer characteristics positively influence the level of desired service.
- P5:** The transitory service intensifiers, decision type, perceived service alternatives, service location, self-perceived service roles, social presence, and situational factors influence the level of adequate service.
- P6:** Level of predicted service positively influences the level of adequate service.
- P7:** The explicit and implicit service promises, word of mouth, past experience, and temporal change positively influence level of desired and predicted service.

## **Key Contributions**

This paper develops a conceptual framework to categorize customer expectations from luxury services into three levels: desired, adequate, and predicted. The framework is grounded in extant literature and findings from ten in-depth interviews. This study extends Zeithaml et al.'s work into the luxury domain, contributing to the service expectations literature. It identifies new antecedents influencing luxury service expectations, such as service provider reputation, personalization, added surprises, and social responsibility.

Conceptually, this study advances understanding of luxury service expectations and the factors shaping them. Managerially, it provides actionable insights for luxury service providers. The findings highlight that customer expectations are dynamic and exist within a zone of tolerance between adequate and desired levels. Providers should design high-quality services to meet these expectations and have strategies for exceeding them.

Recognizing the antecedents of customer expectations from luxury services help providers focus on elements that significantly impact customer satisfaction. The research reveals that luxury customers have a narrower zone of tolerance compared to non-luxury customers, indicating a higher risk of customer loss in case of service failure. This underscores the importance for luxury service providers to act swiftly and proactively in understanding and meeting customer expectations.

**Note:** References are available upon request.