The Interaction between Service Employees and Customers toward the Increase of Purchase Intention: An Evidence from Service Industry

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The purpose of this study is to explore the managerial question of how travel agents may interact with customers toward the increase of purchase intention of tour packages within a perceived performance risk context. This empirical study utilizes moderated mediation techniques for data analysis. The findings indicate that the consumer perceived performance risk influences the mediated relationship between travel agent customer-oriented behavior and purchase intention via customer trust. The implications indicate that travel companies in a service sector of high perceived performance risk may benefit from incorporating travel agents acting in customer-oriented behaviors in order to increase customer confidence and trust in purchase decision making.

Keywords: Customer-oriented Behavior, Customer Trust, Perceived Performance Risk, Purchase Intention, Moderated Mediation

Introduction

Perceived performance risk is an important concept when consumers make purchase decision¹ ². Customer-oriented behavior is the ability of the employees to help customers by engaging in behaviors which increase customer satisfaction³. Prior studies⁴ has found the importance of customer trust with regards to maintaining the relationships between customers and employees. This study focuses on exploring the question of how service employees may interact with customers toward the increase of purchase intention within a perceived performance risk context.

Conceptual model and hypothesis development

The mediating role of customer trust between customer-oriented behavior and purchase intention

Customer-oriented behavior is defined as the ability of the service employees to help their customers by engaging in behaviors which increase customer satisfaction⁵. Examples would include behaviors such as helping to achieve the customer’s goals, discussing the customer’s needs, and influencing the customer with information rather than through pressure. Customer trust is a confidence that the customer would believe the service provider has ability (i.e., reliability and integrity) and the willingness to solve the problem for the customer’s interests⁶. Purchase intention was the consumer’s choice for brand attributes in the assessment stage which result in the willingness to purchase a product. Research⁷ has pointed that the higher the purchase intention was, the greater a consumer’s willingness to buy a product would be; further, that purchase intention could measure consumer product buying potential. Based on social exchange theory⁸ referring to trust others to reciprocate commitment or favor to the other party, we contend that service employees may engage in customer-oriented behavior (i.e. demonstrating their abilities to solve problems and showing care with regards to consumer’s wants and needs) to serve customers will initiate a social exchange relationship with customers to builds consumer trust. Consequently, customers reciprocate trust to service employees, which in turn motivates customers to develop and maintain the relationship with service employees (i.e., doing transacting with the service employees or increasing purchase intention). We posit that service employee customer-oriented behavior may help to build customer trust in them, which in turn could affect consumers’ purchase intention, as depicted in Figure 1. Accordingly, the following hypothesis is generated. Hypothesis 1: Customer trust will mediate the relationship between service employee customer-oriented behavior and purchase intention.

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Moderating role of perceived performance risk

When a service is inherently intangible, that consumers are often faced with not knowing what to expect of the service until after its consumption; hence, intangible services are perceived as being risky (i.e., performance risk). Research has demonstrated that the need for trust arises in situations characterized by a high degree of uncertainty, risk, and/or lack of knowledge or information regarding the interaction participants. Therefore, when consumer perceived performance risk is high, they generally show high preference for and comfort with service employees who act in a trustworthy manner; this increases such consumer confidence in purchase decision making. Conversely, if consumer perceived performance risk holds little or no importance in the purchase decision, they would likely be less concerned with their interpersonal trust level in the service employees. Specifically, when perceived performance risk is high, the effect of customer trust on purchase intention is enhanced; such thereby strengthens the role of customer trust in mediating the relationship between service employee customer-oriented behavior and purchase intention. On the contrary, when perceived performance risk is low, the effect of customer trust on purchase intention is weakened; such thereby neutralizes the mediating effect of customer trust. Therefore, the current study generates the following hypothesis, as depicted in Figure 1, which specifies the overall moderated mediation effect predicted by the proposed model. Hypothesis 2: Consumer perceived performance risk moderates the strength of the mediated relationship between service employee customer-oriented behavior and purchase intention via customer trust, such that the path between customer trust and purchase intention is stronger when consumer perceived performance risk is high, rather than low.

Methods

Sample and procedure

Survey data is gathered from the International Travel Fair in Taiwan. Many Taiwanese travel companies participate in promoting international travel during the travel fair. Trained fieldworkers intercept participants at the fair via survey near the exit. Each fieldworker randomly selects the first group of people he or she encounters at any given time. Two individuals in the group are approached and asked to fill out the survey. If they refuse, the fieldworker randomly intercepts the next group and repeats the procedure until willing survey participants are found. This study follows the suggestions of prior research to gather data from multiple sources in order to minimize common method variance: common rater effects (i.e., the respondents rating all of the predictor and criterion variables themselves). As mentioned above, two individuals in the group are asked to fill out the survey. One of them is asked to rate the travel agent customer-oriented behavior; the other participant rates customer trust, purchase intention, consumer perceived performance risk, and brand attitude toward the travel company. In order to ensure that respondents’ memories are fresh, clear, and consistent, they are asked to focus on their last encounter with a specific travel agent at the International Travel Fair. A total of 242 valid questionnaires are collected. There are 51% males and 49% females with a mean age of 35.3 years.

Measurement instruments

Participants indicate the degree of their agreement with the survey items by using a 7-point Likert-type scale with anchors of 1: strongly disagree and 7: strongly agree. Customer-oriented behavior is measured by a 6-item scale developed by prior research. Customer trust is measured by a 3-item scale developed by prior research. Purchase intention is measured by a 5-item scale developed by prior research. Consumer perceived performance risk is measured by a 3-item scale developed by prior research. The control variable (brand attitude toward the travel company) is measured by a 3-item scale developed by prior research.

Mediation model and moderated mediation model analysis

Mediation model

\[ M = i_{1} + aX + e_{1} \] (1)
\[ Y = i_{2} + cX + bM + e_{2} \] (2)

Moderated mediation model

\[ M = i_{1} + aX + e_{1} \] (3)
\[ Y = i_{2} + cX + b_{1}M + b_{2}W + b_{3}MW + e_{2} \] (4)
\[ \omega = ab_{1} \] (5)

Equation (5) can be written in an equivalent form as equation (6).
\[ \omega = ab_{1}W \] (6)
A mediation effect\textsuperscript{10}, an indirect effect of \( X \) on \( Y \) through \( M \), can be quantified as the product of \( a \) and \( b \) (i.e., \( ab \)). A moderated mediation effect\textsuperscript{6} that allows the effect of \( M \) on \( Y \) in a mediation model to be moderated by \( W \) can be tested with moderated mediation index. The moderated mediation index is the weight (\( ab\_3 \)) for \( W \) in the equation (6). The coefficients in these two model would typically be estimated with unstandardized regression coefficients typically derived using ordinary least squares. These two models are tested using an application, SPSS macro (PROCESS) developed by prior study\textsuperscript{10}, which facilitates the estimation of the mediation effect (i.e., \( ab \)) and moderated mediation index (\( ab\_3 \)) via a bootstrap approach in order to obtain confidence interval. The mediation or moderated mediation effect is indeed significantly different from zero at \( p < .05 \), if zero is not in the 95% confidence interval (CI) in the bootstrapping results.

**Research Results and Discussion**

Means, standard deviations, reliabilities, and intercorrelations among the variables are presented in Table 1.

**Tests of mediation hypothesis**

Regression results for simple mediation are presented in Table 2. All tests providing \( p \)-values are two-tailed tests in the current study. Travel agent customer-oriented behavior is positively associated with customer trust, as indicated by a significant unstandardized regression coefficient (\( B = 0.17, \ t = 3.12, \ p < .01 \)). The relationship between Customer trust and purchase intention is positively associated, as indicated by a significant unstandardized regression coefficient (\( B = 0.49, \ t = 5.88, \ p < .01 \)). The bootstrapping results demonstrate that the mediation effect (i.e., indirect effect = 0.08) is significantly different from zero, with 95% bootstrap CI not containing zero (95% CI [0.03, 0.15]). Thus, hypothesis 1 is supported.

**Tests of moderated mediation hypothesis**

The regression results for conditional indirect (i.e., moderated mediation) effect are listed in Table 3. The positive relationship between customer trust and purchase intention would be stronger for customers higher rather than lower in perceived performance risk. Results indicate that the effect of the interaction term between customer trust and perceived performance risk on purchase intention is significant (\( B = 0.15, \ t = 2.26, \ p < .05 \)). This study examines the conditional indirect effect of travel agent customer-oriented behavior on purchase intention (through customer trust) at three values of

### Table 1 — Means (M), Standard Deviations (SD), Ranges and Correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>( M )</th>
<th>( SD )</th>
<th>Range</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customer-oriented behavior</td>
<td>5.09</td>
<td>.86</td>
<td>1-7</td>
<td>(.91)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Customer trust</td>
<td>4.88</td>
<td>.74</td>
<td>1-7</td>
<td>.20**</td>
<td>(.78)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Purchase intention</td>
<td>5.06</td>
<td>1.09</td>
<td>1-7</td>
<td>.43**</td>
<td>.40**</td>
<td>(.96)</td>
<td></td>
</tr>
<tr>
<td>4. Performance risk</td>
<td>4.87</td>
<td>1.11</td>
<td>1-7</td>
<td>.56**</td>
<td>.54**</td>
<td>.64**</td>
<td>(.92)</td>
</tr>
</tbody>
</table>

Note. Reliabilities (coefficient alpha) in parentheses on diagonal. Sample size \( N = 242 \)

\**p < .01. Two-tailed tests**

### Table 2 — Regression results for simple mediation

<table>
<thead>
<tr>
<th>Variable</th>
<th>( B )</th>
<th>( SE )</th>
<th>( t )</th>
<th>( p )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regressed on customer trust</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>4.17</td>
<td>0.35</td>
<td>11.79</td>
<td>.001</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>-0.01</td>
<td>0.04</td>
<td>-0.25</td>
<td>.800</td>
</tr>
<tr>
<td>Customer-oriented behavior</td>
<td>0.17</td>
<td>0.05</td>
<td>3.12</td>
<td>.002</td>
</tr>
<tr>
<td>Regressed on purchase intention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.07</td>
<td>0.58</td>
<td>0.12</td>
<td>.903</td>
</tr>
<tr>
<td>Brand attitude</td>
<td>0.04</td>
<td>0.06</td>
<td>0.71</td>
<td>.481</td>
</tr>
<tr>
<td>Customer trust</td>
<td>0.49</td>
<td>0.08</td>
<td>5.88</td>
<td>.001</td>
</tr>
<tr>
<td>Customer-oriented behavior</td>
<td>0.46</td>
<td>0.07</td>
<td>6.44</td>
<td>.001</td>
</tr>
<tr>
<td>Effect</td>
<td>( \text{SE} )</td>
<td>( \text{LL 95% CI} )</td>
<td>( \text{UL 95% CI} )</td>
<td></td>
</tr>
<tr>
<td>Bootstrap results for indirect effect:</td>
<td>0.08</td>
<td>0.03</td>
<td>0.03</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Note. Unstandardized regression coefficients are reported. Bootstrap sample size = 1,000; \( \text{LL} \) = lower limit; \( \text{CI} \) = confidence interval; \( \text{UL} \) = upper limit. Two-tailed tests
perceived performance risk (see bottom of Table 3). Bootstrap CI indicates that two of the three conditional indirect effects (based on moderator values at the mean and at +1 standard deviation) are positive and significantly different from zero. Thus, when perceived performance risk levels are moderate to high, an indirect and positive effect of travel agent customer-oriented behavior on purchase intention through customer trust is observed; such is not the case when perceived performance risk is low. The index of moderated mediation (index = 0.03 is significantly different from zero, with 95% bootstrap CI not containing zero (95% CI [0.01, 0.05]); therefore, hypothesis 2 is supported.

Conclusion

This research showed that when consumer perceived performance risk was high, that travel agents may demonstrate excellent customer-oriented behavior in order to establish customer trust; such, in turn, will reinforce customer purchase intention. This finding implies that travel companies in a service sector of high perceived performance risk may benefit from incorporating travel agents acting in customer-oriented behaviors in order to increase customer confidence and trust in purchase decision making. Moreover, the current study findings indicate that salient consumer perceived performance risk for purchasing intangible service causes them to pay more attention to interpersonal trust in order to make a purchase decision. Therefore, to increase customer purchase intention travel agents may focus upon highlighting the general performance risk contexts within their service sector in promoting their remarkable customer service (i.e., customer-oriented behavior). Finally, the findings of the current study may provide suggestions for employers seeking to enhance customer purchase intention, strategies for selecting quality travel agents, and directions for training travel agents. Selection methods that assess a customer-oriented behavior can be used to identify whether candidates possess customer-oriented behavior and select employees accordingly; managers need to utilize human resource practices that reward and stimulate travel agents to learn and improve their customer-oriented behavior.

Acknowledgement

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References

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