# UNDERSTANDING TRIGGERS OF OFFLINE AND ONLINE CONSUMER RECOMMENDATIONS

## Nada Nasr Bechwati, Bentley University (Waltham, MA) Najoie I. Nasr, Haigazian University (Beirut, Lebanon)

## ABSTRACT

The purpose of this   is to address the following research questions: (1) What triggers consumers to recommend a product/firm to others? And (2) How do these triggers differ between online and offline recommendations, if they differ at all?

Two studies are conducted to address the research questions. Study 1 focuses on 100 face-to-face recommendations and uses the critical incident method. In the second study, a content analysis of approximately 1,000 recommendations posted online is performed. Our findings reveal the existence of several external and internal triggers to offline recommendations. Delight, however, seems to be the main driver of online recommendations. Examples are provided of practices that can foster contexts to encourage online recommendations and to improve the relevance and usefulness of online reviews.

## INTRODUCTION

Consumers' likelihood to recommend a firm to others is a major indicator and an essential driver of the firm's growth (Reichheld 2003). In their attempts to grow, firms pay substantial amounts of money to establish creative reward programs aiming at encouraging referrals (Biyalgorsky, Gertsner and Libai 2001). As Dye (2000) notes, "people like to share their experiences with one another…and when those experiences are favorable, the recommendations can snowball, resulting in runaway success."

The importance of consumer recommendations is amplified in the Internet era. The Internet empowers consumers and allows for unprecedented networking with potential consumers. On one hand, consumers can easily post their recommendations online for potentially millions to read. On the other hand, a growing number of potential consumers go online and freely access other consumers' opinions, i.e., product reviews, before deciding what to buy.

Substantial research has been done to understand the antecedents to positive consumer communications including consumer recommendations and similar concepts such as positive Word-of-Mouth and opinion leadership. Some of this research focuses on basic antecedents such as product involvement and message involvement but little has been done to understand the direct triggers or surrounding circumstances of consumer recommendations. Understanding the direct triggers is particularly interesting because the circumstances surrounding offline recommendations are different from those surrounding online ones. The contexts in which the two types of recommendations occur (face to face vs. virtual) are different. Moreover, offline recommenders communicate mostly with friends and acquaintances while online recommenders reach out to strangers.

The primary purpose of the research described in this   is to better understand the circumstances surrounding consumer recommendations. In particular, we address the following research questions: (1) What triggers consumers to recommend a product/firm to others?; and (2) How do these triggers differ between online and offline recommendations?

In addition to the introduction, this article consists of three main parts. First, relevant literature is reviewed. In this review, focus is placed on the antecedents to consumer recommendations including the

antecedents to seemingly similar concepts such as positive Word-of-Mouth and opinion leadership. We also review the methodologies used by researchers to unveil these antecedents. Second, we present the two studies we conducted to address the research questions. Study One focuses on face-to-face recommendations and uses the critical incident method. Study Two focuses on online recommendations and uses the content analysis method. Third, our findings are presented and discussed with particular emphasis on the differences between the triggers of online and offline recommendations with the attendant implications for web managers.

## LITERATURE REVIEW

To understand the mechanisms underlying consumers' recommendations, relevant literature on consumer communications is briefly reviewed. This literature includes research on Word-of-Mouth, opinion leadership, and consumer recommendations. These concepts have been intensively researched, so we limit our literature review to studies focusing on antecedents to consumer communications. In this section, we also present a brief review of the research methods used to uncover these antecedents.

**Word of Mouth**. Word of Mouth (WOM) has received substantial research attention with researchers studying WOM as both a dependent and an independent variable. Several scholars have investigated antecedents to WOM (see, e.g., Mazzarol, Sweeney and Soutar 2007). Their findings reveal a clear link between satisfaction and WOM (de Matos and Rossi 2008), and pleasant service recovery and WOM (Maxham 2001). Similarly, Richins and Root-Shaffer (1988) identify involvement and opinion leadership as antecedents to WOM. In a seminal article, Dichter (1966) suggested the presence of four main motivational categories to positive WOM: product

involvement, self involvement, involvement with others, i.e., concern for others, and message involvement. Scholars later built on Dichter's work and offered new motives such as anxiety reduction and venting negative feelings (see, e.g., Sundaram, Mitra and Webster 1998).

More recently, with the progress of the Internet, researchers have turned to *Word-of-Mouse* and research in this area has been increasing (see, e.g., Xia and Nasr Bechwati 2008). In 2004, Hennig-Thurau, Gwinner, Walsh and Gremler studied the drivers of contribution to online review forums. Their research suggests that consumers' desire for social interaction, desire for economic incentives, their concern for other consumers, and the potential to enhance their own self-worth are the primary factors leading to eWOM behavior.

**Opinion Leadership**. Opinion leadership occurs when individuals try to influence the purchasing behavior of other consumers in specific product fields (Flynn, Goldsmith and Eastman 1996). Opinion leadership has long been of interest to marketing researchers because opinion leaders play an important role in consumer decision making (Zeithaml 1991) including encouraging others to adopt innovations (Rogers 1983). Researchers have examined antecedents of opinion leadership and personal characteristics of opinion leaders (and seekers) (see, e.g., Flynn et al. 1996 and Tsang and Zhou 2005). Antecedents to opinion leadership include perceived knowledge and involvement with the product (Richins and Root-Shaffer 1988). In addition, opinion leaders tend to be high on self-esteem and tendency to conform (Clark and Goldsmith 2005). It is worth noting that Lyons and Henderson (2005) studied opinion leadership in computer-mediated environment and found similar antecedents.

Although interrelated, WOM and product recommendations are not the same. WOM can be negative. In addition, positive WOM is broader than recommendations and does not necessarily involve the specific call

for action as recommendations do. Hence, recommendations are one specific form of positive WOM communications. Similarly, studying consumer recommendations is not the same as opinion leadership. While recommenders can be ordinary/average consumers, opinion leaders are seen as knowledgeable in certain fields (e.g., fashion, technology, etc.) and, accordingly, are asked for their opinions in their "areas of expertise."

**Consumer Recommendations**. Given their importance, consumer recommendations have been addressed by marketing researchers mainly in two different ways. First, researchers have focused on referral management. Studies addressed the importance of referral management and the management of social interactions (Godes et al. 2005). Other researchers examined the effectiveness of reward programs aiming at enticing referrals (Biyalgorsky et al. 2001). Second, researchers have mainly treated recommending a product/firm as one "outcome" variable, among many others such as loyalty and repeat purchase. As a result, product recommendations have been a standard consequence in studies focusing on satisfaction (see, e.g., Cronin, Brady and Hult 2000), service quality (Zeithaml, Berry and Parasuraman 1996), and service recovery (see, e.g., Eisingerich and Bell 2007).

Consumer researchers also have attempted to examine the antecedents of consumer recommendations. Curren and Folkes (1987) studied attributional antecedents of consumer communications about products including the desire to complain to a firm, compliment a firm, warn against, or recommend a product to other consumers. Curren and Folkes (1987) manipulated dimensions of attribution, i.e., locus, controllability and stability to understand experiences leading to recommendations. Johnson, Zinkhan and Ayala (1998) focused on service referral and proposed a model consisting of four predictors of willingness to recommend a

service provider: affect, outcome, competency and courtesy.

**Methodologies**. Scholars have used a variety of research techniques to examine the motivations and antecedents of consumer communications. Structured surveys have been used in many studies on WOM (Hennig-Thurau et al. 2004; Richins and Root-Shaffer 1988) and opinion leadership (Clark and Goldsmith 2005; Lyons and Henderson). Few researchers have used the critical incident technique to understand the underlying motives of WOM (Sundaram et al. 1998) and interactions among different consumers (Zhang, Beatty and Mothersbaugh 2010). Other researchers have used a combination of methods; see, for example, Mazzarol et al. (2007) who used both focus groups and the critical incident technique to investigate drivers of Word of Mouth. The two studies most similar to the research described in this article [by specifically focusing on antecedents to consumer recommendations], namely Curren and Folkes (1987) and Johnson et al. (1998), used laboratory experiments involving hypothetical scenarios to manipulate the independent variables of interest.

## SUMMARY AND PREVIEW

The review of the literature on offline consumer recommendations reveals two main categories of antecedent variables. The first category consists of personality traits such as self-esteem and a tendency to be concerned for others. The second set relates to consumers' experience with the product or firm such as satisfaction with the product performance and pleasant service recovery. Studies on online consumer recommendations reveal antecedents mostly similar to those of recommendations made offline.

In our research, we investigate the existence of anteceding variables pertaining to the circumstances surrounding the recommendation incident. Given that these circumstances might vary significantly

between offline and online contexts, we present two studies focusing on face-to-face and online recommendations.

## METHODOLOGY

Two studies are conducted. In the first study, we use the critical incident method and perform content analysis on answers provided by 100 respondents describing their experiences and explaining why they had recommended a product to a friend. In the second study, we examine product recommendations in an online context by performing content analyses of about 1,000 recommendations posted on a product review web site. In these analyses, we focus on comparing face-to-face and online recommendations.

This approach differs from that of most previous researchers in the area of consumer recommendations. Instead of using experiments with hypothetical scenarios (Johnson et al. 1998) to test the influence of pre-determined factor(s) on consumer recommendations (Curren and Folkes 1987), we perform content analysis on unstructured consumer reports of their actual experiences.

The critical incident technique used in Study 1 enables us to have a richer picture of consumers' thinking processes. The critical incident method mainly relies on a set of procedures to collect, content analyze, and classify observations of human behavior (Flanagan 1954). Researchers have used the critical incident technique extensively in marketing research (Gremler 2004) to study, among other areas, sources of satisfaction and dissatisfaction in service encounters (see, e.g., Bitner, Booms and Tetreault 1990), customer switching behavior (see, e.g., Keaveney 1995) and gift giving (see, e.g., Ruth, Otnes and Brunel 1999). This "story telling" method has proven to be a powerful tool that allows respondents to determine which details are the most relevant to them for the phenomenon being investigated (Gremler, 2004, p.66). Such a technique is particularly suitable for a study similar to others aiming at unveiling important circumstances surrounding a recommendation situation.

The content analysis technique has been frequently used to gain insights to different aspects of consumer behavior. For instance, consumer researchers have used content analysis to better understand consumers' perceptions of pricing unfairness (Nasr Bechwati, Sisodia and Sheth 2008) and response to advertising messages (Kozinets and Handelman 2004). Content analysis has been also used by researchers examining online data, both consumer postings (see, e.g., Jayanti 2010) and firm websites (see, e.g., Dou, Nielsen and Tan 2002; Okazaki 2006). The advantage of analyzing online postings is that it is an unobtrusive method of data collection where the provider of the comments is not affected by the researcher in any way. By using the critical incident method in face-to-face encounters and analyzing the content of recommendations posted online we aim to better understand triggers to both personal and impersonal recommendations and comparing them.

### Study 1

**Sample and Design**

One hundred undergraduate students completed a cross sectional survey for course credit. The sample consisted of 48% females where the mean age was 21 years. In the survey, respondents were asked to describe a situation where they "recommended a product/service to someone (a friend, colleague, family member, etc.) during the past twelve months." Respondents were told that it would be helpful to describe, in detail, what happened exactly and what made them make this recommendation. Similar instructions have been used by researchers applying the critical incident method of data collection (see, e.g., Bitner 1990; Keaveney 1995).

In an attempt to capture the full purchase cycle, respondents then were asked to describe what made them buy or know

about the recommended product in the first place. Similar to the first question, the second question was open-ended and respondents were asked to provide as many details as possible. Then, 7-point Likert type scales were used to measure respondents' own satisfaction with the recommended product, their attachment to the product and their level of activism. Appendix A reveals the scales used and related references.

A thorough content analysis was performed on the responses to questions one and two. Two judges worked sequentially on the content analysis. The first judge repeatedly examined the answers provided and identified emerging common themes and surfacing categorizations. The emerging themes and interpretations made by a first judge were then used for categorization by the second judge. The second judge confirmed the work done by the first judge by finding the structure set by the first judge to be accurate. Categorizations proposed by the first judge accommodated virtually all cases encountered and interpretations fairly represented the data at hand. Notably, Cohen's Kappa, a statistical measure of inter-rater reliability, was 0.94.

### Findings

**Direct Triggers of Recommendations**.

Analyses of Study 1 data revealed the existence of two circumstantial triggers and two internal triggers to consumer recommendations. The first external or circumstantial trigger was being approached and asked for advice. The data suggest that asking for assistance seems to generate a number of recommendations (32%). In effect, respondents wrote things such as: "I was approached by my friend who had recently broken his iPod" and "One of my cousins was looking for a cell phone to buy, so she asked me which one I could recommend."

The second circumstantial trigger was hearing a complaint about a currently used product or a problem needing a solution. The data reveal that many recommenders (28%) volunteer recommendations upon hearing complaints. Respondents, for example, stated such things as "I recommended my aunt to purchase an iPod because she complained how her old MP3 player was useless," and "While I was doing my make-up, she was doing her hair and she was complaining about how horrible her hair straightener was. That's when I jumped in and recommended the one that I used."

Several recommendations appear to be motivated by internal factors without the presence of a contextual trigger. The first internal trigger for recommendations was extreme passion for the product/firm. Examples of recommendations motivated by passionate consumers include "I strive to convert as many people to the Mac for the simple reason that, in my eyes, it is a superior machine; I find that enough of a reason to recommend this product to, virtually, anyone." A second internal driver for recommendations was self-interest and the desire to make money out of the recommendations. Selfish reasons are illustrated in the following statements "The sale of another vehicle would increase my father's credibility and possibly increase future business," and "I mainly recommend it because the more people who invest in this product the more money I can make out of it."

Finally, it is notable that our analyses show that delight is not always felt by recommenders. To illustrate: about 34% of our respondents did not report the highest level of satisfaction of 7 on a 7-point scale. Hence, although satisfaction is high among our respondents with a mean 6.3 (sd=.08), delight is not reported by all recommenders. A small portion (7%) of our respondents did not even experience the recommended products themselves.

**Other Findings**. Data of Study 1 reveal the existence of intimacy between recommenders and recommendees. This intimacy is reflected in the responses of 34% of the

respondents whom, in their descriptions, predicted how recommendees would feel about a product based on personal information about their preferences and resources. Examples of such thoughts include "I thought it was important for it to be durable because my mom drops things a lot," and "I also know James well. I know that he likes to watch television a lot and he gets bored really easily."

These findings show that passionate recommenders are driven mainly by their perception of the importance of the product in one's life or their attachment to the product (see Appendix A for scale items). Respondents' level of activism was found to not affect the frequency of reported passion-driven recommendations. Previous researchers expected product evangelists to be activists by nature (Bloch 1986).

Finally, analysis of the data confirms the importance of recommendations in driving product acquisitions. In describing what led to them acquiring the product in the first place, respondents mentioned price, product features, and having seen an advertisement. Interestingly, however, several respondents (32%) stated that their purchase was driven by recommendations by friends or family. The analysis of the data also revealed an essential role for trial in acquiring a product. 23% of the respondents bought after they had tried the product with a friend or accepted a firm's free trial proposal. The findings of Study 1 imply a loop linking trial to satisfaction to product recommendations.

## Discussion

The main contribution of Study 1 is revealing the role of contextual factors in triggering recommendations. In effect, a large proportion of recommenders presented their recommendations in response to advice-seeking or upon hearing a complaint. Many respondents described situations where advice was sought or complaints were presented. Although researchers on WOM and opinion leadership have identified related constructs

such as self involvement and concern for others (Dichter 1966; Sundaram et al. 1998), they did not discuss situations that stimulate such motivations. Our collection of incidental data pertaining to the detailed situation including when, where, and how a recommendation occurred helps in drawing a more comprehensive picture of the circumstances surrounding product recommendations. For instance, the finding that recommendations are made in response to hearing a complaint is new and has not been identified as a trigger to consumer recommendations by previous researchers. Such a finding may have interesting practical implications as discussed later in this article.

Data analyses confirm findings of previous research in satisfaction but also raise interesting questions concerning the exclusive role of delight in consumer recommendations. Our results support the role of high levels of satisfaction as a prerequisite for product recommendations. These findings are in line with marketing literature which has identified satisfaction as a main antecedent of positive communications about the product (see, e.g., Mazzarol et al. 2007). Although our research in general supports the special attention given by previous researchers to the construct of delight and its implications concerning referrals and product recommendations (Barnes, Beauchamp and Webster 2010), one third of our respondents did not report total delight with the recommended product and a few of them did not even experience the product themselves. This interesting finding lends additional support for the key role of other factors, particularly circumstantial ones, in triggering offline recommendations.

The familiarity or intimacy between recommenders and recommendees revealed in Study 1 is an intriguing finding that might shed new light on our understanding of product recommendations. Previous researchers have examined the role of personal ties between the two parties and have pointed to the fact that stronger ties lead to more effective messages (Brown and Reingen 1987). These researchers were, however,

mainly concerned with credibility and linked stronger ties to higher levels of trust in the recommenders. Our findings reveal something different where familiarity means an intimate knowledge of the recommendees' preferences and characteristics implying the ability to make better or more suitable recommendations. This finding is in line with Xia and Nasr Bechwati's (2008) finding that a reader's ability to cognitively personalize with a product review makes the review resonate better with the reader and, hence, more influential.

Findings of Study 1 have useful managerial implications. For instance, findings point to the extreme importance of product trial as an essential step that ultimately leads to product recommendations. Marketing academicians and practitioners have emphasized the role of trial and have come up with creative ways to enable potential consumers to try less traditionally divisible products such as offering free trial periods for intangible services and limited-time free downloads. Our findings reinforce the need for such creative strategies.

Results of Study 1 involving exclusively offline cases raise intriguing questions about online product recommendations. First, the two types of external recommendations triggers identified in Study 1, namely responding to advice seeking and to complaints, do not seem to have a "natural" context online. Hence, in the absence of such triggering contexts online, it is interesting to investigate whether it is appropriate to conclude that all online recommenders are either strongly passionate about the products they recommend or driven by selfish reasons. Second, the clear existence of intimacy between provider and receiver of a recommendation and the impact of personal information in offline contexts as revealed in our first study raise interesting questions about the motives of online recommenders and the effectiveness of online recommendations where both intimacy and personal information is lacking. Third, the importance of contextual factors unveiled in

Study 1 is intriguing as it, on one hand, might imply that different dynamics rule online recommendations. On the other hand, this phenomenon might encourage onliners to try to simulate an environment similar to that offline where potential recommenders have the opportunity to be sought for advice or to know of a complaint online.

**Study 2**

**Sample and Design**

In Study 2, content analysis was performed on 1,000 product recommendations posted online on buzillions.com. Buzzillions.com is a product review site with approximately twelve million reviews. It covers a wide variety of products including, among others, electronics, sports, clothing, books, and home and gardening. Buzzillions.com is not a retailer; the website managers state that all reviews are posted by real consumers, not retailers. [We, however, could not verify this statement.] The posted reviews can be positive or negative. Each review posting is followed by a question about whether or not the reviewer recommends the product/service to others.

One hundred students were asked to go to the buzzillions.com website and randomly choose one review for each of ten products/services of interest to them. The only restriction set on their choice of a review was to only include reviews where the reviewer recommended the product (i.e., answered "yes" to the recommendation question). Hence, a total number of 1,000 reviews posted online were reviewed. The recommendations chosen covered approximately 900 brands in several industries.

A content analysis was performed on the reviews posted online. First, two judges worked separately on looking for indications whether the online triggers match those of the offline context as found in Study 1. Second, the judges worked sequentially on additional content analysis. In this phase of the analysis,

the first judge repeatedly examined the reviews posted and identified emerging common themes. The emerging themes and interpretations made by that first judge were then used for confirmation (or lack) by the second judge. The second judge confirmed the work of the first judge by finding the structure set by the first judge to be accurate (Cohen's Kappa = 0.91). The interpretations/categorizations made by the first judge were viewed to be a fair and accurate representation of the data at hand.

## Findings

**Online vs. Offline Triggers of Consumer Recommendations**.

Our examinations of the online postings in comparison to the triggers found in Study 1 reveal that online recommendations are ruled by dynamics different than those of offline recommendations. Of the two external and two internal triggers identified in Study 1, delight with the product seems to be the main driver of online recommendations. In effect, none of the 1,000 posted reviews referred to the reviewer being asked for advice and, hence, writing the review in response. Similarly, none of the reviews included a mention of hearing complaints from others. In addition, self-interest was not reported in any of the online reviews examined.

These results reveal an overwhelming satisfaction, even total delight, with the product recommended. Reviewers praised the product features and described their positive experience with the product. A significant percentage of reviews used expressions like "I love this product" (38%) and "the best product I have ever had" (29%). To further examine the extent to which recommenders were driven by passion for the product, we analyzed the posted recommendations for other statements of hyperbole such as "awesome", "superb" and "perfect". Interestingly, such extreme terms were used in the vast majority of the reviews. Hence,

recommenders appeared to be passionate in describing product performance and superiority.

**Other Findings**. Study 1 revealed the existence of intimacy between recommenders and recommendees with recommenders predicting how recommendees would feel about a product based on personal information about their preferences and resources. As expected, this did not occur in online recommendations where reviewers do not know the readers. However, interestingly, reviewers provided information about themselves that could be quite relevant and useful to the readers. For instance, almost one-fourth of the reviews included expressions like "I have a dark skin", "my feet are wide with high arches" and "I am a full-time working mom". While reviewers were not expected to know the readers of their recommendations, they seemed to include in their recommendations descriptions to help these readers determine how suitable a product might be for them. Similarly, approximately, 19% of the online recommenders included expressions like "if you have a long commute early in the morning" and "if you are a dog lover and have a small house." In other words, recommenders seemed to be concerned with providing readers with information to help them determine whether the product recommended would work for them.

Although none were reportedly sought for advice, a significant number of online reviewers seemed to be concerned about providing the proper advice to the readers. In effect, although all the reviews examined were positive and even passionate, more than one-fourth of the reviewers (26%) drew the reader's attention to negative aspects in the product and warned against certain uses. Accordingly, expressions similar to "the only drawback is", "what I did not like about it" and "make sure you clean the glass before applying the product" were frequent.

## Discussion

In comparison to those of Study 1, findings of Study 2 reflected a greater role for delight in triggering consumer recommendations online (vs. offline). While delight was explicitly reported by a limited proportion of respondents in the first study, data of Study 2 reflected the passion that online recommenders overwhelmingly had for the products they recommended. Consumers' excitement about the products they were recommending online was obvious through the extreme terms they used in describing these products. The key role of delight as preached by previous researchers (see, e.g., Barnes et al. 2010) seems to gain even greater importance in the age of electronic networking.

Taken together, the results of studies 1 and 2 provide insights about what online website managers can do to provide online contexts similar, as much as possible, to offline ones leading to consumer recommendations. Given the growth of social media, a major challenge to marketers is to nurture online contexts that help expand beyond recommendations driven by passionately delighted consumers. Practices encouraging postings of complaints and questions are attempts to foster these contexts. Examples of websites encouraging comments and inquiries include, among many, Advice Network and Blurtit.com. Furthermore, to encourage recommendations from less passionate consumers, a growing number of sites invite consumers to review products they bought from them. For instance, Dell.com sends emails to buyers who used their website asking them to review the product(s) they had bought from the site. Similarly, firms can create a forum where consumers share their favorable experiences. Examples of such tactics include Chevrolet dealers' sponsoring Corvette clubs to provide reinforcement for existing enthusiasts and a support group for sports car newcomers (Bloch 1986).

The analyses of the online reviews in Study 2 present interesting implications about the usefulness of online recommendations. Research in persuasion has implicitly questioned the usefulness and effectiveness of messages presented by total strangers (see, e.g., Ratneshwar and Chaiken 1991; Tormala and Petty 2004). Data from Study 2 imply that online reviewers seem to take their task seriously and try hard to provide relevant and proper advice through (1) trying to describe the best fit for the product, and (2) cautioning against negative features or applications. This finding is refreshing and is in line with previous research identifying involvement (Ditcher 1966) and concern for other consumers (Hennig-Thurau et al. 2004) as main motives for consumer communications.

Given the findings gained in Study 2, it is worth noting that firms can provide platforms to encourage practices that improve the relevance and usefulness of online consumer recommendations despite the lack of personal familiarity. Firms are taking steps that aid consumers provide more effective recommendations through, e.g., enabling consumers to identify the most relevant reviews via techniques similar to segmentation and targeting practices traditionally applied by marketers. Similar to L. L. Bean's, websites can ask reviewers to provide information about themselves before posting their comments. Other websites allow for questions and, hence, for reviewers to provide answers to specific questions (see, e.g., product-reviews.net). A few sites also group consumers to form more homogenous clusters. Examples of such sites include amazon.com and reddit.com, both of which use moderators to form niche communities. On the other hand, several sites ask reviewers to state both the pros and the cons of a product (see, e.g., zappos.com) or provide an editor's summary of all reviews posted (such as theperformanceleader.com).

Usefulness of online reviews is highly contingent on whether these reviews are driven by self-interest with credibility being a particularly important issue online. While findings of Study1 reveal the existence of recommendations motivated by self-interest,

the 1,000 online reviews analyzed in Study 2 are void of any explicit reference to self-interest. This finding is expected but does not preclude the existence of such hidden motives even among the 1,000 reviews analyzed. The possibility of providing a review for selfish reasons presents a challenge to website managers. Several sites ask corporate reviewers to clearly state their identity (see, e.g., buzzillions.net). However, controlling for self-interest-driven recommendations might be unachievable. Hence, there is a need to educate readers to discard such reviews through, e.g., focusing on average ratings and avoiding reliance on reviews when only a few of them are posted.

## CONCLUSION AND FUTURE RESEARCH

The main contribution of this research is its comparison of triggers of online consumer recommendations to those offline. The use of the critical incident technique offline helped us to reveal interesting findings about the circumstances leading to offline recommendations. The content analysis of a large number of recommendations posted online for a wide array of products provides us with a natural and telling picture. Our findings lead to interesting insights and implications such as the growing importance of delight in the Internet age and the need to provide opportunities for consumers to complain and seek advice online. We also provide examples of practices that can improve the relevance and usefulness of online reviews.

The methods used in this research can be supplemented by other techniques to further examine the data and enrich the studying of consumer recommendations. First, despite its usefulness, the critical incident technique has limitations such as lack of accurate recall and selective choice of incidents (Gremler 2004). Supplementing this technique with other methods such as keeping diaries by panels can help deal with these limitations. In addition, expanding the

pool of respondents beyond college students to include more heterogeneous groups of consumers may reveal additional triggering contexts. Second, although unobtrusive and inclusive of a wide variety of products, the content analysis of online postings is a first step toward understanding online recommendations. Supplementing content analysis with communicating with reviewers through, for example surveys, may help better detect additional contexts that trigger online recommendations.

This research raises several questions which we believe are worth investigating in the future. For example, an interesting research project would be to examine whether and how the dynamics described above change across industries.

This study purposefully investigates a wide variety of products to focus on the act of recommending per se. However, previous research has identified product involvement as one of the few main antecedents of product recommendations (Dichter 1966). Hence, the impact of product type on product recommendations dynamics might vary and is interesting to study. Another natural extension to our work is to further investigate what triggers readers of online reviews to accept or reject a recommendation.

## REFERENCES

Barnes, Donald C., Michelle Bednarz Beauchamp and Cynthia Webster (2010), "To Delight or Not to Delight? This is the Question Service Firms Must Address," *The Journal of Marketing Theory and Practice*, 18, 3, 275-284.

Bitner, Mary Jo (1990), "Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses," *Journal of Marketing*, 54, April, 69-82.

Biyalgorsky, Eyal, Eitan Gertsner and Barak Libai (2001), "Customer Referral Management: Optimal Reward Programs," *Marketing Science*, 20, 1, 82-96.

Bloch, Peter H. (1986), "The Product Enthusiast: Implications for Marketing Strategy," *The Journal of Consumer Marketing*, 3, 3, 51- 62.

Bloch, Peter H. and Marsha Richins (1983), "A Theoretical Model for the Study of Product Importance Perceptions," *The Journal of Marketing*, 47, Summer, 69-81.

Bone, Paula Fitzgerald (1995), "Word-of-Mouth Effects on Short-Term and Long-Term Product Judgments," *Journal of Business Research*, 32, 3, 213-223.

Brown, Jacqueline Johnson and Peter H. Reingen (1987), "Social Ties and Word-of Mouth Referral Behavior," *Journal of Consumer Research*, 14, December, 350-362.

Clark, Ronald A. and Ronald E. Goldsmith (2005), "Market Mavens: Psychological Influences," *Psychology & Marketing*, 22, 4, 289-312.

Cronin, J. Joseph Jr., Michael K. Brady and G. Tomas Hult (2000), "Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments," *Journal of Retailing*, 76, 2, 193-218.

Curren, Mary T. and Valerie S. Folkes (1987), "Attributional Influences on Consumers' Desires to Communicate about Products," *Psychology & Marketing*, 4, Spring, 31-45.

Curtin, Nicola, Abigail Stewart and Lauren Duncan (2010), "What Makes the Political Personal? Openness, Personal Political Salience, and Activism," *Journal of Personality*, 78, 3, 943-955.

De Matos, Celso Augusto and Carlos Alberto Vargas Rossi (2008), "Word-of-Mouth Communications in Marketing: A Meta-Analytic Review of the Antecedents and Moderators," *Journal of the Academy of Marketing Science*, 36, 578-596.

Dichter, Ernest (1966), "How Word-of-Mouth Advertising Works," *H B R*, Nov-Dec., 147-166.

Dou, Wenyu, Ulrik Nielsen and Chee Ming Tan (2002), "Using Corporate Websites for Export Marketing," *Journal of Advertising Research*, 42, 5, 105-115.

Dye, Renee (2000), "The Buzz on Buzz," *Harvard Business Review*, November-December, 139-146.

Eisingerich, Andreas B. and Simon J. Bell (2007), "Maintaining Customer Relationships in High Credence Services," *The Journal of Services Marketing*, 21, 4, 253-262.

Flanagan, John C. (1954), "The Critical Incident Technique," *Psychological Bulletin*, 51, 4, 327-58.

Flynn, Leisa Reinecke, Ronald E. Goldsmith and Jacqueline K. Eastman (1996), "Opinion Leaders and Opinion Seekers: Two New Measurement Scales," *J. Academy of Marketing Science*, 24, 2, 137-147.

Godes, David, Dina Mayzlin, Yubo Chen, Sanjiv Das, Chrysanthos Dellarocas, Bruce Pfeiffer, Barak Libai, Subrata Sen, Mengze Shi and Peeter Verlegh (2005), "The Firm's Management of Social Interactions," *Marketing Letters*, 16, 3-4, 415-428.

Hennig-Thurau, Thorsten, Kevin P. Gwinner, Gianfranco Walsh and Dwayne D. Gremler (2004), "Electronic Word-of-Mouth Via Consumer-Opinion Platforms: What Motivates Consumers to Articulate Themselves on the Internet?" *Journal of Interactive Marketing*, 18, 1, 38-52.

Gremler, Dwayne D. (2004), "The Critical Incident Technique in Service Research," *Journal of Service Research*, 7, 1, 65-89.

Jayanti, Rama K. (2010), "A Netnographic Exploration," *J. of Advertising Research*, xxx, June, 181-196.

Johnson, Madeline, George M. Zinkhan and Gail S. Ayala (1998), "The Impact of Outcome, Competency and Affect on Service Referral," *The Journal of Services Marketing*, 12, 5, 397-406.

Keaveney, Susan M. (1995), "Customer Switching Behavior in Service Industries: An Exploratory Study," *Journal of Marketing*, 59, 71-82.

Kozinets, Robert V. and Jay M. Handelman (2004), "Adversaries of Consumption: Consumer Movements, Activism, and Ideology," *Journal of Consumer Research*, 31, 3, 691-703.

Lyons, Barbara and Kenneth Henderson (2005), "Opinion Leadership in a Computer-Mediated Environment," *Journal of Consumer Behaviour*, 4, 5, 319-329.

Maxham, James G. III (2001), "Service Recovery's Influence on Consumer Satisfaction, Positive Word-of-Mouth, and Purchase Intentions," *Journal of Business Research*, 54, 1, 11-24.

Mazzarol, Tim, Jillian C. Sweeney and Geoffrey N. Soutar (2007), "Conceptualizing Word-of-Mouth Activity, Triggers and Conditions: An Exploratory Study," *European Journal of Marketing*, 41, 11/12, 1475-1494.

Mittal, Banwari (1995), "A Comparative Analysis of Four Scales of Consumer Involvement," *Psychology and Marketing*, 12, 7, 663-682.

Nasr Bechwati, Nada, Rajendra Sisodia and Jag Sheth (2009), "Developing a Model of Antecedents to Consumers' Perceptions and Evaluations of Price Unfairness," *J. of Business Research*, 62, 761-767.

Okazaki, Shintaro (2006), "Excitement or Sophistication? A Preliminary Exploration of Online Brand Personality," *International Marketing Review*, 23, 3, 279-303.

Ratneshwar, S. and S. Chaiken (1991), "Comprehension's Role in Persuasion: The Case of Its Moderating Effect on the Persuasive Impact of Source Cues," *J. of Consumer Research*, 18, June, 52-64.

Reichheld, Frederick F. (2003), "The One Number You Need to Grow," *HBR*, 81, 12, 46-54.

Richins, Marsha and Teri Root-Shaffer (1988), "The Role of Evolvement and Opinion Leadership in Consumer Word-Of-Mouth: An Implicit Model Made explicit," *Advances in Consumer Research*, 15, 32-36.

Rogers, Everett M. (1983). *Diffusion of Innovations*. 3rd ed. New York: Free Press.

Schindler, Robert, Maureen Morrin and Nada Nasr Bechwati, (2005), "Shipping Charges and Shipping-charge Skepticism: Implications for Direct Marketers' Pricing Formats," *Journal of Interactive Marketing,* 19, 1, 41-53.

Seguin, Chantal, Luc G. Pelletier and John Hunsley (1998), "Toward a Model of Environmental Activism," *Environment and Behavior*, 30, 5, 628-642.

Sundaram, D.S., Kaushik Mitra, K. and Cynthia Webster (1998), "Word-of-Mouth Communications: A Motivational Analysis," *Advances in Consumer Research*, 25, 527-531.

Tormala, Zakary L. and Richard E. Petty (2004), "Source Credibility and Attitude Certainty: A Metacognitive Analysis of Resistance to Persuasion," *Journal of Consumer Psychology*, 14, 4, 427-438.

Tsang, Alex S. L. and Nan Zhou (2005), "Newsgroup Participants as Opinion Leaders and Seekers in Online and Offline Communication Environments," *Journal of Business Research*, 58, 1186-1193.

Xia, Lan and Nada Nasr Bechwati (2008), "Word of Mouse: The Role of Cognitive Personalization in Online Consumer Reviews," *Journal of Interactive Advertising*, 9, 1.

Zhang, Jingyun, Sharon E. Beatty and David Mothersbaugh (2010), "A CIT Investigation of Other Customers' Influence in Services," *Journal of Services Marketing*, 24, 5, 389-399.

Zeithaml, Valerie A. (1991). "How Consumer Evaluation Processes Differ Between Goods and Services." In *Services Marketing*. Ed. Christopher H. Lovelock. Englewood Cliffs, NJ: Prentice Hall.

Zeithaml, Valerie A. Leonard L. Berry, and A. Parasuraman (1996), "The Behavioral Consequences of Service Quality," *Journal of Marketing*, 60, April, 31-46.

**Send correspondence regarding this article to:**

**Nada Nasr Bechwati**
**Associate Professor of Marketing**
**Bentley University**
**175 Forest Street, Waltham, MA 02452**
**Tel. 781-891-3199**
**Fax 781-788-6456**
**email: nnasr@bentley.edu**

**Appendix A**

**Scales – Study 1**

| Scale & Items | Source(s) |
|---|---|
| Satisfaction (r=.67; p<.001) | Schindler et al. (2005) |
| I was delighted with this product/service at the time I made the recommendation. | |
| This product was a good value for me. | |
| Attachment to the Product (α=.71) | Bloch & Richins (1983); Mittal (1995) |
| It would take a lot for me to walk away from this product. | |
| Buying this product would be like giving myself a treat. | |
| I would be disappointed if this product suddenly became unavailable. | |
| I want others to feel as positively about this product as I do. | |
| Activism (α=.80) | Seguin, Pelletier and Hunsley (1998); Curtin, Stewart and Duncan (2010) |
| I often participate in community development projects/activities. | |
| I promote norms designed to benefit society. | |
| I tend to educate others about critical political or social issues. | |
| I write to officials to make my concerns known. | |

# CUSTOMER LOYALTY, REPURCHASE AND SATISFACTION: A META-ANALYTICAL REVIEW

**Tamilla Curtis, Embry-Riddle Aeronautical University Russell Abratt, Nova Southeastern University and University of the Witwatersrand Dawna Rhoades, Embry-Riddle Aeronautical University Paul Dion, Susquehanna University**

## ABSTRACT

The purpose of this article is to investigate the relationship between customer loyalty, repurchase/repurchase intent and satisfaction in order to attempt to resolve the mixed views on these concepts. A quantitative review of loyalty-repurchase- satisfaction constructs was conducted to identify the strength and direction of the researched relationships and the influence of possible moderating factors affecting those relationships. The Hunter and Schmidt (1990) meta-analytical technique and software were employed. The results demonstrate that loyalty and satisfaction indicate strong positive relationships (0.54). Repurchase and satisfaction display a complicated relationship, which confirmed the view that satisfaction does not explain repurchase behavior. Repurchase intent and satisfaction display strong positive relationships in the meta-analysis (0.63) and moderator analyses. Loyalty and repurchase/repurchase intent indicate the strongest positive relationship (0.71) among all conducted analyses. This study provides value to managers dealing with customer satisfaction, loyalty, and repurchase by presenting a detailed overview of these three concepts, and relationships between them.

## INTRODUCTION

Customer loyalty, repurchase and satisfaction are among the most researched concepts in academia and among the most important constructs in practice. Loyalty, repurchase and consumer satisfaction have a powerful impact on firms' performance by providing a competitive advantage (Edvardsson, Johnson, Gustafsson and Strandvik 2000; Lam, Shankar, Erramilli and Murthy 2004; Reichheld, Markey and Hopton 2000; Zineldin 2006), numerous loyal consumers (Mellens, Dekimpe and Steenkamp 1996; Zineldin 2006), and increasing customer satisfaction. Despite extensive research on the relationships between customer loyalty, repurchase and satisfaction, these constructs appear to be complex and multidimensional, and are, therefore, not well understood.

While one stream of loyalty- satisfaction research indicates that loyalty has a strong association with different aspects of consumer satisfaction (Ashley and Varki 2009; Boshoff 2005; Butcher, et al. 2001; Carpenter and Fairhurst 2005; Law, et al. 2004; Taylor and Hunter 2002; Yang and Peterson 2004), other researchers have suggested that not all aspects of loyalty are important to build consumer satisfaction (Floh and Treiblmaier 2006; Genzi and Pelloni 2004; Harris and Goode 2004; Kandampully and Suhartanto 2000; Shankar, et al. 2003). Oliver (1999) proposed six types of relationships between satisfaction and loyalty. All these relationships rise from different definitions and perspectives on satisfaction and loyalty. On one end of the spectrum, satisfaction and loyalty are two manifestations of the same concept. At the other end, satisfaction and loyalty are very distant. Oliver (1999) demonstrated that ultimate loyalty can totally encompass satisfaction, satisfaction and loyalty can overlap, but also that satisfaction does not necessarily

transform into loyalty and can indeed exist without the latter.

Loyalty-repurchase research recorded different observations as well. While a number of researchers argue that loyal consumers return to purchase goods or services (Taylor and Hunter 2002; Lee, at al. 2006), others have argued that high repurchase rates do not necessarily indicate loyalty, while low repurchase rates do not always indicate disloyalty (Dick and Basu 1994; Peyrot and Van Doren 1994; Rowley and Dawes 2000).

Establishing a direct link between repurchase and satisfaction ratings has not been easy for many organizations (Mittal and Kamakura 2001), and some researchers have demonstrated that this link can be weak (Homburg and Giering 2001; Kumar 2002; Quick and Burton 2000; Seiders et al. 2005; Shih and Fang 2005). Jones (2006) pointed out the importance of communicating the level of customers' satisfaction to the company's shareholders, either in the company's annual report, or in its letter to the shareholders, as an overall indication of the firm's performance. However, satisfaction by itself may not correlate with organizational performance. Customers may indicate that they are satisfied, but purchase goods and services elsewhere (Powers and Valentine 2008). On the other hand, the positive link between customer satisfaction and the profit of corporations was confirmed by a number of researchers (Anderson, Fornell and Lehmann 1994; Anderson and Mittal 2000; Edvardsson, et al. 2000; Fornell 1992; Hallowell 1996; Reichheld, et al. 2000; Soderlund and Vilgon 1999).

With all this confusing and contradictory evidence, additional research is needed to further the understanding of these constructs and their relationships (Leingpibul, et al. 2009).

The objective of a meta-analysis is to synthesize previously reported statistical findings. Although meta-analyses are frequently conducted for medical research studies, few marketing researchers have employed this type of analysis to investigate customer satisfaction. The few examples include Orsingher, et al. (2010) and Szymanski and Henard (2001).

The primary purpose of this study is to identify whether satisfaction leads to loyalty formation, which, in turn, leads to repurchase behavior. The result of this meta-analysis will help to determine the strength, magnitude, and direction of hypothesized loyalty-repurchase-satisfaction relationships. While all reported relationships are positive, the strength of the relationship does vary. Our research addresses existing conflicts in the literature, and attempts to resolve the existing mixed views on the studied concepts. Further, in the process of collecting studies for the quantitative analysis, we have identified the fact that there is a lack of published empirical work on the loyalty-repurchase relationship which some scholars consider especially important.

This article first provides an overview of the conceptual foundations of loyalty, repurchase and satisfaction, and their relationships. An overview of the meta-analysis technique is presented next with the database development and method of analysis. The results, research findings, discussion and the study implications are stated at the end.

## CONCEPTUAL FRAMEWORK

The conceptual framework provides an overview of existing research on satisfaction-loyalty, loyalty-repurchase, and satisfaction-repurchase relationships, and identifies the need for conducting a meta-analysis.

### Satisfaction-Loyalty

For years companies have invested significant resources to improve their customers' satisfaction (Durvasula, et al. 2004). Customer satisfaction indicates the

general health of the organization, its future prospects, and provides companies with many benefits including forming consumer loyalty, preventing customer churn, reducing marketing costs, and enhancing business reputation (Fornell 1992). The success of the firm's strategy depends on the company's ability to fulfill its promises to consumers, which in turn leads to forming long-term, profitable relationships (Carpenter and Fairhurst 2005). Chow and Zhang (2008) proposed that it is important for managers to identify satisfying product attributes from dissatisfying ones, because brand switching is more likely to occur as a result of dissatisfaction. Satisfaction, as an independent variable, is considered to be linked to consumer loyalty and repurchase behavior.

Loyalty is a multidimensional construct, which is defined and viewed differently by researchers. Consumer loyalty is comprised of three distinct constructs: behavioral loyalty, attitudinal loyalty, and composite loyalty (Taylor, et al. 2006). These constructs affect consumers' expectations, satisfaction (Leingpibul, et al. 2009) and repurchase behavior. In order to build loyalty and to retain consumers, some companies impose high switching costs, which in turn impede switching intentions (Lee and Romaniuk 2009). These switching costs negatively affect consumer relations with the provider. Taylor et al. (2006) identified that the problem lies in the disagreement on the definition of loyalty, due to the multitude of constructs.

Many scholars have concentrated on the investigation of the satisfaction-loyalty relationship (Anderson and Srinivasan 2003; Bloemer and Kasper 1995; Dixon et al., 2005; Genzi and Pelloni 2004; Mittal and Kamakura 2001). Despite these studies, Oliver (1999) stated that an inquiry into the relevant literature shows that the satisfaction-loyalty link is not well defined. Bloemer and Kasper (1995) indicated that many studies did not take into account the differences between various types of loyalty while investigating its relationship to satisfaction. Furthermore, researchers have also concentrated on satisfaction as the independent variable without taking into account different types of satisfaction.

Two main views emerged from the literature review of the satisfaction-loyalty relationship. The first view concluded that satisfaction is the main driver of consumer loyalty (Dixon et al., 2005; Fornell 1992; Genzi and Pelloni 2004; Mittal and Kamakura 2001; Szymanski and Henard 2001). Heitmann et al. (2007) stated that satisfaction positively affects loyalty, willingness to recommend, and word-of-mouth. Further, satisfaction affects future consumer choices, which in turn leads to improved consumer retention. Customers stay loyal because they are satisfied, and want to continue their relationship.

The second view of the satisfaction-loyalty relationship is that while consumer satisfaction may positively influence consumer loyalty, it is not sufficient to form loyalty (Julander, et al. 2003; Oliver 1999; Reichheld, et al. 2000). These scholars argue that although loyal consumers are most typically satisfied, satisfaction does not universally translate into loyalty. Satisfaction is viewed as a necessary step in loyalty formation, but it becomes less significant as loyalty begins to be gained through other mechanisms (Olsen 2007). Several researchers (Reichheld, et al. 2000; Suh and Yi 2006) reported that even a loyal, satisfied consumer is vulnerable to situational factors such as competitors' coupons or price cuts. Therefore, satisfaction is not likely to be the sole predictor of loyalty. Carpenter and Fairhurst (2005) suggest that satisfaction influences relative attitude, repurchase, and recommendation but has no direct effect on loyalty.

Oliver (1999) proposed six types of relationships between satisfaction and loyalty. All these relationships arise from different definitions and perspectives on satisfaction

and loyalty. On one end of the spectrum, satisfaction and loyalty are two manifestations of the same concept. On the other end, satisfaction and loyalty are very distant. Oliver (1999) demonstrated that ultimate loyalty can totally encompass satisfaction, satisfaction and loyalty can overlap, or there are occasions when satisfaction does not transform into loyalty and can exist without it. Oliver (1999) stated that loyalty emerges as a combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects.

Bloemer and Kasper (1995) proposed that the relationship between consumer satisfaction and brand loyalty is not simple and straightforward. The relationship between customer satisfaction and loyalty is strongly influenced by customer characteristics such as variety-seeking, age, and income (Homburg and Gierin 2001).

Overall, researchers agree that when consumers are completely satisfied they are less likely to defect or switch. Therefore, satisfaction is one of the important elements in creating consumer loyalty. However, an increase in satisfaction does not produce an equal increase in loyalty for all consumers (Soderlund and Vilgon 1999). The relationship between satisfaction and loyalty is neither simple nor linear, and satisfied customers may defect (Rowley and Dawes 2000). Rowley and Dawes (2000) stated that a customer's degree of involvement with a product is an important element in forming loyalty.

One explanation for variations in the satisfaction-loyalty relationship rests on the nature of the judgment tasks involved (Auh and Johnson 2005). Customers could be very satisfied with their experience and quality of the service and be loyal, but will not purchase it again due to different factors. Therefore, consumer repurchase behavior is one of the main concerns for companies in their pursuit of profits.

**Loyalty-Repurchase**

The concept of repurchase and the factors influencing it has been investigated by many scholars (Dick and Basu 1994; Ehrenberg and Goodhardt 1968; Evans and Gentry 2003; Jacoby and Kyner 1973; Law, Hui and Zhao 2004; Mittal and Kamakura 2001; Quick and Burton 2000; Seiders et al., 2005; Wanke and Fiese 2004). Repurchase is defined as a consumer's actual behavior resulting in the purchase of the same product or service on more than one occasion. The majority of consumers' purchases are potential repeat purchases (Peyrot and Van Doren 1994). Customers buy similar products repeatedly from similar sellers, and most purchases represent a series of events rather than a single isolated event. Retention is another common term for repurchase (Hennig-Thurau 2004; Narayandas 1998; Zineldin 2006), which is considered to be one of the most important variables in relationship marketing (Fullerton, 2005; Morgan & Hunt, 1994). While repurchase is the actual action, repurchase intent is defined as the customer's decision to engage in future activities with the retailer or supplier (Hume, Mort and Winzar 2007).

Two forms of repurchase are identified: the intention to re-buy (repurchase), and the intention to engage in positive word-of-mouth and recommendation (referral) (Zeithaml, et al. 1996). There have been discussions in the marketing research literature as to whether purchase intentions and past purchasing behavior are correlated with actual consumer behavior in the future (Dixon, et al. 2005). In effect, does repurchase intent actually result in repurchase?

Loyalty and repurchase are often-confused constructs (Hume, et al. 2007). This could be attributed to the multidimensional structure of loyalty, as well as to the numerous definitions of the loyalty concept.

Law, Hui and Zhao (2004, p. 547) use Oliver's definition of loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". In other words, they view loyalty as an attitude rather than a behavior. Behavioral loyalty is solely viewed as repurchase of the product or service. Dixon, et al. (2005) indicated that loyal customers are expected to consistently repurchase in spite of competitive efforts. Mellens, et al. (1996) reported that brand loyalty entails actual purchases of a brand, and verbal statements of preference are not sufficient to ensure brand loyalty. The consumer's disposition to repurchase is an essential element of loyalty (Law, et al. 2004).

Powers and Valentine (2008) have suggested that cumulative levels of satisfaction influence the consumer's loyalty to the product or service, which in turn, influences behavioral intentions including purchase behavior (Powers and Valentine 2008). Managers need to focus on marketing in order to ensure that they have satisfied customers, which ensure higher levels of repurchase behavior and an increase in loyal customers (Solvang 2007).

**Satisfaction-Repurchase**

Early studies in consumer behavior explored the relationship between repurchase and the level of satisfaction. However, this relationship is not straight forward. Mittal and Kamakura (2001) stated that the satisfaction-repurchase relationship can display variability due to three main reasons. The first includes satisfaction thresholds, which consist of satisfied consumers who have different levels of repurchase due to their different characteristics. The second includes response bias, which means that ratings obtained from the survey may not represent a true picture due to the different characteristics of consumers. The third includes nonlinearity, which means that the satisfaction-repurchase function may be nonlinear and vary for different consumers.

Tsai, Huang, Jaw and Chen (2006) reported that longitudinal and cross-sectional satisfaction-repurchase studies have demonstrated that satisfied consumers are more likely to continue their relationship with a particular organization than dissatisfied ones. This view is supported by a number of researchers (Anderson and Sullivan 1993; Davidow 2003; Deslandes 2003; Durvasula, et al. 2004; Eggert and Ulaga 2002; Fullerton 2005; Harris 2003; Hennig-Thurau 2004; Jones, et al. 2000; Mittal and Kamakura 2001; Preis 2003; Szymanski and Henard 2001).

In contrast, Olsen (2002) stated that despite the common view that satisfaction is linked to repurchase, few empirical studies can be found that relate satisfaction to actual repurchase behavior. and Kamakura (2001) indicated that establishing a direct link between repurchase and satisfaction ratings has not been easy for many organizations. In addition, the satisfaction-repurchase relationship can be affected by consumers' characteristics. Despite the identical ratings on satisfaction, a significant difference was observed in repurchase behavior, which was attributed to differences in consumer age, education, marital status, sex, and area of residency (Mittal and Kamakura 2001).

A number of factors complicate the satisfaction-loyalty-repurchase relationship. The problem exists that researchers do not consistently define loyalty across studies, which could be operationalized as behavioral, attitudinal, or composite (Taylor, et al. 2006). This creates a misunderstanding on how loyalty forms, and the strength of its relation to satisfaction and repurchase. Consumer satisfaction could occur during different stages of the shopping process (pre, during, and post), during purchase of different

types of goods (convenience, shopping, and specialty) (Bassi and Guido 2006), and in a traditional or online setting (Lee and Overby 2004). In addition, consumers consist of different types (Halstead et al. 2007), and they all have different levels of knowledge about the product (Hicks, et al. 2005), which affects their level of satisfaction.

Understanding the importance of a comprehensive review, our study attempts to summarize previously reported findings to explain the complex relationships between satisfaction, loyalty and repurchase. Does satisfaction have strong relationships with loyalty and repurchase? Does loyalty have a strong relationship with repurchase? What is the strength and the direction of the relationships uncovered in the various research projects published in the literature?

We believe that this article will provide practitioners with an improved understanding of what influences consumer satisfaction, loyalty and repurchase behavior toward a product or service. Knowledge of consumers' satisfaction, loyalty and repurchase behavior will enhance the practitioner's ability to develop more effective marketing strategies in the future (Leingpibul, et al. 2009).

## METHODOLOGY

We use a meta-analysis technique in this study. It is a technique for summarizing and testing statistical results across many independent researchers' findings related to the same topic. The first step in conducting a meta-analysis is to collect studies and to extract information in order to create a database of individual research findings related to the investigated research topic. The second step in meta-analysis includes the conversion of collected statistical information to the same measurement scale, if needed. Field (2001, p. 162) indicated, "In meta-analysis, the basic principle is to calculate effect sizes for individual studies, convert

them to a common metric, and then combine them to obtain an average effect size". The third step in meta-analysis includes conducting the meta-analysis procedure and analyzing the obtained results. Saxton (2006) indicated that meta-analysis tests whether findings from multiple studies, involving bi-variate analysis, agree or disagree in terms of the direction of association between variables and the strength of that relationship. In summary, the primary goal of meta-analysis is to address three general issues: central tendency, variability, and prediction (Johnson, Mullen and Salas 1995).

## Step 1: Database Development

A rigorous and comprehensive search for relevant studies on the relationship between loyalty-satisfaction, repurchase-satisfaction, and loyalty-repurchase was conducted. Eighty published studies, which appeared to be suitable for conducting the meta-analysis, were identified with reported relationships on the key constructs. These studies were identified through search engines of electronic databases such as ABI/Inform, ProQuest, WilsonWeb, JSTOR, PsycINFO, UMI, and others by using key words including satisfaction, loyalty, or repurchase. Searches of the references found in the available studies were conducted in addition to the manual searches of top-ranked peer reviewed journals such as *the Journal of the Academy of Marketing Science, Journal of Marketing Research, Psychology & Marketing, Journal of Financial Services Marketing, Journal of Service Research, International Journal of Service Industry Management, Journal of Consumer Satisfaction/Dissatisfaction and Complaining Behavior, Management Science*, and others.

The identified studies were coded by two independent researchers into three separate databases: Loyalty-Satisfaction, Repurchase-Satisfaction, and Loyalty-Repurchase. The independently-compiled databases were compared for data

discrepancies and corrected. Due to the number of scholars who examined Repurchase Intent separately from Repurchase, the Repurchase-Satisfaction database was further divided into two: Repurchase-Satisfaction and Repurchase

Intent-Satisfaction (see Table 1). Industries included large and small corporations, retail, banking, e-commerce, hotel, restaurants, cosmetics, recreational facilities, media, insurance, automotive, transportation, and others.

## Table 1

### Database Characteristics

|  | Total Number of Studies | Number of Reported Results (Correlations) | Total Number of Subjects |
|---|---|---|---|
| Loyalty-Satisfaction | 32 | 82 | 153,150 |
| Repurchase-Satisfaction | 6 | 11 | 13,098 |
| Repurchase Intent-Satisfaction | 19 | 59 | 1,640,056 |
| Loyalty-Repurchase | 4 | 7 | 2,172 |

Not all identified studies were included in the database. Nineteen studies with incomplete information, studies with fewer than 20 subjects and studies with statistical measurements which could not be converted to the desired statistics were excluded from the database after additional review. The summary of the studies included in the meta-analysis is provided in Appendix A.

## Step 2: The Conversion

F-distribution values, t-distribution values, or chi-squares with their corresponding degrees of freedom were converted to Pearson product-moment correlation coefficients. Not all statistical measurements could be converted to the desired statistics due to a lack of information available in the studies; therefore, several studies were excluded from the database. A few studies conducted two or more analyses under different conditions and reported more

than one correlation coefficient. Therefore, the number of selected studies does not correspond exactly to the number of obtained correlation coefficients.

## Step 3: Method of Analysis

Three constructs (loyalty, repurchase/repurchase intent, and satisfaction) were examined. The suggested sample size within individual studies should be at least 20 subjects (Ankem 2005; Hunter and Schmidt 2004; Saxton 2006).

Our research employed the Hunter and Schmidt (1990) meta-analytical approach and the Hunter and Schmidt software package for computations. This method weights individual correlations by the sample size and assumes that the correlations entered are independent. If this assumption is violated, it would not affect the calculated mean, but would cause an inaccurate calculation of the sampling error variance. Therefore, it could lead to possible distortions in significance

testing (Sundaramurthy, Rhoades and Rechner 2005). After the calculation of the mean weighted correlation across all studies, the standard deviation of the observed correlations was used to estimate the variability in the relationship. The sampling error, reliability of individual studies, and range restrictions contributed to estimate the true variability around the population correlation (Sundaramurthy, et al. 2005).

After all studies' individual effect sizes are calculated, these are combined to obtain an average or pooled effect size, which is a more precise indicator of the strength of the relationship between two variables across studies than the effect size of a single study (Ankem 2005). In the calculation of the pooled effect size, the individual effect sizes are weighted by sample size within each study to give more weight to the results of those studies with larger sample sizes. "Upon calculation of the aggregate effect size, significance in meta-analysis is generally gauged by computing 95% confidence intervals around the average effect size" (Ankem 2005, p.164).

### *Moderator Analyses*

Hunter and Schmidt (1990) recommended conducting moderator analyses if the 90% credibility interval surrounding the mean corrected correlation includes zero, or if the study artifacts do not account for more than 75% of the variance across studies. Moderator analyses can provide additional insights into the research relationships and help in further refining the strength of those relationships. The employed technique weights individual correlations by the sample size and assumes that the correlations entered are independent (Hunter and Schmidt 1990). The variability in the relationship between studied variables was estimated by using the standard deviation of observed correlation (Sundaramurthy, et al. 2005). The statistical significance was assessed with a 95% confidence and 90% credibility

intervals. The moderator analyses were conducted to further investigate the relationships between the researched constructs.

Moderator variables are additional independent factors that can influence the relationship between the researched constructs (Hair, Black, Babin and Anderson 2009). The presence of moderator variables indicates that there may be more than one population involved. The variance in the effect sizes and the credibility intervals indicate whether moderators might be present. If the credibility or confidence intervals surrounding the mean corrected correlation include zero, then the mean corrected effect size is probably the mean of several subpopulations identified by the operation of moderators (Hunter and Schmidt 1990; Sundaramurthy, et al. 2005; Whitener 1990). In case the moderator is present, the population should be broken down into subpopulations. "If the effect size is the mean of several population parameters, or subpopulations identified by the operation of moderators, then the variance in observed effect sizes is due to both true variance in effect sizes and variance due to sampling error" (Whitener 1990, p. 316).

The collected studies used for the meta-analysis represent consumer samples from around the world. Jones, et al. (2010) reported that culture moderates the consumer shopping values and affects shopper satisfaction. One of the reasons, they explained, is that American consumers conduct their shopping activities in an advanced retail setting with a variety of goods, which is not the case in some other countries. Therefore, the geographic area of the collected samples was used as one of the moderators.

Marketing researchers usually investigate two types of customer satisfaction: product satisfaction and service satisfaction (Yoshida and James 2010). The differences between products and services have received much attention in academia. Products

outperform services in several categories including satisfaction and perceived quality (Edvardsson, et al. 2000). Consumers could be satisfied with the product performance but dissatisfied with the service components such as sales or pre- or post- purchase services. Therefore, these categories (product and service) were investigated as another moderator of the loyalty-repurchase-satisfaction relations.

Piercy (2010) suggested that business-to-business (B2B) companies might have different requirements and responses to customers and different market pressures for higher service and investments, as opposed to business-to-consumer companies (B2C). B2B management place a large focus on involvement by aligning sales operations with strategic direction, intelligence, integration of cross-functional relationships, internal marketing and infrastructure (Piercy, 2010). Those managerial emphases will be different for B2C companies due to the nature of the business. Therefore, the business setting was included as third moderator for the studied constructs.

Moderator analyses were conducted by dividing the total sample into three main sub-groups based on the specific factors, which were identified through the literature review and the compiled databases (Sundaramurthy, et al. 2005). Separate analyses for the identified factor were conducted for each sub-group:

1. The geographic area of the collected sample (North America, Europe, and Other)

2. The category (Product and Service)

3. The business setting (B2B and B2C).

Due to the small number of identified studies conducted in the B2B setting, the B2B moderator was subsequently eliminated.

The Hunter and Schmidt (1990) software package was utilized to compute the following statistics: the total sample size; correlations (observed and corrected); standard deviations (observed, residual, and corrected); and the percent of variance attributed to the sampling error.

## RESULTS

### Loyalty-Satisfaction

The results of the Loyalty-Satisfaction meta-analysis are displayed next in Table 2. The mean observed correlation between loyalty and satisfaction was 0.54. The sampling error accounted only for 1.02% of the observed variance, indicating the presence of moderator variables. The finding of statistical significance at the 95% confidence level indicated that loyalty and satisfaction correlations fall within a 0.23-0.85 interval. Neither the credibility interval nor the confidence interval included zero, which indicates that the observed relationship is consistently positive.

### Table 2

### Loyalty-Satisfaction Meta-Analysis and Moderator Analyses

| Measure | Meta-Analysis | Moderators: | | | Moderators: | |
|---|---|---|---|---|---|---|
| | | North America | Europe | Other | Product | Service |
| Sample size | 153,150 | 125,655 | 22,488 | 5,007 | 7,642 | 145,504 |
| Number of correlations | 82 | 31 | 36 | 15 | 15 | 67 |
| Observed correlation | 0.54 | 0.51 | 0.41 | 0.6 | 0.47 | 0.55 |
| Observed SD | 0.16 | 0.21 | 0.17 | 0.15 | 0.17 | 0.16 |
| %Variance attributable to SE | 1.02% | 0.30% | 3.63% | 5.86% | 4.12% | 0.88% |
| SD residual | 0.16 | 0.21 | 0.17 | 0.14 | 0.17 | 0.1592 |
| Corrected correlation | 0.54 | 0.51 | 0.41 | 0.6 | 0.47 | 0.5476 |
| SD of corrected r | 0.16 | 0.2 | 0.17 | 0.14 | 0.17 | 0.1573 |

Moderator analyses were conducted to further clarify the strength of the loyalty-satisfaction relationship. Moderator analyses were conducted on two identified factors: the geographic area of the collected sample (North America, Europe, and Other) and the category (product and service) (see Table 2). "Other" factor included Australia, Cyprus, South-Africa, Hong Kong, Korea, and Malaysia. The majority of the sample was collected in the B2C setting (82 versus 3). As such, the B2B moderator was not investigated, and the results of the B2C setting are assumed to be similar to the already-obtained loyalty-satisfaction meta-analysis results.

The results indicate that the strongest relationship between loyalty and satisfaction is displayed by the "Service" factor, with mean correlation of 0.55. The large percentage of unexplained variances for the geographic area factor might indicate the possible presence of additional factors moderating the observed results.

The finding of a statistical significance at the 95% confidence level for the Geographic Area moderators indicated that loyalty and satisfaction correlations for the North America factor fall within a 0.11-0.92 interval; Europe falls within a 0.08-0.74 interval; and the "Other" factor falls within a 0.32-0.87 interval. The finding of statistical significance at the 95% confidence level for the Category factor indicates that loyalty and satisfaction correlations fall within a 0.15-0.80 interval for the product category, and within a 0.24-0.86 interval for the service category. Neither the credibility interval nor the confidence interval for all the conducted moderator analyses include zero, which indicates that the observed relationships between loyalty and satisfaction are consistently positive for those 5 moderators.

### Repurchase-Satisfaction

Results of the meta-analysis for repurchase and satisfaction are displayed in the Table 3.

**Table 3**

**Repurchase-Satisfaction Meta-Analysis and Moderator Analyses**

| Measure | Meta-Analysis | Moderators: North America | Europe | Moderators: Product | Service |
|---|---|---|---|---|---|
| Sample size | 13,098 | 2,115 | 5,917 | 4,940 | 3,092 |
| Number of correlations | 11 | 3 | 7 | 6 | 4 |
| Observed correlation | 0.56 | 0.11 | 0.4 | 0.34 | 0.3 |
| Observed SD | 0.35 | 0.11 | 0.2 | 0.03 | 0.29 |
| % Variance attributable to SE | 0.32% | 11.26% | 2.13% | 3.47% | 1.33% |
| SD residual | 0.35 | 0.11 | 0.2 | 0.16 | 0.28 |
| Corrected correlation | 0.56 | 0.11 | 0.4 | 0.34 | 0.3 |
| SD of corrected r | 0.34 | 0.11 | 0.2 | 0.16 | 0.3 |

The mean correlation between repurchase and satisfaction is 0.56. The percentage of observed variance attributed to the sampling error is 0.32%, which indicates the presence of moderator variables. The 95% confidence and the 90% credibility intervals for the repurchase-satisfaction relationship did include zero. The finding of statistical significance at the 95% confidence level indicates that there is a 5% chance that no relationship between the repurchase and satisfaction exists. A small sample size of 11 correlations resulted in a large standard deviation, which makes the confidence interval so wide that it includes zero. No negative correlations were observed in the raw data. Therefore, it is reasonable to assume that any relationship that exists is positive.

Moderator analyses were conducted to further clarify the strength of the researched repurchase-satisfaction relationship (Table 3). Moderator analyses were conducted on two factors: the geographic area of the collected sample (North America and Europe); and the category (product and service). There were no samples from other regions. The business setting factor (B2B and B2C) was not examined because all collected studies were conducted in the B2C setting only.

The strongest relationship between repurchase and satisfaction for moderators is displayed by the Europe factor, with a mean correlation of 0.4. The large percentage of unexplained variances for the North America geographic area might indicate the possible presence of additional factors moderating the observed results.

The 95% confidence and 90% credibility intervals for the repurchase-satisfaction relationship for the North America factor did include zero. The finding of statistical significance at the 95% confidence level indicated that there is a 5% chance that no relationship between the repurchase and satisfaction researched constructs exists for the North America factor. A small sample size of only three correlations resulted in a large standard deviation, which makes the confidence interval so wide that it includes zero. No negative correlations were observed in the raw data. Therefore, it is reasonable to assume that any relationship that exists is positive.

Neither the credibility interval nor the confidence interval for Europe and Product moderators include zero, which indicates that the observed relationship is consistently positive. The finding of significance at the 95% confidence level indicates that repurchase and satisfaction correlations for Europe fall within a 0.02-0.78 interval.

In contrast, confidence and credibility intervals for the service moderator did include zero. In part, these results might be due to the small samples which make the analysis somewhat unstable. The finding of statistical significance at the 95% confidence level indicates that there is a 5% chance that no relationship between the repurchase and satisfaction researched constructs exists for the service category. A small sample size of only 4 correlations resulted in a large std. deviation, which makes the confidence interval so wide that it includes zero. No negative correlations were observed in the raw data; therefore, any relationship that exists is positive.

**Repurchase Intent - Satisfaction**

The results of the analysis for repurchase intent and satisfaction are displayed next in Table 4.

**Table 4**
**Repurchase Intent-Satisfaction Meta-Analysis and Moderator Analyses**

| Measure | Meta-Analysis | Moderators: | | Moderators: | | Moderator: |
| --- | --- | --- | --- | --- | --- | --- |
| | | North America | Asia | Product | Service | B2C |
| Sample size | 1,640,056 | 1,610,189 | 6,848 | 1,607,438 | 32,618 | 1,636,989 |
| Number of correlations | 59 | 40 | 16 | 29 | 30 | 46 |
| Observed correlation | 0.63 | 0.64 | 0.51 | 0.63 | 0.48 | 0.63 |
| Observed SD | 0.04 | 0.04 | 0.17 | 0.03 | 0.12 | 0.04 |
| % Variance attributable to SE | 0.67% | 0.72% | 4.46% | 0.56% | 3.57% | 0.59% |
| SD residual | 0.04 | 0.04 | 0.17 | 0.03 | 0.12 | 0.04 |
| Corrected correlation | 0.63 | 0.64 | 0.51 | 0.64 | 0.48 | 0.63 |
| SD of corrected r | 0.04 | 0.04 | 0.16 | 0.04 | 0.12 | 0.04 |

The mean correlation between repurchase intent and satisfaction was 0.63, which is significant and strong. The percent of the observed variance attributable to the sampling error was 0.67%, which indicates that there are other factors moderating the observed results. The repurchase intent-satisfaction relationship is consistently positive as indicated by the credibility interval and the confidence interval, which did not include zero. The finding of significance at the 95% confidence level indicates that repurchase intent and satisfaction correlations fall within a 0.55-0.72 interval. The satisfaction construct is clearly a strong, positive indicator of repurchase intent.

To further investigate this relationship (Table 4), moderator analyses were conducted on three factors: the geographic area of the collected sample (North America and Asia); the category (product and service); and the business setting (B2B and B2C). Once again, due to the small sample size in of the B2B category (3,434), this category was eliminated from the analysis. No samples from European countries were presented. The strongest relationship between repurchase intent and satisfaction moderators is displayed by the North America factor, with mean correlation of 0.64. The finding of statistical significance at the 95% confidence level indicates that repurchase intent and satisfaction correlations for North America fall within a 0.57-0.70 interval, and within a 0.19-0.83 interval for Asia. Neither the credibility interval nor the confidence interval include zero for both geographic areas, indicating that the observed relationship is consistently positive.

Most studies in the product category were conducted in the auto industry. The finding of statistical significance at the 95% confidence level indicates that repurchase intent and satisfaction correlations for the product category fall within a 0.57-0.70 interval, and within a 0.24-0.71 interval for the service category. Neither the credibility interval nor the confidence interval include zero, which indicates that the observed relationship is consistently positive.

**Table 5**
**Loyalty-Repurchase/Repurchase Intent Meta-Analysis**

| Measure | Meta-Analysis |
| --- | --- |
| Sample size | 2,172 |
| Number of correlations | 7 |
| Observed correlation | 0.71 |
| Observed SD | 0.11 |
| % Variance attributable to SE | 6.61% |
| SD residual | 0.11 |
| Corrected correlation | 0.71 |
| SD of corrected r | 0.11 |

**Loyalty-Repurchase/Repurchase Intent**

The results of the conducted Loyalty-Repurchase/Repurchase Intent meta-analysis are displayed in Table 5

The mean correlation between loyalty and satisfaction is 0.71. The sampling error accounts for a 6.61% of the observed variance. Neither the credibility interval nor the confidence interval includes zero, which indicates that the observed relationship is consistently positive. The finding of statistical significance at the 95% confidence level indicates that loyalty and repurchase/ repurchase intent correlations fall within a 0.50-0.91 interval.

**DISCUSSION**

While satisfaction has been a widely researched topic in the marketing literature, the number of studies that actually met the criteria of meta-analysis (reported statistics of a relationship between satisfaction-loyalty-repurchase) was surprisingly small. Most of the identified studies focused on the relationship between satisfaction and loyalty. Olsen (2002) was correct in that despite the common view that satisfaction is linked to repurchase, few empirical studies can be found that relate satisfaction to actual repurchase behavior. From a firm's perspective, this aspect is critical. The purpose of a meta-analysis is to provide a quantitative review of the strength and direction of a set of relationships, in this case between satisfaction-loyalty-repurchase. The moderator analyses further investigate the research constructs and help to identify additional areas that may need to be explored.

The summary of the observed correlations for the researched constructs is presented in Table 6.

**Table 6**

**The Observed Correlations**

| Constructs | Meta-Analysis | Moderators: | | | Moderators: | | Moderator: |
|---|---|---|---|---|---|---|---|
| | | North America | Europe | Other | Product | Service | B2C |
| Loyalty-Satisfaction | 0.54 | 0.51 | 0.41 | 0.6 | 0.47 | 0.55 | 0.54 |
| Repurchase-Satisfaction | 0.56[1] | 0.11[1] | 0.4 | n/a | 0.34 | 0.30[1] | 0.56 |
| Rep Intent-Satisfaction | 0.63 | 0.64 | n/a | 0.51 | 0.64 | 0.48 | 0.63 |
| Loyalty-Rep/Rep Intent | 0.71 | | | | | | |

[1] Confidence intervals include zero

In both the meta-analysis and the five moderator analyses, loyalty and satisfaction reveal strong positive relationships. The strongest relationship between loyalty and satisfaction appears to be within the "Other" geographic region factor (0.60), followed by the "Service" moderator (0.55). The results confirmed the view that satisfied consumers do display loyalty. This is an important point for practitioners.

The repurchase and satisfaction constructs display a complicated relationship. The correlation coefficient for the overall meta-analysis is 0.56. However, the 95% confidence interval and 90% credibility interval include zero, indicating that there is a small likelihood that those constructs are not related at all. The small sample size collected for the meta-analysis (11) resulted in a large standard deviation, which makes the confidence intervals wide enough to include zero. The moderator analyses for North-America and the Service factors displayed at the 95% confidence interval also included zero. The collected sample sizes were 3 and 4 respectively, which resulted in large confidence intervals. The obtained results for the repurchase-satisfaction relationship confirmed Szymanski and Henard's (2001) observation about the failure of satisfaction to explain repurchase behavior. Satisfaction is a multifaceted construct; therefore, some aspects of satisfaction are more predictive of repurchase than others.

The meta-analysis and the moderator analyses indicate that repurchase intent and satisfaction display strong positive relationships. Generally, satisfied customers do show a strong intent to repurchase. This is another important point for practitioners.

The difference between repurchase intent and repurchase and satisfaction relationships could be explained by the large sample size for repurchase/repurchase intent-satisfaction studies that came from the U.S. auto industry, which represents the sale of expensive items (cars). Therefore, consumers' actual behavior could be heavily affected by auto deals and rebate offers. For example, consumers could be satisfied with one car make but due to a promotion might actually purchase another make.

Both the meta-analysis and the moderator analyses indicate that loyalty and repurchase/repurchase intent indicate the strongest positive relationship (0.71) of all the relationships studied. These results confirmed the view that loyalty and the repurchase/repurchase intent constructs are positively linked.

## RESEARCH LIMITATIONS

This study has several limitations. First, meta-analysis studies were collected from peer-reviewed publications by using internet search engines, manual searches, and other references. This research did not include studies that partially reported needed statistics, or statistics that cannot be converted to correlation coefficients. No unpublished work was identified or included in the study either. Second, the moderator analyses were conducted only on three identified criteria: geographic region of the collected sample; the category (product and service); and the business setting (B2C). Third, small sample sizes were collected for the repurchase-satisfaction meta-analysis (11), repurchase-satisfaction moderator analyses for North America (3) and Service (4) factors.

This resulted in large standard deviations, which made confidence intervals wide enough to include zero. Additional research needs to be done in the repurchase-satisfaction area perhaps by looking at the size of the purchase.

## IMPLICATIONS OF THE STUDY

Most of the identified studies were collected in the area of loyalty-satisfaction, which displayed strong and moderately strong relationships with the strongest occurring for the Service moderator (see Table 6). While the direct relationship between loyalty and customer satisfaction has been shown to be complex and asymmetric (Yu and Dean 2001), our meta-analysis confirmed that a relatively strong correlation exists between these concepts. In fact, it would seem counterintuitive to suggest that dissatisfied customers would remain loyal. The critical question for firms, however, is "Does satisfaction lead to repurchase?" Here the answer is clouded by two issues.

First, most of the studies identified examined satisfaction and repurchase intent, not actual repurchase, and the number of studies looking at the relationship between intent and repurchase is too small to draw conclusions about the strength of this relationship.  If highly satisfied customers are likely to make future purchases (Zeithaml et al. 1996) and if it is cheaper to retain existing customers than attract new customers (Yu and Dean 2001), then this final link in the chain (satisfaction to loyalty to intent to repurchase) is an important one.  This is consistent with Mittal and Kamakura's (2001) observation that the relationship between satisfaction and repurchase is more complicated, can result in no correlation, and can be moderated by several factors.   The relationship between customer satisfaction and repurchase is assumed to be positive, but vary between products, industries, and situations (Olsen, et al. 2005).

Second, research is not clear on when less-than-satisfied customers might repurch-ase.   Lack of competition or lack of knowledge about alternatives or switching barriers can all lead less-than-satisfied customers to repurchase.   In these situations, the firm needs to understand when improving satisfaction will actually increase sales.  While this study confirmed strong positive relationships between loyalty and repurchase/repurchase intent, the strongest among all conducted analyses, the issue of relatively few studies in this area remains.

Consumers' geographic location, product vs. service companies, and the business setting should be taken into account when developing marketing strategies. Jones et al. (2010) highlighted the importance of culture, which moderates the consumer shopping values.  Among the product/service moderators, the strongest link was found between repurchase intent and satisfaction for the product category, followed by the loyalty-satisfaction link for the service category. The difference could be explained in that product manufacturing creates inventory, however,

services are only produced when needed. The research finding is consistent with the Edvardsson et al. (2000) observation that companies working with physical products do not make money on loyalty per se but rather they make money on customer satisfaction.   Service companies attempt to foster consumer loyalty by offering them loyalty programs such as frequent flyer miles for airlines.

The overall research results support the view that while the loyalty-satisfaction-repurchase intent link is straight forward, the satisfaction and repurchase link might not be.   Customer loyalty, satisfaction and repurchase are strong indicators of how people will act in the future, and if customers will actually return to the same company again (Edvardsson et al. 2000).  This study aids academicians and practitioners to develop more effective organizational strategies, which should lead to better positioning in order to achieve overall competitive advantages (Leingpibul et al. 2009).

**CONCLUSION**

Many studies independently examined different combinations of relationships and the present research synthesizes previously reported findings.  Despite the reported mixed results on loyalty-repurchase-satisfaction relationships collected from a large number of published empirical studies, the meta-analysis findings suggest that strong positive relationships exist between the researched constructs.   However, these relationships are also moderated by different factors, including the collected samples' geographic regions, the category (products versus service), and the business setting.  Overall, loyalty is positively linked to repurchase and satisfaction, while satisfaction is positively linked to repurchase intention.

The meta-analysis contributes to the growing knowledge of the relationships between loyalty, repurchase, and satisfaction

by assessing the current state of the empirical research on those three variables using meta-analysis. This research addressed the existing gap in the literature, and attempted to resolve the existing mixed views on the studied concepts.

This research is important to academicians as well as practitioners. First, while many studies independently examined different combinations of relationships between loyalty, repurchase, and satisfaction, this research synthesized the previously reported findings. The meta-analytical technique identified the true relationships between the studied variables and their directions. This study provides value to managers dealing with consumer satisfaction, loyalty, and repurchase by presenting a detailed overview of those three concepts, and the relationships between them. Despite some of these relationships not being very straight forward, and affected by many internal and external factors, as the literature review suggests, the overall picture reveals the positive link between loyalty, repurchase intent, and satisfaction. The nature of the industry, company size, and situational factors largely affect consumers' loyalty, satisfaction, and the repurchase rate.

Managers need to take into consideration many factors before making a decision where to invest and formulate a marketing strategy: either in creating consumer loyalty, increasing consumer satisfaction, increasing repurchase rate, or all three at the same time. Our meta-analysis confirmed that satisfied consumers do display strong loyalty and a higher repurchase intention rate; however, the relationship between satisfaction and actual repurchase rate is more complicated.

## REFERENCES

Anderson, Eugene W., Claes Fornell, and Donald R. Lehmann (1994), "Customer satisfaction, market share, and profitability: Findings from Sweden," *Journal of Marketing*, Vol.58 No.3, pp. 53-66.

Anderson, Eugene W., and Vikas Mittal (2000), "Strengthening the satisfaction-profit chain," *Journal of Service Research*, Vol.3 No.2, pp. 107-120.

Anderson, Eugene W. and Sullivan, Mary W. (1993)*, "The antecedents and consequences of customer satisfaction for firms," *Marketing Science*, Vol. 12 No. 2, pp. 125-143.

Ankem, Kalyani (2005), "Approaches to meta-analysis: A guide for LIS researchers," *Library and Information Science Research*, Vol.27 No.2, pp. 164-176.

Ashley, Christy and Sajeev Varki (2009), "Loyalty and its influence on complaining behavior and service recovery satisfaction," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 22, pp. 21-35.

Aug, Seigyoung and Michael D. Johnson (2005), "Compatibility effects in evaluations of satisfaction and loyalty," *Journal of Economic Psychology*, Vol. 26, pp. 35-57. Bassi, Francesca and Gianluigi Guido (2006), "Measuring customer satisfaction: from product performance to consumption experience," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 19, pp. 76-88.

Bennett, Rebekah and Sharyn Rundle-Thiele (2004), "Consumer satisfaction should not be the only goal," *Journal of Services Marketing*, Vol.18 No.7, pp. 514-523.

Bloemer, Josée M. M. and Hans D. P. Kasper (1995), "The complex relationship between consumer satisfaction and brand loyalty," *Journal of Economic Psychology*, Vol.16, pp. 311-329.

Boshoff, Christo (2005)*, "A re-assessment and refinement of RECOVSAT: an instrument to measure satisfaction with transaction-specific recovery," *Managing Service Quality*, Vol. 15 No. 5, pp. 410-425.

Butcher, Ken, Sparks, Beverly and O'Callaghan Frances (2001)*, "Evaluation and relational influences on service loyalty," *International Journal of Service Industry Management*, Vol. 12 No. 4, pp. 310-327.

Carpenter, Jason M. and Ann Fairhurst (2005)*, "Consumer shopping value, satisfaction, and loyalty for retail apparel brands," *Journal of Fashion Marketing and Management*, Vol. 9 No.3, pp. 256-269.

Chow, Clement S. F. and Lida L. Zhang (2008), "Measuring consumer satisfaction and dissatisfaction intensities to identify satisfiers and dissatisfies," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 21, pp. 66-79.

Davidow, Moshe (2003)*, "Have you heard the world? The effect of word of mouth on perceived justice, satisfaction and repurchase intentions following complaint handling," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 16, pp.67-80.

Deslandes, Derrick D. (2003)*, "Assessing consumer perceptions of destinations: a necessary first step in the destination branding process," Doctoral dissertation, Florida State University.

Dick, Alan S. and Kunal Basu (1994)*, "Customer loyalty: toward an integrated conceptual framework," *Journal of the Academy of Marketing Science*, Vol.22 No.2, pp. 99-113.

Dixon, Jane, Kerrie Bridson, Jody Evans, and Michael Morrison (2005), "An alternative perspective on relationships, loyalty and future store choice," *The International Review of Retail, Distribution and Consumer Research*, Vol.15 No. 4, pp. 351-374.

Durvasula, Srinivas, Steven Lysonski, Subhash C. Mehta, and Buck P. Tang (2004)*, "Forging relationships with services: The antecedents that have an impact on behavioural outcomes in the life insurance industry," *Journal of Financial Services Marketing*, Vol.8 No.4, pp. 314-326.

Edvardsson, Bo, Michael D. Johnson, Anders Gustafsson and Tore Strandvik (2000)*, "The effects of satisfaction and loyalty on profits and growth: Products versus services," *Total Quality Management*, Vol.11 No.7, pp. 917-927.

Eggert, Andreas and Ulaga, Wolfgang (2002)*, "Customer perceived value: a substitute for satisfaction in business markets?" *The Journal of Business & Industrial Marketing*, Vol. 17 No. 2/3, pp. 107-118.

Ehrenberg, Andrew S. C., and Gerald J. Goodhardt (1968), "A comparison of American and British repeat-buying habits," *Journal of Marketing Research*, Vol.5 No.1, pp. 29-33.

Evans, John P. and James A. Gentry (2003), "Using Tobin's Q ratio to assess the strategy of repurchasing shares," *Finance India*, Vol.17 No.1, pp. 149-163.

Field, Andy P. (2001), "Meta-Analysis of Correlation Coefficients: A Monte Carlo Comparison of Fixed- and Random-Effects Methods," *Psychological Methods*, Vol.6 No.2, pp. 161-180.

Floh, Arne and Treiblmaier, Horst (2006)*, "What keeps the e-banking customer loyal? A multigroup analysis of the moderating role of consumer characteristics on e-loyalty in the financial service industry," *Journal of Electronic Commerce*, Vol. 7 No. 2, pp. 97-110.

Fornell, Claes (1992)*, "A national customer satisfaction barometer: The Swedish experience," *Journal of Marketing*, Vol. 56 No.1, pp. 6-21.

Fullerton, Gordon (2005)*, "The impact of brand commitment on loyalty to retail service brands," *Canadian Journal of Administrative Sciences*, Vol.22 No.2, pp. 97-110.

Guenzi, Paolo and Ottavia Pelloni (2004)*, "The impact of interpersonal relationships on customer satisfaction and loyalty to the service provider," *International Journal of Service Industry Management*, Vol.15 No.3/4, pp. 365-384.

Hair, Joseph F., William C. Black, Barry J. Babin and Rolph E. Anderson (2009), *Multivariate Data Analysis* (7th ed.). Prentice Hall: NJ.

Hallowell, Roger (1996), "The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study," *International Journal of Service Industry Management*, Vol.7 No.4, pp. 27-42.

Halstead, Diane, Michael A. Jones and April N. Cox (2007), "Satisfaction theory and the disadvantaged consumer," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 20, pp. 15-35.

Harris, Kendra L. (2003)*, "Justice Theory in online and offline complaint satisfaction: an empirical study," Doctoral dissertation, The George Washington University.

Harris, Lloyd C. and Goode, Mark M.H. (2004)*, "The four levels of loyalty and the pivotal role of trust: a study of online service dynamics," *Journal of Retailing*, Vol. 80 No. 2, pp. 139-158.

Hellier, Phillip K., Gus M. Geursen, Rodney A. Carr and John A. Rickard (2003), "Customer repurchase intention: A general structural equation model," *European Journal of Marketing*, Vol. 37 No.11/12, pp. 1762-1800.

Hennig-Thurau, Thorsten (2004)*, "Customer orientation of service employees: Its impact on customer satisfaction, commitment, and retention," *International Journal of Service Industry Management*, Vol.15 No.5, pp. 460-478.

Hicks, Jessica M., Thomas J. Page, Bridget K. Behe, Jennifer H. Dennis and Thomas R. Fernandez (2005), "Delighted consumers buy again," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol.18, pp. 94-104.

Homburg, Christian and Annette Gierin (2001)*, "Personal characteristics as moderators of the relationship between customer satisfaction and loyalty - An empirical analysis," *Psychology & Marketing*, Vol.18 No.1, pp. 43-66.

Hume, Margee, Gillian Sullivan Mort and Hume Winzar (2007), "Exploring repurchase intention in a performing arts context: Who comes? And why do they come back?" *International Journal of Nonprofit and Voluntary Sector Marketing,* Vol. 12 No.2, pp. 135-148.

Hunter, John E. and Frank L. Schmidt (1990), *Methods of meta-analysis: Correcting error and bias in research findings.* Sage Publications, Inc.: Newbury Park, CA.

Jacoby, Jacob and Robert W. Chestnut (Eds.) (1978). Brand Loyalty: Measurement and Management. Wiley: New York.

Jacoby, Jacob, and David B. Kyner (1973), "Brand loyalty vs. repeat purchasing behavior," *Journal of Marketing Research*, Vol.10 No.1, pp.1-9.

Johnson, Blair T., Brian Mullen and Eduardo Salas (1995), "Comparison of three major meta-analytic approaches," *Journal of Applied Psychology*, Vol. 80 No.1, pp. 94 - 106.

Jones, Michael A., David L. Mothersbaugh and Sharon E. Beatty (2000)*, "Switching barriers and repurchase intentions in services," *Journal of Retailing*, Vol.76 No.2, pp. 259-274.

Jones, Michael A., David L. Mothersbaugh and Sharon E. Beatty (2003), "The effects of locational convenience on customer repurchase intentions across service types," *The Journal of Services Marketing*, Vol.17 No.6/7, pp. 701-710.

Jones, Michael A. (2006), "A content analysis of customer satisfaction in annual reports," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 19, pp. 59-75.

Jones, Marilyn Y., Sonia Vilches-Montero, Mark T. Spence, Sevgin A. Eroglu and Karen A. Machleit (2010), "Do Australian and American consumers differ in their perceived shopping experiences? A bi-cultural analysis," *International Journal of Retail & Distribution Management*, Vol. 38 No. 8, pp. 578-596.

Julander, Claes-Robert, Magnus Soderlund and Ragnar Soderberg (2003), "Effects of switching barriers on satisfaction, repurchase intentions and attitudinal loyalty," <u>Working Paper</u>, Stockholm School of Economics.

Heitmann, Mark, Donald R. Lehmann and Andreas Herrmann (2007), "Choice goal attainment and decision and consumption satisfaction," *Journal of Marketing Research*, Vol.44, No. 2, pp. 234-245.

Kandampully, Jay and Suhartano, Dwi (2000)*, "Customer loyalty in the hotel industry: the role of customer satisfaction and image," *International Journal of Contemporary Hospitality Management*, Vol. 12 No. 6, pp. 346-354.

Kumar, Piyush (2002)*, "The impact of performance, cost and competitive considerations on the relationship between satisfaction and repurchase intent in business markets," *Journal of Service Research*, Vol. 5 No. 1, pp. 55-68.

Lam, Shun Y., Venkatesh Shankar, Krishna M. Erramilli and Bvsan Murthy (2004), "Customer value, satisfaction, loyalty, and switching costs: An illustration from a business-to-business service context," *Journal of the Academy of Marketing Science*, Vol. 32 No.3, pp. 293-311.

Law, Agnes K. Y., Y. V. Hui and Xiande Zhao (2004)*, "Modeling repurchase frequency and customer satisfaction for fast food outlets," *The International Journal of Quality & Reliability Management*, Vol. 21 No.4/5, pp. 545-563.

Lee, Eun-Ju and Jeffrey W. Overby (2004), "Creating value for online shoppers: implications for satisfaction and loyalty," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 17, pp. 54-67.

Lee, Jonathan, Lee, Janghyuk and Feick, Lawrence (2006)*, "Incorporating word-of-mouth effects in estimating customer lifetime value," *Journal of Database Marketing & Customer Strategy Management*, Vol. 14 No. 1, pp. 29-39.

Lee, Richard and Jenni Romaniuk (2009), "Relating switching costs to positive and negative word-of-mouth," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 22, pp. 54-67.

Leingpibul, Thaweephan, Sunil Thomas S., Allen Broyles and Robert H. Ross (2009), "Loyalty's influence on the consumer satisfaction and (re) purchase behavior relationship," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 22, pp. 36-53.

Mellens, Martin, Marnik, G. Dekimpe and Jan-Benedict E. M. Steenkamp (1996), "A review of brand-loyalty measures," *Tijdschrift voor Econoniie en Management*, Vol.4, pp. 507-533.

Mittal, Vikas and Wagner A. Kamakura (2001)*, "Satisfaction, repurchase intent, and repurchase behavior: Investigating the moderating effect of customer characteristics," *Journal of Marketing Research*, Vol.38 No.1, pp. 131-142.

Mittal, Vikas, William T. Ross Jr. and Patrick M. Baldasare (1998), "The asymmetric impact of negative and positive attribute-level performance on overall satisfaction and repurchase intentions," *Journal of Marketing*, Vol. 62 No.1, pp. 33-47.

Morgan, Robert M. and Shelby D. Hunt (1994), "The commitment-trust theory of relationship marketing," *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38.

Narayandas, Das (1998), "Measuring and managing the benefits of customer retention an empirical investigation," *Journal of Service Research*, Vol. 1 No.2, pp. 108-128.

Oliver, Richard L. (1999), "Whence consumer loyalty?" *Journal of Marketing*, Vol.63, pp. 33-44.

Olsen, Svein O. (2007), "Repurchase loyalty: The role of involvement and satisfaction," *Psychology & Marketing*, Vol.24, No. 4, pp. 315-337.

Olsen, Svein O. (2002), "Comparative evaluation and the relationship between quality, satisfaction, and repurchase loyalty," *Journal of the Academy of Marketing Science*, Vol. 30 No.3, pp. 240-249.

Olsen, Svein O., James Wilcox and Ulf Olsson (2005)*, "Consequences of ambivalence on satisfaction and loyalty," *Psychology & Marketing*, Vol. 22 No.3, pp. 247-269.

Orsingher, Chiara, Sara Valentini and Matteo de Angelis (2010), "A meta-analysis of satisfaction with complaint handling in services," *Journal of the Academy of Marketing Science*, Vol. 38 No. 2, pp. 169-186.

Piercy, Nigel F. (2010), "Evolution of strategic sales organizations in business-to-business marketing," *Journal of Business & Industrial Marketing*, Vol. 25 No. 5, pp. 349 - 359.

Peyrot, Mark and Doris Van Doren (1994)*, "Effect of a class action suit on consumer repurchase intentions," *The Journal of Consumer Affairs*, Vol. 28 No.2, pp. 361-379.

Powers, Thomas L. and Dawn Bendall Valentine (2008), "A review of the role of satisfaction, quality, and value on firm performance," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 21, pp. 80-101.

Preis, Michael W. (2003)*, "The impact of interpersonal satisfaction on repurchase decisions," *Journal of Supply Chain Management*, Vol. 39 No. 3, pp. 30-38.

Quick, Martin J. and Suzan Burton (2000)*, "An investigation of the determinants of repurchase in a high involvement category," Paper presented at the Australian & New Zealand Marketing Academy Conference.

Rauyruen, Papassapa and Kenneth E. Miller (2007), "Relationship quality as a predictor of B2B customer loyalty," *Journal of Business Research*, Vol. 60 No.1, pp. 21-31.

Reichheld, Frederick F., Robert G. Markey Jr. and Christopher Hopton (2000), "The loyalty effect - the relationship between loyalty and profits," *European Business Journal*, Vol.12 No.3, pp. 134-139.

Rowley, Jennifer and Jillian Dawes (2000), "Disloyalty: a closer look at non-loyals," *The Journal of Consumer Marketing*, Vol. 17 No.6, pp. 538-547.

Saxton, Matthew L. (2006), "Meta-analysis in library and information science: Method, history, and recommendations for reporting research," *Library Trends*, Vol. 55 No.1, pp. 158-170.

Seiders, Kathleen, Glenn B. Voss, Dhruv Grewal and Andrea L. Godfrey (2005)*, "Do satisfied customers buy more? Examining moderating influences in a retailing context," *Journal of Marketing*, Vol.69 No.4, pp.26-43.

Shankar, Venkatesh, Smith, Amy K. and Rangaswamy, Arvind (2003)*, "Customer satisfaction and loyalty in online and offline environments," *International Journal of Research in Marketing*, Vol. 20 No. 2, pp. 153-175.

Shih, Ya-Yueh and Fang, Kwoting (2005)*, "Customer defections analysis: an examination of online bookstores," *The TQM Magazine*, Vol. 17 No. 5, pp. 425-439.

Soderlund, Magnus and Mats Vilgon (1999)*, "Customer satisfaction and links to customer profitability: An empirical examination of the association between attitudes and behavior," *SSE/EFI Working Paper Series* in Business Administration, pp. 1-21.

Solvang, Bernt Krohn (2007), "Satisfaction, loyalty, and repurchase: a study of Norwegian customers of furniture and grocery stores," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 20, pp. 110-122.

Suh, Jung-Chae and Youjae Yi (2006), "When brand attitudes affect the customer satisfaction-loyalty relation: The moderating role of product involvement," *Journal of Consumer Psychology*, Vol.16, No. 2, pp. 145-155.

Sundaramurthy, Chamu, Dawna L. Rhoades and Paula L. Rechner (2005), "A meta-analysis of the effects of executive and institutional ownership on firm performance," *Journal of Managerial Issues*, Vol. 17 No.4, pp. 494-510.

Szymanski, David M. and David H. Henard (2001)*, "Customer satisfaction: A meta-analysis of the empirical evidence," *Journal of the Academy of Marketing Science*, Vol. 29 No.1, pp. 16-35.

Taylor, Steven A. and Hunter, Gary L. (2002)*, "The impact of loyalty with e-CRM software and e-services," *International Journal of Service Industry Management*, Vol. 13 No. 5, pp. 452-474.

Taylor, Steven A., Hunter, Gary L. and Longfellow, Timothy A. (2006), "Testing an expanded attitude model of goal-directed behavior in a loyalty context," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol.19, pp.18-39.

Tsai, Hsien-Tung, Heng-Chiang Huang, Yi-Long Jaw and Wen-Kuo Chen (2006)*, "Why on-line customers remain with a particular e-retailer: An integrative model and empirical evidence," *Psychology & Marketing*, Vol. 23 No. 5, pp. 447-464.

Wanke, Michaela and Malte Fiese (2004), "The role of experience in consumer decisions: The case of brand loyalty," In T. Betsch, & Haberstroh, S. (Ed.), *The Routines of Decision Making* (pp. 289-308). NJ: Lawrence Erlbaum Associates Publisher, Inc.

Whitener, Ellen M. (1990), "Confusion of confidence intervals and credibility intervals in meta-analysis," *Journal of Applied Psychology*, Vol.75 No.3, pp. 315-321.

Woodruff, Robert B. (1997), "Customer value: the next source for competitive advantage," *Journal of the Academy of Marketing Science*, Vol. 25 No.2, pp. 139-153.

Yang, Zhilin and Robin T. Peterson (2004), "Customer perceived value, satisfaction, and loyalty: The role of switching costs," *Psychology & Marketing*, Vol. 21 No.10, pp. 799-822.

Yoshida, Masayuki and Jeffrey D. James (2010), "Customer satisfaction with game and service experiences: antecedents and consequences," *Journal of Sport Management*, Vol. 24 No. 3, pp. 338-361.

Yu, Yi-Ting and Alison Dean (2001), "The contribution of emotional satisfaction to consumer loyalty," *International Journal of Service Industry Management*, Vol.12 No.3/4, pp. 234-250.

Zeithaml, Valarie A., Leonard L. Berry and A. Parasuraman (1996), "*The behavioral consequences of service quality*," Journal of Marketing, Vol. 60 No.2, pp. 31-46.

Zineldin, Mosad (2006), "The royalty of loyalty: CRM, quality and retention," *The Journal of Consumer Marketing*, Vol. 23 No. 7, pp. 430-437.

**\*Studies included in the meta-analysis and cited in the article.**

*Additional studies included in the meta-analysis*:

Alonso, Sergio (2000), "The antecedents and consequences of customer loyalty: the roles of customer satisfaction and consumer trust-commitment," Doctoral dissertation, University of Texas-Pan American.

Andreassen, Wallin T. and Bödil Lindestad (1998), "The effect of corporate image in the formation of customer loyalty," *Journal of Service Research*, Vol.8 No.1, pp. 82-92.

Ball, Dwayne, Coelho, Pedro-Simoes and Machas Alexandra (2004), "The role of communication and trust in explaining customer loyalty: an extension to the ECSI model," *European Journal of Marketing*, Vol. 38 No. 9/10, pp. 1272-1293.

Hallowell, Roger (1996), "The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study," *International Journal of Service Industry Management*, Vol. 7 No. 4, pp.27-42.

Huber, Frank and Herrmann, Andreas (2001), "Achieving brand and dealer loyalty: the case of the automotive industry," *International Review of Retail, Distribution and Consumer Research*, Vol. 11 No. 2, pp. 97-122.

Johnson, Michael D., Gustafsson, Anders, Andreassen Tor Wallin, Lervik, Line and Cha, Jaesung (2001), "The evolution and future of national customer satisfaction index models," *Journal of Economic Psychology*, Vol. 22 No. 2, pp. 217-245.

Karatepe, Osman M. and Ekiz, Erdogan H. (2004), "The effects of organizational responses to complaints on satisfaction and loyalty: a study of hotel guests in Northern Cyprus," *Managing Service Quality*, Vol. 14 No. 6, pp. 476-486.

Kim, Moon-Koo, Myeong-Cheol Park and Dong-Heon Jeong (2004), "The effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services," *Telecommunications Policy*, Vol.28 No.2, pp. 145-159.

Newman, Joseph W. and Richard A. Werbel (1973), "Multivariate analysis of brand loyalty for major household appliances," *Journal of Marketing Research*, Vol.10 No.4, pp. 404-409.

Olsen, Line L. and Michael D. Johnson (2003), "Service equity, satisfaction, and loyalty: From transaction-specific to cumulative evaluation," *Journal of Service Research*, Vol. 5 No.3, pp.184-195.

Spreng, Richard A., Harrell, Gilbert D. and Mackoy, Robert D. (1995), "Service recovery: Impact on satisfaction and intentions," *The Journal of Services Management*, Vol. 9 No. 1, pp. 15-23.

Suh, Jung-Chae and Youjae Yi (2006), "When brand attitudes affect the customer satisfaction-loyalty relation: The moderating role of product involvement," *Journal of Consumer Psychology*, Vol. 16 No.2, pp. 145-155.

Tsiros, Michael and Mittal, Vikas (2000), "Regret: a model of its antecedents and consequences in consumer decision making," *Journal of Consumer Research*, Vol. 26 No. 4, pp. 401-417

Turel, Ofir and Serenko, Alexander (2004), "User satisfaction with mobile services in Canada," Proceedings of the Third International Conference on Mobile Business.

Vickery, Shawnee K., Droge, Cornelia, Stank, Theodore P., Goldsby, Thomas J. and Markland, Robert E. (2004), "The performance implications of media richness in a Business-to-Business service environment: direct versus indirect effects," *Management Science*, Vol. 50 No. 8, pp. 1106-1119.

Wahid, Nabsiah A., Ramayah and Yong, Chuah K. (2003), "Satisfaction and loyalty of Malaysian SMEs: the case of trade portals," Paper presented at the Asian Academy of Management Conference.

Yang, Zhilin and Peterson, Robin T. (2004), "Customer perceived value, satisfaction, and loyalty: the role of switching costs," *Psychology & Marketing*, Vol. 21 No. 10, pp. 799-822.

Yu, Yi-Ting and Dean, Alison (2001), "The contribution of emotional satisfaction to consumer loyalty," *International Journal of Service Industry Management*, Vol. 12 No. 3/4, pp. 234-250.

**Send correspondence regarding this article to:**

**Russell Abratt**
**Professor of Marketing**
**H Wayne Huizenga School of Business and Entrepreneurship**
**Nova Southeastern University,**
**And Wits Business School, University of the Witwatersrand**
**3301 College Avenue**
**Fort Lauderdale, FL 33314**
**Tel. (954) 262-5123**
**Fax. (954) 262-3960**
**e-mail: abratt@huizenga.nova.edu**

## APPENDIX A

## SUMMARY OF STUDIES INCLUDED IN THE META-ANALYSIS

| | | Loyalty-Satisfaction Relationship | Experimental Setting | |
|---|---|---|---|---|
| | Authors | Strength | Geography | Setting | |
| 1 | Alonso, 2000 | Moderate and weak | North America | Telecommunication | B2C |
| 2 | Andreassen and Lindestad, 1998 | Strong | Norway | Insurance industry | B2C |
| 3 | Ball et al., 2003 | Strong and moderate | Portugal | Banking industry | B2C |
| 4 | Boshoff, 2005 | Strong | South-Africa | Banking industry | B2C |
| 5 | Butcher et al., 2001 | Strong | Australia | Service industry | B2C |
| 7 | Carpenter and Fairhurst, 2005 | Strong | North America | Products | B2C |
| 8 | Dixon et al., 2005 | Strong | Australia | Retail industry (online) | B2C |
| 9 | Edvardsson et al., 2000 | Strong and moderate | Sweden | Product & services | B2C |
| 10 | Floh and Treiblmaier, 2006 | Moderate | Austria | Banking industry (online) | B2C |
| 11 | Fornell et al., 1996 | Strong | North America | Different economic sectors | B2C |
| 12 | Genzi and Pelloni, 2004 | Strong and weak | Italy | Service: fitness center | B2C |
| 14 | Hallowell, 2006 | Strong and moderate | North America | Banking industry | B2C |
| 16 | Harris and Goode, 2004 | Strong and weak | UK | Online consumers | B2C |

| 17 | Huber and Herrmann, 2001 | Strong, moderate and weak | Germany | Auto industry | B2C |
|---|---|---|---|---|---|
| 19 | Johnson et. al., 2001 | Moderate and weak | Norway | Service industries | B2C |
| 20 | Kandampully and Suhartanto, 2000 | Weak | Australia | Hotel industry | B2C |
| 21 | Karatepe and Ekiz, 2004 | Strong | Cyprus | Hotel industry | B2C |
| 22 | Law et al., 2004 | Strong | North America | Restaurant | B2C |
| 23 | Lee and Overby, 2004 | Strong | North America | Retail industry (online) | B2C |
| 24 | Olsen and Johnson, 2003 | Strong and moderate | Norway | Banking industry | B2C |
| 25 | Olsen et al., 2005 | Strong, moderate and weak | Norway | Product: seafood | B2C |
| 26 | Shankar et al., 2003 | Strong, moderate and weak | North America | Lodging industry | B2C |
| 27 | Suh and Y, 2006 | Strong | Korea | Products | B2C |
| 28 | Taylor and Hunter, 2002 | Strong | North America | Service: e-CRM | B2C |
| 29 | Vickery and Droge, 2004 | Strong | North America | Service: logistics | B2B |
| 30 | Wahid and Ramayah, 2003 | Strong | Malaysia | E-commerce | B2B |
| 31 | Yang and Peterson, 2004 | Strong | Hong Kong | Banking industry (online) | B2C |
| 32 | Yu and Dean, 2001 | Strong | Australia | Higher Education | B2C |

*Strong relationships with correlations above 0.45; moderate between 0.3-0.45, and weak relationships with correlations below 0.3*

## REPURCHASE INTENT-SATISFACTION RELATIONSHIP          EXPERIMENTAL SETTING

| | **Authors** | **Strength** | **Geography** | **Setting** | |
|---|---|---|---|---|---|
| 1 | Anderson and Sullivan, 1993 | Strong | Sweden | Variety of industries | B2C |
| 2 | Davidow, 2003 | Strong | North America | Service (complains) | B2C |
| 3 | Deslandes, 2003 | Strong | Caribbean | Travel industry | B2C |
| 4 | Eggert and Ulaga, 2002 | Strong | Germany | Service (supplier services) | B2B |
| 5 | Fullerton, 2005 | Strong | North America | Retail | B2C |

| | | | | | |
|---|---|---|---|---|---|
| 6 | Harris, 2003 | Strong | Multi-countries | Complaint | B2C |
| 7 | Jones et al., 2000 | Strong | North America | Banking services or hairstyling/barber services | B2C |
| 8 | Kim, 2004 | Strong and moderate | Korea | Online MIS, marketing and e-commerce | B2C |
| 9 | Kumar, 2002 | Moderate and weak | North America | Supplier | B2B |
| 10 | Mittal and Kamakura, 2001 | Strong | North America | Auto industry | B2C |
| 11 | Preis, 2003 | Strong | North America | Supply management | B2B |
| 12 | Quick and Burton, 2000 | Moderate and weak | North America | Auto industry | B2C |
| 13 | Seiders et al., 2005 | Strong | North America | Retail | B2C |
| 14 | Shih and Fang, 2005 | Strong and weak | China | Retail (online) | B2C |
| 15 | Soderlund and Vilgon, 1999 | Moderate | Europe | Wholesaler | B2B |
| 16 | Spreng et al., 1995 | Strong | North America | Service | B2C |
| 17 | Taylor and Hunter, 2002 | Strong | North America | Technology | B2C |
| 18 | Tsai et al., 2006 | Moderate | Taiwan | Retail (online) | B2C |
| 19 | Turel and Serenko, 2004 | Strong | North America | Telecommunication | B2C |

**REPURCHASE-SATISFACTION RELATIONSHIP**

| | | | | | |
|---|---|---|---|---|---|
| 1 | Durvasula et al., 2004 | Strong | Singapore | Insurance industry | B2C |
| 2 | Hennig-Thurau, 2004 | Strong | Germany | Retail and travel industries | B2C |
| 3 | Homburg and Giering, 2001 | Strong, moderate and weak | Germany | Auto industry | B2C |
| 4 | Seiders et al., 2005 | Weak | North America | Retail | B2C |
| 5 | Szymanski and Henard, 2001 | Strong | Global | Variety of industries | B2C/B2B |
| 6 | Tsiros and Mittal, 2000 | Moderate | North America | Computers | B2C |

**LOYALTY-REPURCHASE RELATIONSHIP**

| | | | | | |
|---|---|---|---|---|---|
| 1 | Lee et al., 2006 | Strong | France | Telecommunication | B2C |
| 2 | Newman and Werbel, 1973 | Strong and moderate | North America | Appliances | B2C |
| 3 | Peyrot and Van Doren, 1994 | Weak | North America | Auto industry | B2C |
| 4 | Taylor and Hunter, 2002 | Strong | North America | Service: e-CRM | B2C |

*Strong relationships with correlations above 0.45; moderate between 0.3-0.45, and weak relationships with correlations  below 0.3*

# EFFECTS OF DISLIKED EXECUTIONAL TECHNIQUES IN ADVERTISING: A FIVE-COUNTRY COMPARISON

## Kim-Shyan Fam, Victoria University of Wellington (New Zealand)
## Reinhard Grohs, University of Innsbruck (Austria) David S. Waller, University of Technology, Sydney (Australia)

## ABSTRACT

This study analyzes Asian consumers' attitudes towards disliked television commercials to provide an insight into the construct of advertising dislikeability. *Dislikeability is an important concept because if certain attributes of an advertisement are disliked, this can lead to potential customers disliking the brand, being dissatisfied with the advertiser, complaining about the advertisement, and/or refusing to purchase the advertised product*.

A total of 1,000 people were questioned in five Asian cities (Hong Kong, Shanghai, Jakarta, Bangkok and Mumbai) using telephone interviews. The study reveals seven dislike attributes: bad style of the ad, meaningless storyline, ugly or stupid char- acters, exaggerating product effectiveness, irresponsible or misleading content, scary or violent characters/settings, and hard-sell approaches. Findings from this study show that there is a close relationship between disliking television advertising and purchase intention. Additionally, the importance of the seven dislikeability dimensions differs between cities and product categories. Managerial implications are offered for organizations advertising in Asia.

## INTRODUCTION

Consumers' dislike of television advertising has been observed for years by several researchers (see Alwitt and Prabhaker 1992; Andrews 1989; Bartos 1981; Bartos and Dunn 1974; Bauer and Greyser 1968; Bush, Smith and Martin 1999; James and Kover 1992; Jozsa et al. 2010; Keane and Fam 2005; Zanot 1981). According to Alwitt and Prabhaker (1994), the dislike of television advertising cuts across demographic boundaries, with it more often than not being perceived to be an unwelcome intrusion, and regarded by many consumers as a constant source of irritation and dissatisfaction with the notion of "free television programs." With the increasing proliferation of media vehicles and subsequent messages, consumers have become extremely "ad-literate", thereby developing cynical attitudes towards television advertising. In addition, the generic concept of television advertising can be off-putting to the average consumer, and many consumers often make a conscious effort to avoid such advertising communications. As a result they are inclined to 'switch-off' before the first advertisement appears, watch non-commercial television stations if they are available, or download ad- free television programs online. In fact, both academics and practitioners contend it has become second nature for consumers to 'zap' television channels or buy programs on DVD, or use the internet to avoid watching advertisements (Postman 1986; Reeves and Nass 1996; Livingstone 2002; Cho and Cheon 2004). However, it is a rare occurrence for people to tune out because of an individual advertisement, as the concept of television advertising is disliked more than individual advertisements (Biel and Bridgwater 1990; Hollis 1995).

If consumers decide to watch television commercials, the research focus shifts to the effectiveness of specific advertisements. One important concept for determining how consumers respond to advertisements is 'ad likeability'. Prior to the

1980s, the literature rarely took any notice of the potential influence consumer attitudes towards advertisements could have on brand attitudes. MacKenzie, Lutz and Belch (1986) and MacKenzie and Lutz (1989) discovered through laboratory experiments that attitude towards the advertisement (Aad) has an influence on brand attitude. Haley and Baldinger (1991) identified and emphasized the role of 'liking' a commercial as an important evaluative measurement. Since then several other studies showed the positive effects of advertising likeability (e.g., Aaker and Stayman 1990; Biel and Bridgwater 1990; Du Plessis 1994; Walker and Dubitsky 1994; Fam and Waller 2006; Smit, van Meurs and Neijens 2006; Fam 2008). Biel and Bridgwater (1990) and Fam (2008) explored the components of ad likeability and identify six main likeable dimensions labeled as: *entertaining*, *energetic* or *stimulating*, *relevant*, *empathetic*, *familiar* and *irritating* in a review by Smit, van Meurs and Neijens (2006). Another finding of these studies is that the overall contribution each of these dimensions makes towards explaining ad likeability differs from one product category to another. On an aggregate level, however, the authors show that liked ads are more effective as they lead to higher preferences and purchase intentions (Kennedy and Sharp 1998; Smit, van Meurs and Neijens 2006).

While there have been numerous studies on ad likeability, there has been less on ad dislikeability. However, dislikeability is an important concept because if certain attributes of an advertisement are disliked, this can lead to potential customers disliking the brand, being dissatisfied with the advertiser, complaining about the advertisement, and/or refusing to purchase the advertised product.

To help fill this gap the research project described in this article focuses on uncovering consumers' attitudes towards disliked television commercials in five heavily populated Asian cities: Hong Kong, Shanghai, Jakarta, Bangkok and Mumbai. The aims of the study are to (1) investigate the 'ad dislikeability' construct and identify construct categories that contribute to ad dislikeability; (2) empirically assess how the dislikeability dimensions affect purchase intentions; and (3) test whether importance of the dislikeability categories and effects on purchase intentions differ across product categories and the five cities. Results from this study will add to the body of knowledge as, even though prior studies have established the various dimensions of ad likeability and indicated the presence of a relationship between ad likeability and performance, few have examined disliked advertisements. Further, according to Alwitt and Prabhaker (1994), for advertisers to be successful, marketers need to identify the appropriate reasons for the dislike of advertisements and address the reasons accordingly. The findings will enable a better theoretical understanding of ad dislikeability, its facets and consequences, as well as the managerial implications for international advertisers, particularly in Asia.

## BACKGROUND

### Ad Dislikeability

According to Biel and Bridgewater (1990) ad likeability is defined as a favorable response to a particular advertisement. In contrast to liked television advertisements, a disliked television commercial is likely to lower consumers' positive attitudes towards an advertised brand (Alwitt and Prabhaker 1994). However, this does not mean that liked and disliked advertisements are at opposite ends of a spectrum. Existing studies have been concerned with belief indicators that drive the attitude towards advertising in general, which follow "general attitude theory" (Fishbein and Ajzen 1975). Authors suggest that the perception of advertising relates to underlying beliefs about several facets, and focusing on the disliked drivers of advertising, these studies identify falsehood and deception (Ford, Smith and Swasy 1990; Muehling 1987), materialism (Larkin 1977),

value corruption (Pollay and Mittal 1993), and no sense (Bauer and Greyser 1968) as being associated with an overall negative perception of advertising.

Therefore, ad likeability studies provide evidence for a negative factor that reduces ad likeability and this factor identifies whether the advertisement possesses negative characteristics. Authors use different terms to describe this negative factor, such as *irritating*, *rubs the wrong way*, *alienating*, *tasteless*, or *confusing* (Aaker and Stayman 1990; Biel and Bridgwater 1990; Franzen 1994; Smit, van Meurs and Neijens 2006). Still, few studies have explored the different components of the negative factor (Jozsa et al. 2010). Negative attitudes towards specific ads can be caused by perceptions such as an over-used thus worn-out message; familiar, phony or illogical reasoning. If arguments are unrealistic or exaggerated, consumers may consider them to be an insult to their intelligence, and consequently the advertisement receives a negative response, as it is disliked. Further, if the advertisement is disliked then credibility may be lost as negative connotations develop, which can be a long-term problem for the advertiser. Collett (1994) finds a strong connection between disliking an ad and persuasion. Therefore, if consumers dislike a commercial, their brand attitude is adversely affected, especially when emotional appeals are involved.

Due to the observed influence on consumers' brand attitudes, this study will investigate the construct of ad dislikeability, its dimensions and its effect on consumer response to advertising. While a number of studies have identified the components of ad likeability (e.g. Biel and Bridgwater 1990; Fam 2008), little is known about the construct ad dislikeability and its dimensions. For academics it would be helpful to discover the underlying attributes for disliking an advertisement, while for practitioners it would be useful if these attributes could be identified in order to alter consumers' beliefs about an

advertisement. To obtain this information, the study's first research question is:

> **RQ1:** What are the dimensions that constitute ad dislikeability? (i.e., identify categories of disliked execution techniques in advertising.)

## Culture and Ad Dislikeability

Culture is basically a society's personality, and exists to satisfy the needs of the people within a society, offering order and guidance, in the form of standards and rules, by providing known methods of satisfying personal and social needs (Bednall and Kanuk 1997; Schiffman et al. 1997). This includes customs that consist of routine or everyday behaviors, such as what we eat, what we say, what we like and dislike, what we buy, or who we want to be associated with. Culture is learned, and at an early age people begin to acquire a set of beliefs, values and customs from the social environment that constitute their culture. In any culture, the core beliefs and values are inherited by children from their parents and are emphasized by social institutions such as schools, religious groups, businesses and government. For marketers, de Mooij (1998, p. 61) claims:

'*Understanding the concept of culture and the consequences of cultural differences will make marketing and advertising people realise that one message, whether verbal or visual, can never reach one global audience, because there is not one global culture comprised of people with identical values. Worldwide, there is a great variety of values.*'

Scholars have frequently observed that the salience of values varies from culture to culture (e.g., Hofstede 1980; Lynn 1991; Triandis 1989). Consequently, some authors hold that one would expect differences in advertising strategies and execution styles across countries (e.g., Albers-Miller and

Stafford 1999; Tai 1997). Researchers indeed generally have found differences in advertising content, style and strategy across countries (Aaker and Norris 1982; Cheng and Schweitzer 1996; Madden, Caballero and Matsukubo 1986; Rice and Lu 1988; Weinberger and Spotts 1989; Zandpour, Chang and Catalano 1992; Lepkowska-White, Brashear and Weinberger 2003). Not surprisingly, a number of studies show that advertisements that reflect some local cultural values are more persuasive than those that ignore them (Gregory and Munch 1997; Han and Shavitt 1994; Hong, Muderrisoglu and Zinkhan 1987; Madden, Caballero and Matsukubo 1986; Taylor, Miracle and Wilson 1997).

Differences in the salience of values logically should reveal differences in the perception of whether an ad is disliked. Additionally, the facets that constitute disliking may differ among cultures. Therefore, this study aims to investigate differences in the degree and composition of dislikeability between residents with varied cultural values and religions. Accordingly, the second research question we address is:

> **RQ 2:** Do the disliked execution techniques differ between the five cities that are culturally different?

## Product Types and Ad Dislikeability

Jones (2000) reports that, although consumers in each continent share similar needs, they vary in the way they characterize products that can satisfy these needs. Furthermore, Lepkowska-White, Brashear and Weinberger (2003) claim that advertising appeals should be matched with product types. This is because the type of 'information search' carried out by consumers is closely related to the types of needs the product satisfies. For instance, Ratchford (1987) claims that informative products, such as homes, large appliances and cars, are very

important to consumers and satisfy utilitarian

needs of consumption, and so information on quality and price are valued. For affective goods such as sports cars, jewellery and fashion clothing, which fulfil ego-gratification, self-expression and social motives of consumption, emotional information is often sought by consumers. In the case of habit-forming products (e.g. beauty-aids and over-the-counter drugs) and self-satisfactory goods (e.g. snack foods, cigarettes, and soft drinks), Ratchford (1987) suggests providing heuristic information, as these types of goods are of low importance to consumers.

Laskey, Fox and Crask (1994) find that executional style impacts on commercial effectiveness, but the effective style tends to differ by product involvement. For instance, Johar and Sirgy (1991) and Sirgy and Johar (1992) show that for consumers who are highly involved with a product, utilitarian information is more effective, and for those who are not involved with a product, value expressive advertisements are more persuasive. Fam and Grohs (2007) show that the effectiveness of different liked execution techniques depends on product category, for example, when advertising services the entertainment characteristics of the advertisement are particularly important. On the other hand, respondents are more likely to buy more clothing and accessories if they perceive an advertisement to be trendy, and personal care items are bought more if advertisements are entertaining and emphasize the relevance of the brand for the user.

In relation to disliked execution styles, this research aims to explore the ad dislikeability construct and its components across product categories. The aim is to identify whether the composition of ad dislikeability depends on product category, and so the research question is:

> **RQ 3:** Do the disliked execution
> techniques differ between
> different product categories?

across countries (e.g., Albers-Miller and

**Purchase Intention**

Previous studies on ad likeability (e.g., Smit, van Meurs and Neijens 2006) show that a) the construct consists of several facets or dimensions; b) it has a positive impact on brand attitude and purchase intentions; and c) this impact depends on product category and, to a lesser degree, on cultural values. With regard to ad dislikeability it is known from a number of studies that ad dislikeability is a negative belief facet of the ad likeability construct; and negatively affects brand attitude. Additionally, ad dislikeability depends on the particular products being disliked when advertised, such as feminine hygiene products (e.g., Rehman and Brooks 1987; Rickard 1994). However, no study to date has examined how ad dislikeability affects purchase intentions. To determine the effects of specific disliked execution techniques on purchase intentions and whether they vary across cultures and with product type, the following research questions were developed:

**RQ 4:** Do the disliked execution techniques in advertising have an effect on purchase intention?

**RQ 5:** Do the disliked execution techniques in advertising have differential effects on purchase intention across the five cities that are culturally different?

**RQ 6:** Do the disliked execution techniques in advertising have differential effects on purchase intention across different product categories?

**METHODOLOGY**

**Country/City Selection**

To address the six research questions, information on the three dimensions of different product categories, and different countries was required. The questionnaire used was part of a larger study (Jozsa et al. 2010) and was constructed to provide information on the first two dimensions; namely different executional techniques and product categories.

Data was collected by telephone interviews with consumers living in five cosmopolitan Asian cities: Hong Kong, Shanghai, Jakarta, Bangkok and Mumbai. These cities represent four countries (i.e., China, Indonesia, Thailand and India), although it is noted that Hong Kong is part of China, its status as a world city, and its long history of Western influence, culture, heritage and economic development, warrants a *city state* treatment. Consequently, Hong Kong will be referred to as a 'country' for the purposes of this study.

These five cities were chosen for this study because they represent diverse cultural values, especially in terms of politics, economic status, and religion. While Hall (1976) claims that Asia is a high-context society, there are, in fact, degrees of difference.   to Hofstede (1980), India is relatively more individualist compared with Hong Kong, Indonesia and Thailand. Indonesians strongly believe that there should be inequality in status, but this view is not strongly accepted by the people of Hong Kong, Thailand and India. In relation to uncertainty avoidance, Thais feel more threatened by unclear, unstructured or unpredictable situations relative to the people of Hong Kong, Indonesia and India. Finally, the people of Hong Kong are more masculine and have a more long-term orientation than their counterparts in the other countries.

Politically, China is a communist country under one-party control whereby its president is elected by communist party 'delegates' for a five-year term. Hong Kong has been a special administrative region of China since 1997, and its chief executive, as head of the territory, governs an 800-member electoral committee appointed by the Chinese

liberal democracy in the world, with a parliamentary system that has a president as head of state. Thailand is currently being ruled by a military junta after a coup in September 2006, and has a constitutional monarchy as its head of state. The Republic of Indonesia is a nation of 17,508 islands consisting of numerous distinct ethnic, linguistic, and religious groups, and its president is directly voted for by the people for a five-year term (CIA World Fact Book 2011).

Among the five countries, Hong Kong is the richest in terms of per capita income. It has a GNI (Gross National Income) per capita of US$27,670, followed by Thailand (US$2,750), China (US$1,740), Indonesia (US$1,280) and India (US$730) (World Bank 2007). Hong Kong is an important centre for international finance and trade. It is a highly-developed capitalist economy built on a policy of free market enterprise with low taxation and no government intervention. In contrast, although China now enjoys a market-oriented economy, it operates within a rigid political framework under communist party control. The economies of Thailand and Indonesia are market-based with the government playing a significant role. In the case of India, the economy encompasses traditional village farming and modern agriculture, with services, such as IT and business process outsourcing, are its major source of economic growth, accounting for more than 60% of India's output (CIA World Fact Book 2011).

In terms of religion, the majority of the Hong Kong population practices Buddhism and Taoism, with Christians representing 10% of its total population (World Bank 2007). Confucianism also has a profound influence (Samovar, Porter and McDaniel 2007). The People's Republic of China is officially secular and atheist, however, Buddhism and Taoism, together with an underlying Confucian morality, are the dominant religions of China, the world's most populous country with over 1.3 billion different disliked execution techniques,

inhabitants (World Bank 2007). India is the

Government. India is the most populous

world's second most populous country with Hinduism being the most practiced religion, followed by Islam and Christianity (World Bank 2007). Thailand is considered to be the Buddhist kingdom, while ancestor worshipping and a strong sense of hospitality and generosity are also an essential part of Thai spiritual practice. Indonesia is the world's fourth most populous country and the most populous Muslim-majority nation.

The total main mass media (television, newspapers and magazines) spending in the five countries in 2005 was US$48.84 billion (Nielsen Media 2005). Television dominated the main media spending at 66%, followed by newspapers (29%) and magazines (5%). In terms of major market spend within the five countries, China's main media accounted for 56% of main media spend measured followed by Hong Kong (7%), India (4%), Indonesia (4%) and Thailand (3%) (Nielsen Media 2005).

Finally a point worth noting is that with the inclusion in this study of China, India and Indonesia, three of the world's most populous countries, the findings will be of significant value to international advertisers seeking a market share in these emerging economies. Given the diversity of cultural values among the five cities, it will be useful to explore the effectiveness of different ad appeals among the urban young adults who live there.

## Questionnaire Design and Data Collection

The relevant ad dislikeability dimensions were derived directly from consumer perceptions. In a telephone survey respondents recollected television advertisements they disliked and explained why they disliked them. Specifically, respondents were asked to nominate three advertisements that they disliked, and asked to give as many key reasons as possible why they disliked the advertisements. Then respondents indicated whether they bought the brand/product in the advertisements more or less often, or if their purchase decisions

remained the same after exposure to the advertisements. Additionally, respondents provided demographic information about themselves, including gender, age, personal income, education, and religion.

This study followed the strategy of matched samples (Hofstede 1991), so that rather than trying to draw representative samples from the populations of the five countries involved, it surveyed well-defined, homogeneous samples which differed in nationality but were alike in as many aspects as possible. Therefore, the criteria used to select the 200 young adults in each city for the telephone interview were as follows: every third person listed in the local telephone directory aged between 25 and 35-years-old who spent at least five hours or more on average watching television each week, and who fitted into class A, B, or C+. Class C+ was equivalent to having a personal gross income per annum of HK$84,000 in Hong Kong, RMB38,000 in China; Rupiahs 45 million in Indonesia; Baht 165,000 in Thailand; and Rupees 210,000 in India (Lowe Advertising, 2005). In essence, these urban young adults were selected because they had the economic ability to purchase the advertised brands. A checklist was given to each interviewer to ensure that the selected respondents met the criteria set out for each city. To ensure an even split of males/females and age groups (25-30; 31-35 years), interviewers were instructed to stop interviewing respondents once their quota was met.

A professional research agency with local subsidiaries in each of the five cities was engaged to carry out the research project, which was sponsored by Lowe Advertising (HK) Ltd. The first author of this article worked closely with the project sponsor in designing, developing and piloting the semi-structured questionnaire. Pre-testing feedback from interviewers suggested that the interview should last about 25 minutes without respondents tiring. Telephone interviewing was deemed to be the most suitable method for this study because it allowed respondents to offer interviewers their top-of-mind thoughts about the advertisement/s that they disliked. The respondents' thoughts relating to the advertisements were elicited with these questions:

*"I would like you to think about advertisements you have seen recently on TV which you <u>disliked</u> (i.e., find disagreeable, feeling of not liking, feeling against – Oxford Dictionary)"*

*"Could you please describe for me the first advertisement that comes to mind that you <u>dislike</u>?"*

*"Just briefly tell me what it is about?"*

*"Now, think of the next advertisement that comes to mind that you <u>dislike</u>, could you please tell me what it is about?"*

*"Thanks. Is there any other advertisement that you <u>dislike</u>? Please tell me what it is about?"*

For product category and purchase intention, these questions were asked:

*"Now, thinking about the first (second and third) advertisement that you mentioned, can you remember the name of the product/service that was being advertised?"*

*"Did you buy more, less or the same amount after seeing the advertisement?"*

These questions were translated into local language (Cantonese for Hong Kong; Mandarin for Shanghai; Bahasa Indonesia for Jakarta; Hindi for Mumbai; and Thai for Bangkok) by the research agency's locally-trained interviewers. Utilizing short, concise statements with simple language, it was felt that these questions were less likely to be misinterpreted by respondents from different countries. Back translation was carried out by the manager of each subsidiary and checked by the first author of this article (who speaks

four languages: Cantonese, Mandarin, Bahasa Indonesia and English) and the advertising agency's director of strategic planning. Additionally, the first author had a sample of the television commercials from each city. This meant a cross check was made of the respondents' descriptions of the advertisements and reasons for disliking them against the sample. The results showed that the descriptions provided by the respondents matched the sample commercials and the English translations appeared to correctly describe the advertisements. Hence, the responses were considered to be sufficient enough for conclusions to be drawn about the population in relation to the study's purpose.

### Ad Dislikeability Dimensions and Differences among Cities and Product Categories

The 1,000 (200 per city) young adults interviewed by telephone were asked to nominate up to three advertisements that they disliked and provide as many 'dislikeable' reasons as they wished. This format produced 890 advertisements in total. From this list the product/brand duplications mentioned by each respondent were deleted to eliminate any bias a respondent had towards a particular product category (see Biel and Bridgwater 1990).

This procedure resulted in 660 nominated advertisements and 952 dislikeable reasons from the five cities' respondents. Five independent judges (graduate students of Marketing, English and Economics) were recruited and employed to develop product categories from the 660 nominated advertisements. After being introduced to the coding scheme they were divided into two groups, with the first author leading one of the groups. The eventual agreement between the two groups ranged between 90% and 92% for the five cities and resulted in seven product categories. Any differences were discussed and reconciled with the help of the first author. The final categories were: *services*, *durables*, *clothing and accessories*, *personal care*, *drinks*, *foods*, and *addictive products*.

In order to develop dislikeability dimensions from the data (**RQ 1**), the judges then coded the 'dislikeable reasons' into attribute categories, i.e., disliked execution techniques. The same five judges were trained by the first author. Training sessions began with an overview of content analysis, judge responsibilities and the coding scheme (1=present, 0=absent). Judges were then given sample reasons and asked to 'create' as many adjectives as they wished. Examples of these adjectives included ad is 'boring', 'looks stupid', 'scary', 'violent', to name a few. In applying the coding scheme, the judges were instructed to make a decision about which one attribute should be allocated to be the one best 'reason' for disliking the advertisement. If the 'reason' was allocated to a particular attribute, it received a '1' score for that attribute and a '0' score in all the others. For instance, if the reason given by the respondents was related to *style*, it was nominated as '1', if not it was assigned a '0'. After the judges confirmed they were comfortable with the coding scheme and procedure, they again gathered into two groups and then categorized all the dislikeable 'reasons'. Disagreements between the two groups were discussed and reconciled, and the 952 'reasons' were reduced to seven attributes categories. The final inter-judge reliabilities between the two groups exceeded the suggested guideline of 85% (Kassarjian 1977) for the cities of interest.

### RESULTS

Once the coding procedure was complete, seven 'dislikeable' attributes categories were identified:

**1.    Style:** the ad is old-fashioned, repetitive, boring or annoying.
**2.    Meaningless:** the ad is irrelevant to the product, does not have a storyline or is difficult to understand.
**3.    Character:** characters have bad appearances or look stupid/ugly.

**4.    Exaggerating:** the ad is exaggerated (ad content/characters' facial expressions), exaggerates the product effectiveness, or is irrational/unrealistic.

**5.    Irresponsible:** the ad has an unhealthy concept, misleads youngsters/people, or denigrates the female image.

**6.    Scary/Indecent/Violent:** the ad (character/setting) is scary, violent, indecent, or contains a pornographic element.

**7.    Hard-sell:** the ad/slogan makes people feel bad/resentful towards it, too hard sell, or too directly criticized their competitor.

Most of the total 952 dislikeability reasons related to *style* (33.6%), followed by *meaningless* (18.2%), *exaggerating* (15.7%), *character* (10.8%), *irresponsible* (10.6%), *hard-sell* (6.9%), and *scary/indecent/violent* (4.2%). **RQ 1 has now been answered**.

To address **RQ 2**, a city-by-city breakdown of results shows that the likelihood of mentioning negative attributes with regard to TV advertisements differs considerably between the five cities (see Table 1). Overall, people from Shanghai were most likely to mention at least one disliked execution technique (82%), followed by Jakarta (78%), Hong Kong (71%), Mumbai (57%), and Bangkok (43%). Adjusted for sample size in each city, the average number of disliked execution techniques per respondent was calculated. Respondents from Hong Kong mentioned on average the largest number of negative attributes (1.56 per respondent), followed by Shanghai (1.55), Jakarta (1.46), Mumbai (1.32) and Bangkok (1.18). ANOVAs with Tukey's post hoc tests were used to identify significant differences between the five countries with regard to the seven dislikeability reasons (see Table 1). *Style* of advertisements was identified by a high proportion of respondents from Shanghai (43.9%), Jakarta (37.6%) and Hong Kong (32.6%) as their primary reason for disliking the ads. In contrast, respondents from Bangkok were more likely to dislike ads that were *exaggerating* (28.0%). *Irresponsible* ads were particularly disliked in Mumbai (20.0%); *scary/indecent/violent* ads were disliked in Hong Kong (13.1%) significantly more than in the other four cities. *Scary/indecent/violent* ads were only of minor concern in Mumbai (1.3%), Shanghai (0.8%) and Jakarta (0.4%). *Hard-sell* was a problem in Mumbai (14.7%) and Shanghai (12.2%), but significantly less so in Jakarta (4.4%), Bangkok (2.0%) and Hong Kong (0.5%).

To address **RQ 3,** mentions of disliked execution techniques were analyzed across the seven product categories (see Table 2). On average, mentions of dislikeability attributes were highest for durables (1.59), followed by personal care (1.54), addictives (1.47), clothing (1.42), services (1.38), drinks (1.31) and foods (1.22). ANOVAs with Tukey's post hoc tests were used to identify significant differences between the seven product categories with regard to the seven dislikeability reasons (see Table 2). *Style* was identified by a high proportion of respondents to be a primary reason for disliking the ads in the product categories of clothing (42.0%), personal care (41.0%) and durables (39.5%). *Meaningless* ads were particularly likely to cause an aversion among respondents for addictives (29.8%), durables (27.9%) and services (27.4%). *Irresponsible* ads were disliked especially for addictives (19.1%), *scary/indecent/violent* ads for services (18.9%), and *hard-sell* ads for drinks (16.7%).

**Table 1**

**Reasons for Disliking the Commercials across Cities**
**(net number of mentions)**

| Attributes | Total | HK | SH | JA | BK | MB | |
|---|---|---|---|---|---|---|---|
| | 952 | 221 | 255 | 226 | 100 | 150 | F-values (ANOVA)) |
| | (%) | (%) | (%) | (%) | (%) | (%) | |
| Style | 320 | $72^a$ | $112^a$ | $85^a$ | $19^b$ | $32^b$ | 10.16** |
| | (33.6) | (32.6) | (43.9) | (37.6) | (19.0) | (21.3) | |
| Meaningless | 173 | $38^a$ | $33^a$ | $43^a$ | $27^a$ | $32^a$ | 1.01 |
| | (18.2) | (17.2) | (12.9) | (19.0) | (27.0) | (21.3) | |
| Character | 103 | $31^b$ | $20^{ab}$ | $32^b$ | $6^a$ | $14^{ab}$ | 3.46** |
| | (10.8) | (14.0) | (7.8) | (14.2) | (6.0) | (9.3) | |
| Exaggerating | 149 | $27^b$ | $48^{ab}$ | $28^b$ | $28^a$ | $18^b$ | 3.81** |
| | (15.7) | (12.2) | (18.8) | (12.4) | (28.0) | (12.0) | |
| Irresponsible | 101 | $23^{ab}$ | $9^a$ | $27^{ab}$ | $12^a$ | $30^b$ | 5.92** |
| | (10.6) | (10.4) | (3.5) | (11.9) | (12.0) | (20.0) | |
| Scary/Indecent/Violent | 40 | $29^a$ | $2^b$ | $1^b$ | $6^b$ | $2^b$ | 17.37** |
| | (4.2) | (13.1) | (0.8) | (0.4) | (6.0) | (1.3) | |
| Hard-sell | 66 | $1^a$ | $31^b$ | $10^a$ | $2^a$ | $22^b$ | 11.63** |
| | (6.9) | (0.5) | (12.2) | (4.4) | (2.0) | (14.7) | |
| Sample size | 660 | 142 | 164 | 155 | 85 | 114 | |
| Attributes per respondent | 1.44 | 1.56 | 1.55 | 1.46 | 1.18 | 1.32 | |

Note: * $p < 0.05$, ** $p < 0.01$; HK = Hong Kong, SH = Shanghai, JA = Jakarta, BK = Bangkok, MB = Mumbai.
Percentages for each city may not total 100 percent because of rounding.
[a, b] Different alphabetical superscripts indicate significant differences between percentages in each row ($p < 0.05$).

**Table 2: Reasons for Disliking the Commercials across Product Categories**
**(net number of mentions)**

| Attributes | Total | Services | Durables | Clothing | Pers. Care | Drinks | Foods | Addictives | F-values (ANOVA) |
|---|---|---|---|---|---|---|---|---|---|
| | 952 | 95 | 43 | 119 | 415 | 114 | 72 | 94 | |
| | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | |
| Style | 320 | $18^a$ | $17^b$ | $50^{ab}$ | $170^b$ | $25^{ab}$ | $18^{ab}$ | $22^{ab}$ | 6.59** |
| | (33.6) | (18.9) | (39.5) | (42.0) | (41.0) | (21.9) | (25.0) | (23.4) | |
| Meaningless | 173 | $26^a$ | $12^a$ | $11^b$ | $58^{ab}$ | $26^{ab}$ | $12^{ab}$ | $28^a$ | 4.47** |
| | (18.2) | (27.4) | (27.9) | (9.2) | (14.0) | (22.8) | (16.7) | (29.8) | |
| Character | 103 | $7^a$ | $6^a$ | $16^a$ | $41^a$ | $10^a$ | $13^a$ | $10^a$ | 0.99 |
| | (10.8) | (7.4) | (14.0) | (13.4) | (9.9) | (8.8) | (18.1) | (10.6) | |
| Exaggerating | 149 | $11^a$ | $4^a$ | $22^a$ | $70^a$ | $13^a$ | $19^a$ | $10^a$ | 2.12* |
| | (15.7) | (11.6) | (9.3) | (18.5) | (16.9) | (11.4) | (26.4) | (10.6) | |
| Irresponsible | 101 | $13^{ab}$ | $3^{ab}$ | $12^{ab}$ | $34^{ab}$ | $17^{ab}$ | $4^a$ | $18^b$ | 2.52* |
| | (10.6) | (13.7) | (7.0) | (10.1) | (8.2) | (14.9) | (5.6) | (19.1) | |
| Scary/Indecent/Violent | 40 | $18^a$ | $1^b$ | $3^b$ | $8^b$ | $4^b$ | $3^b$ | $3^b$ | 8.86** |
| | (4.2) | (18.9) | (2.3) | (2.5) | (1.9) | (3.5) | (4.2) | (3.2) | |
| Hard-sell | 66 | $2^a$ | $0^a$ | $5^a$ | $34^{ab}$ | $19^b$ | $3^a$ | $3^a$ | 4.43** |
| | (6.9) | (2.1) | (0.0) | (4.2) | (8.2) | (16.7) | (4.2) | (3.2) | |
| Sample size | 660 | 69 | 27 | 84 | 270 | 87 | 59 | 64 | |
| Attributes per respondent | 1.44 | 1.38 | 1.59 | 1.42 | 1.54 | 1.31 | 1.22 | 1.47 | |

Note: * $p < 0.05$, ** $p < 0.01$.
Percentages for each product category may not total 100 percent because of rounding.
[a, b] Different alphabetical superscripts indicate significant differences between percentages in each row ($p < 0.05$).

**Effects of Ad Dislikeability on
Purchase Intentions**

For each advertisement recalled, mentions of disliked executional techniques were counted and the resulting values were inserted into the data file. The ads were assigned to one of the seven product categories, constituting one product category variable in the data file. A country variable was included to reflect the Asian cities the respondents came from. One variable indicated whether the respondents had used the brand in the disliked ad before; another variable was used to indicate whether the respondents bought the respective brand less often, more often, or as often after viewing the ad. This data file provided the starting point from which to explore **RQs 4 to 6**.

Individuals who had not bought the brand in the disliked ad before were eliminated from further analysis. This was necessary because the research team was only interested in the impact of disliked attributes on the probability of buying less: buying less is obviously not an option if the brand has not been used before. Next, respondents who did not mention a single dislikeability attribute were deleted from the database: if no dislikeability attribute was mentioned, the effect of different disliked execution techniques on behavior could not be tested. In a validity check it was confirmed that people who did not mention a single disliked attribute were more likely to buy the same or more after seeing the ad (p < 0.05). This winnowing procedure resulted in 449 eligible people remaining in the database.

To simplify interpretation of the results, the purchase categories were then collapsed into buying the same/more and

buying less after seeing the advertisement. From a conceptual point of view, it was expected that disliked execution techniques would explain the shift from buying the same to buying less, and not from buying more to buying the same. Statistically, this assumption was confirmed with a multinomial logistic regression. All disliked execution techniques, except for the *irresponsible* category, were found to significantly affect people so that they bought less (compared with buying the same), while *irresponsible* was the only attribute that affected respondents' probability of buying the same (compared with buying more). The observation that perceptions of irresponsibility does not shift people from buying the same to buying less, but rather from buying more to buying the same is interesting and deserves further examination.

In line with the research questions, the effects of all seven disliked execution techniques on purchase intention of the advertised brand were assessed. For each ad, *i*, the probability of a respondent buying less after seeing the ad (as opposed to continuing to buy the same or buying more) was estimated as a function of the seven dislikeability dimensions (*style*, *meaningless*, *character*, *exaggerating*, *irresponsible*, *scary/indecent/violent*, *hard-sell*). Note that for each attribute category a respondent might have zero, one, two or more mentions, depending on the number of stated reasons and how they were coded. One general model across all countries and product categories was investigated first. In formal terms, a binary logistic regression was tested and a linear structure for the log odds specified:

$$\log \frac{P(\text{buy less})_i}{P(\text{same})_i} = \beta_0 + \beta_1 \cdot STYLE + \beta_2 \cdot MEANING + \beta_3 \cdot CHARACTER + \beta_4 \cdot EXAGG + \\ \beta_5 \cdot IRRES + \beta_6 \cdot VIOLENT + \beta_7 \cdot HARDS \quad (1)$$

In a second step, variables for the five Asian cities were added to find out (1) whether the main effects of the execution techniques were stable, and (2) whether there were significant differences in the strength of the effects among the five cities. To test the city influence the general model was modified and included dummy variables $CD_j$ for the cities $j$ ($j = 1, \ldots, 5$):

$$\log\frac{P(\text{buy less})_i}{P(\text{same})_i} = \beta_0 + \beta_1 \cdot STYLE + \beta_2 \cdot MEANING + \beta_3 \cdot CHARACTER + \beta_4 \cdot EXAGG + \beta_5 \cdot IRRES + \beta_6 \cdot VIOLENT + \beta_7 \cdot HARDS + \sum_{j=1}^{J-1}\gamma_j \cdot CD_j \quad (2)$$

Similarly, effects of the seven product categories were analyzed. To test the influence of product type the general model was modified and included dummy variables $PD_k$ for the product categories $k$ ($k = 1, \ldots, 7$):

$$\log\frac{P(\text{buy less})_i}{P(\text{same})_i} = \beta_0 + \beta_1 \cdot STYLE + \beta_2 \cdot MEANING + \beta_3 \cdot CHARACTER + \beta_4 \cdot EXAGG + \beta_5 \cdot IRRES + \beta_6 \cdot VIOLENT + \beta_7 \cdot HARDS + \sum_{k=1}^{K-1}\delta_k \cdot PD_k \quad (3)$$

Finally, a model was estimated including both city dummies $CD_j$ and product category dummies $PD_k$ to test the stability of the findings across the five Asian cities and the seven product types. Formally, the following model was estimated:

$$\log\frac{P(\text{buy less})_i}{P(\text{same})_i} = \beta_0 + \beta_1 \cdot STYLE + \beta_2 \cdot MEANING + \beta_3 \cdot CHARACTER + \beta_4 \cdot EXAGG + \beta_5 \cdot IRRES + \beta_6 \cdot VIOLENT + \beta_7 \cdot HARDS + \sum_{j=1}^{J-1}\gamma_j \cdot CD_j + \sum_{k=1}^{K-1}\delta_k \cdot PD_k \quad (4)$$

**Outcomes**

Table 3 shows the effects of the seven disliked execution techniques on purchase intention (**RQs 4, 5 and 6**). The first two columns identify the independent variables, i.e., the seven dislikeability dimensions, the city and the product category dummies. The next two columns indicate the results for the general model (Eq. (1)). The other columns present the results for the general model with dummy variables for the different cities (Eq. (2)), product categories (Eq. (3)), and cities and product categories (Eq. (4)).

The p-value for overall model fit is smaller than 0.001 for all models, indicating a good fit. Nagelkerke's $R^2$ ranges from 0.105 for the general model to 0.138 for the general model with city and product type dummy variables. Introducing dummy variables increases Nagelkerke's $R^2$. Although not very high, these values are reasonable, particularly as purchase intention is influenced by many other factors aside from disliked execution techniques in advertisements.

The main effects of the seven disliked execution techniques are virtually identical in the four models. For further interpretation the study focused on the richest model with both city and product category dummies. Six of the seven disliked execution techniques have a significant impact on the probability of buying less of the advertised brand (*style*, *meaningless*, *character*, *exaggerating*, *scary/indecent/violent*, *hard-sell*). The negative signs indicate that respondents who mentioned more negative attributes in each category were less likely to buy the advertised product again. The city dummies are not significant, i.e., the effects of the seven dislikeability dimensions on purchase intentions do not differ between the five Asian cities. The product type dummies indicate that the effects of the execution techniques are significantly different for services compared with the baseline category durables ($p < 0.05$). Further analysis with services as the reference category also shows a significant difference between services compared with clothing and accessories ($p < 0.05$). Apart from these observations, the effects of disliked execution techniques on purchase intention are not significantly different among product categories. The negative signs for the product category dummies indicate that for durables and clothing, the negative effect of disliked execution techniques on purchase intentions is weakest, while for services it is strongest.

The results point to three important conclusions: (1) disliked execution techniques have a significant negative impact on purchase intention; (2) these findings do not vary across the five Asian cities; and (3) these findings do not vary much across product categories, with a slightly stronger effect for services, and a slightly weaker effect for durables and clothing.

**Table 3: Effects of Disliked Execution Techniques on Purchase Intentions**

| | | *General Model* | | *Model with City Dummies* | | *Model with Product Category Dummies* | | *Model with City and Product Dummies* | |
|---|---|---|---|---|---|---|---|---|---|
| | | B | Sig. | B | Sig. | B | Sig. | B | Sig. |
| *Disliked Execution Techniques* | Style | -0.89 | p<0.01 | -0.96 | p<0.01 | -0.98 | p<0.01 | -1.05 | p<0.01 |
| | Meaningless | -0.97 | p<0.01 | -0.98 | p<0.01 | -1.01 | p<0.01 | -1.00 | p<0.01 |
| | Character | -0.76 | p=0.03 | -0.78 | p=0.03 | -0.88 | p=0.01 | -0.92 | p=0.01 |
| | Exaggerating | -0.90 | p<0.01 | -0.97 | p<0.01 | -0.98 | p<0.01 | -1.04 | p<0.01 |
| | Irresponsible | -0.48 | p=0.25 | -0.52 | p=0.21 | -0.52 | p=0.21 | -0.55 | p=0.19 |
| | Scary/Indecent/Violent | -1.48 | p<0.01 | -1.35 | p=0.01 | -1.30 | p=0.01 | -1.31 | p=0.01 |
| | Hard-sell | -0.93 | p=0.01 | -1.08 | p<0.01 | -0.94 | p=0.01 | -1.04 | p<0.01 |
| *City[1]* | $CD_{Hong Kong}$ | | | 0.25 | p=0.61 | | | 0.47 | p=0.35 |
| | $CD_{Shanghai}$ | | | 0.69 | p=0.16 | | | 0.70 | p=0.17 |
| | $CD_{Jakarta}$ | | | 0.75 | p=0.12 | | | 0.69 | p=0.16 |
| | $CD_{Mumbai}$ | | | 0.51 | p=0.30 | | | 0.37 | p=0.47 |
| *Product Category[2]* | $PD_{Services}$ | | | | | -1.83 | p=0.03 | -1.85 | p=0.04 |
| | $PD_{Clothing}$ | | | | | -0.75 | p=0.39 | -0.75 | p=0.39 |
| | $PD_{PersCare}$ | | | | | -1.09 | p=0.18 | -1.18 | p=0.16 |
| | $PD_{Drinks}$ | | | | | -1.45 | p=0.09 | -1.39 | p=0.11 |
| | $PD_{Foods}$ | | | | | -0.93 | p=0.31 | -0.98 | p=0.29 |
| | $PD_{Addictives}$ | | | | | -1.04 | p=0.23 | -1.16 | p=0.19 |
| *Overall model* (N=449) | | p < 0.01 | | p < 0.01 | | p < 0.01 | | p < 0.01 | |
| *Nagelkerke's $R^2$* | | 0.105 | | 0.117 | | 0.131 | | 0.138 | |

[1] Reference category: Bangkok
[2] Reference category: Durables

## DISCUSSION AND MANAGERIAL IMPLICATIONS

The results of this research suggest that, within similar demographic groups (age, gender, income, and occupation), consumers have different reasons for disliking television commercials. Of the five cities, respondents from Hong Kong and Shanghai were most likely to mention disliked execution techniques, which are attributed to the level of economic development. Respondents from Hong Kong and Shanghai live in a fast-paced, highly competitive business environment, so they are more likely to experience and be able to compare commercials from many different countries either through travels or access to global television networks. For the less-developed economies, like Bangkok and Mumbai, where entertainment establishments are either out of reach or there are few of them, television commercials might become an entertainment per se. This may explain the low number of disliked ads as well as dislikeable execution techniques recorded for the respondents from these two cities.

The differences in the composition of ad dislikeability among the five cities could be attributed to the different cultural values and religious backgrounds of the respondents. Overall, *style* is the dominant attribute that drives disliking certain television commercials, which could be due to the 'homogeneity' of the respondents in each city. Given that the majority of the respondents are professionals (white-collar workers), they are less likely to tolerate commercials that are old fashioned, repetitive, boring or annoying. In addition, these professionals might have some exposure to Western media and commercials in their daily work and as such they are more likely to be able to distinguish an innovative advertisement from an old-fashioned ad or a good-taste ad from a bad taste ad. It was found that the Mumbai respondents disliked commercials that were *irresponsible* particularly those that tended to mislead youngsters, as these commercials go against the conventional protocol of children obeying

their parents and/or children's proper place and position in society. According to Abdi (2002), India is still a very conservative country and advertising in India must take into account local sensitivities. For instance, competitive individualism is severely frowned upon in Indian society as it can disrupt relationships by hurting others' feelings (Roland 1988). The respondents in Bangkok on the other hand disliked *meaningless* and *exaggerating* commercials, particularly those containing misleading information about product effectiveness. This may be due to the Buddhist teachings that it is not right to self-indulge, be materialistic or exploit others.

The analysis of ad dislikeability across product categories offers additional explanations for the differences in the composition of dislikeability. *Style* was identified as a primary reason for disliking ads in the product categories of clothing (42.0%), personal care (41.0%) and durables (39.5%). This again indicates that consumers do not want to be connected with brands that are perceived to be old-fashioned, boring or annoying. *Meaningless* ads promoting addictives, durables and services were particularly likely to cause aversion among the respondents. This is likely to be because consumers are generally more serious about making these purchase decisions (these are likely to be more high-involvement purchases), so they do not want irrelevant information or images in the ads. *Exaggerating* ads were disliked, especially ads for foods, which may be because unrealistic puffery can cause a feeling that the ads are not telling the truth about the product. Service products rely a great deal on the service provider, so ads that were *scary/indecent/violent* were likely to cause concern about the quality of the services. Finally, addictive products, such as alcohol and gambling, must be consumed responsibly otherwise this can lead to problems like alcoholism or gambling addiction, so consumers particularly disliked any connection between addictive products and *irresponsible* image.

An important issue is that a higher number of negative mentions did not translate directly into negative effects on purchase intentions, i.e., the effects of disliked execution techniques were not related to the number of mentions or to cultural differences between the cities. This study finds that disliked executional techniques have a significant negative impact on purchase intention, meaning that when respondents disliked commercials, they either did not buy the product or bought it less often. It was established that all of the disliked executional techniques, except for the *irresponsible* category, significantly affected people so that they bought less (compared with buying the same or more). With regard to product categories, purchase intention for services was negatively affected by disliked techniques. This could be because services are dependent on interaction and personal contact with the service provider. Being highly variable and intangible, an advertisement for a service would reflect physical evidence of quality that could not be observed or judged beforehand. For durables and clothing, because their physical product features are more relevant and directly observable, purchase intention is less dependent on disliked execution techniques in advertising.

For marketers in Asia, the results of this study are relevant in a number of ways. In Asia, preserving the traditional aesthetic values (e.g., adults showing exemplary behavior to children, educational ads, good-natured ads, etc.) is paramount and hence advertisers and creative directors should be aware of Asian values. Culture and religion play a significant role in shaping the behavior of these consumers. Asia is a multi-faith group of societies imbued with various traditions and customs. Respondents' dislike of some commercials may be due to their cultural upbringing as from a very young age, most Asian children are taught the 'right' approach to behave in public and in front of adults.

Clearly not all Asian markets are the same and this study indicates the executional techniques that are particularly disliked in specific Asian countries and for specific product types. This could help companies to focus on the 'right' messages for specific products in certain regions. Additionally, all seven ad dislikeability dimensions have the potential to influence consumers' purchase decisions in Asia. Hence, even though certain values are more salient in some cities, all disliked execution techniques are relevant in all Asian markets. Understanding the seven disliked execution techniques when developing advertising campaigns for any Asian market may help companies to avoid potential minefields, like antagonising or offending local cultural values, customs and traditions, and religious beliefs.

**CONCLUSION**

This study has explored the ad dislikeability construct and its dimensions in five Asian cities and across seven product categories. Its findings show that there are major differences in the composition of ad dislikeability, and that disliked execution techniques have similar effects on purchase intentions. Seven dislikeable television commercial attributes were identified, namely: bad style of the ad, meaningless storyline, ugly or stupid characters, exaggerating product effectiveness, irresponsible or misleading content, scary or violent characters or settings, and hard-sell approaches. Six disliked attributes (*style*, *meaningless*, *character*, *exaggerating*, *scary/indecent/violent*, *hard-sell*) were found to make people buy less (compared with buying the same or more), while for one execution technique (*irresponsible*) respondents indicated that they were buying the same amount of the advertised brand instead of buying more after seeing the disliked ad.

Since Asia is both a potential minefield, with many values and religious

beliefs, and a honey pot, as it is largely an untapped market, this research is important in that it provides international marketers with the capability to determine what potential customers dislike in their TV advertisements, and the factors that could potentially turn customers off the product or brand and make the advertising message totally ineffective.

Of course, this study does have limitations. Its focus only on the Asian market and perceptions of dislikeability may differ in other cultures. Further research could address this issue by examining the dimensions of ad dislikeability in other areas of the world, such as in Western or Arab countries. Another limitation stems from the use of advertisement recall and verbal descriptions from consumers. As the true amount of disliked execution techniques is unknown, it is not certain whether participants from the five cities differed with regard to their perceptions of the ads or whether the ads were actually different, i.e., contained different execution techniques. This does not affect the influence of the dislikeability dimensions on purchase intentions, but it relates to the descriptive dislikeability mentions in each attribute category. A similar issue arises with the dislikeability mentions in the seven product categories. It is not known for sure whether in specific product categories, specific techniques were really more disliked or whether they were actually used more in these ads and, therefore, mentioned more often. Future research should validate this study's findings by taking into account the actual content of ads in the respective cities and product categories.

Future research could also build on this study's findings and develop a scale to measure ad dislikeability based on the seven dislikeability dimensions identified. Such an attempt would increase understanding of the different facets of ad dislikeability and help to examine the position of the ad dislikeability construct in a nomological network of consumer responses to advertising. This would provide researchers and advertisers with an instrument that could be used to assess ad dislikeability, its dimensions and consequences in a structured way across countries and product categories.

## REFERENCES

Aaker, David A. and Donald Norris (1982), "Characteristics of TV Commercials Perceived as Informative," *Journal of Advertising Research*, 22 (2), 61-70.

Aaker, David A. and Douglas M. Stayman (1990), "Measuring Audience Perceptions of Commercials and Relating Them to Ad Impact," *Journal of Advertising Research*, 30 (4), 7-17.

Abdi, S. N. (2002), "Copywriters at a Loss for Words for Birth Control Ad," South China Morning Post, Monday, Sept. 2, 12.

Albers-Miller, Nancy D. and Marla R. Stafford (1999), "An International Analysis of Emotional and Rational Appeals in Services vs. Goods Advertising," *Journal of Consumer Marketing,* 16 (1), 42-57.

Alwitt, Linda F. and Paul R. Prabhaker (1992), "Functional and Belief Dimensions of Attitudes to Television Advertising: Implications for Copytesting," *Journal of Advertising Research*, 32 (5), 30-42.

Alwitt, Linda F. and Paul R. Prabhaker (1994), "Identifying Who Dislikes Television Advertising: Not by Demo," *Journal of Advertising Research*, 34 (6), 17-28.

Andrews, J. Craig (1989), "The Dimensionality of Beliefs toward Advertising in General," *Journal of Advertising*, 18 (1), 26-35.

Bartos, Rena (1981), "Ideas for Action-Ads That Irritate May Erode Trust in Advertised Brands," *Harvard Business Review*, 59 (4), 138-139.

Bartos, Rena and Theodore F. Dunn (1974), *Advertising and Consumers: New Perspectives*. New York: American Association of Advertising Agencies.

Bauer, Raymond A. and Stephen Greyser (1968), *Advertising in America: The Consumer View*. Boston: Harvard University Press.

Bednall, S. and Kanuk, W. (1997), *Consumer Behaviour*. Sydney: Prentice-Hall, Australia.

Biel, Alexander L. and Carol A. Bridgewater (1990), "Attributes of Likable Television Commercials," *Journal of Advertising Research*, 30 (3), 38-44.

Bush, Alan J., Rachel Smith, and Craig Martin (1999), "The Influence of Consumer Socialisation Variables on Attitude toward Advertising: A Comparison of African-Americans and Caucasians," *Journal of Advertising*, 28 (3), 13-26.

Cheng, Hong and John C. Schweitzer (1996), "Cultural Values Reflected in Chinese and U.S. Television Commercials," *Journal of Advertising Research*, 36 (3), 27-45.

Cho, Chang-Hoan and Hongsik John Cheon. (2004), "Why do People avoid Advertising on the Internet?" *Journal of Advertising*, 33 (4), 89-97.

CIA World Fact Book (2011), "Guides to Country Profiles," available at: https://www.cia.gov/library/publications/the-world-factbook/index.html (accessed May 22, 2011).

Collett, Peter (1994), "Youth: How Do They View Your Commercials?" Transcript Proceedings of the 5th ARF Youth Research Workshop. New York: Advertising Research Foundation.

De Mooij, Marieke (1998), *Global Marketing and Advertising – Understanding Cultural Paradoxes*. London: Sage Publications.

Du Plessis, Eric C. (1994), "Understanding and Using Likeability," *Journal of Advertising Research*, 34 (5), 3-10.

Fam, Kim-Shyan (2008), "Attributes of Likeable Television Commercials in Asia," *Journal of Advertising Research*, 48 (3), 418-32.

Fam, Kim-Shyan and Reinhard Grohs (2007), "Cultural Values and Effective Executional Techniques in Advertising – A Cross-Country and Product Category Study of Urban Young Adults in Asia," *International Marketing Review,* 24 (5), 519-538.

Fam, Kim-Shyan and David S. Waller (2006), "Identifying Likeable Attributes: A Qualitative Study of Television Ads in Asia," *Qualitative Market Research: An International Journal*, 9 (1), 38-50.

Fishbein, M. and Ajzen, I. (1975), *Belief, Attitude, Intention and Behavior: An Introduction to Theory and Research*. Reading Mass; Addison Wesley.

Ford, Gary T., Darlene B. Smith, and John L. Swasy (1990), "Consumer Scepticism of Advertising Claims: Testing Hypotheses from Economics of Information," *Journal of Consumer Research*, 16 (4), 433-441.

Franzen, Giep (1994), *Advertising Effectiveness: Findings from Empirical Research.* Henley-on-Thames: NTC Publications Limited.

Gregory, Gary D. and James M. Munch (1997), "Cultural Values in International Advertising: An Examination of Familial Norms and Roles in Mexico," *Psychology & Marketing*, 14 (2), 99-119.

Hall, Edward T. (1976), *Beyond Culture*. Garden City, NY: Anchor Books.

Haley, Russell I. and Allan L. Baldinger (1991), "The ARF Copy Research Validity Project," *Journal of Advertising Research*, 31 (2), 11-32.

Han, Sang-Pil and Sharon Shavitt (1994), "Persuasion and Culture: Advertising Appeals in Individualistic and Collectivistic Societies," *Journal of Experimental Social Psychology*, 30 (4), 326-350.

Hofstede, Geert (1980), *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, CA: Sage Publications.

Hofstede, Geert (1991), *Cultures and Organizations*. New York: McGraw-Hill.

Hollis, Nigel S. (1995), "Like It or Not, Liking Is Not Enough," *Journal of Advertising Research*, 35 (4), 7-16.

Hong, Jae W., Aydin Muderrisoglu, and George M. Zinkhan (1987), "Cultural Differences and Advertising Expression: A Comparative Content Analysis of Japanese and U.S. Magazine Advertising," *Journal of Advertising*, 16 (1), 55-68.

James, William L. and Arthur J. Kover (1992), "Observations: Do Overall Attitudes toward Advertising Affect Involvement with Specific Advertisements?" *Journal of Advertising Research*, 32 (5), 78-83.

Johar, J.S. and M. Joseph Sirgy (1991), "Value-Expressive versus Utilitarian Advertising Appeals: When and Why to Use Which Appeal," *Journal of Advertising*, 20 (3), 23-33.

Jones, John P. (2000), *International Advertising: Realities and Myths.* Thousand Oaks, CA: Sage Publications.

Jozsa, Laszlo, Andrea Insch, Jayne Krisjanous, Kim-Shyan Fam, (2010), "Beliefs about Advertising in China: Empirical Evidence from Hong Kong and Shanghai Consumers," *Journal of Consumer Marketing*, 27 (7), 594–603.

Kassarjian, Harold H. (1977), "Content Analysis in Consumer Research," *Journal of Consumer Research*, 4 (1), 8-18.

Keane, Lara and Kim-Shyan Fam (2005), "Media: Through the Eyes of Young Adults," *Journal of Promotion Management,* 11 (2/3), 155-174.

Kennedy, Rachel and Byron Sharp (1998), "Do People Pay More Attention to Likeable Ads? (A Preliminary Examination of Whether Ad Likeability Works via Attitude or Attention.)" Proceedings of the Australia and New Zealand Marketing Academy Conference, University of Otago.

Larkin, Ernest F. (1977), "A Factor Analysis of College Student Attitudes toward Advertising," *Journal of Advertising*, 6 (2), 42-46.

Laskey, Henry A., Richard J. Fox, and Melvin R. Crask (1994), "Investigating the Impact of Executional Style on Television Commercial Effectiveness," *Journal of Advertising Research*, 34 (6), 9-16.

Lepkowska-White, Elzbieta, Thomas G. Brashear, and Marc G. Weinberger (2003), "A Test of Ad Appeal Effectiveness in Poland and the United States: The Interplay of Appeal, Product, and Culture," *Journal of Advertising*, 32 (3), 57-67.

Livingstone, Sonia (2002), *Young People and New Media: Childhood and the Changing Media Environment*. London: Sage.

Lowe Advertising HK Ltd. (2005), Internal Report on 'Incomes in Asia'.

Lynn, Richard (1991), *The Secret of the Miracle Economy: Different National Attitudes to Competitiveness and Money*. London: Social Affairs Unit.

MacKenzie, Scott B. and Richard J. Lutz (1989), "An Empirical Examination of the Structural Antecedents of Attitude toward the Ad in an Advertising Pretesting Context," *Journal of Marketing*, 53 (2), 48-65.

MacKenzie, Scott B., Richard J. Lutz and George E. Belch (1986), "The Role of Attitude toward the Ad as a Mediator of Advertising Effectiveness: A Test of Competing Explanations," *Journal of Marketing Research*, 23 (2), 130-143.

Madden, Charles S., Marjorie J. Caballero, and Shinya Matsukubo (1986), "Analysis of Information Content in US and Japanese Magazine Advertising," *Journal of Advertising*, 15 (3), 38-45.

Muehling, Darrel D. (1987), "An Investigation of Factors Underlying Attitude-toward-Advertising-in-General," *Journal of Advertising*, 16 (1), 32-40.

Nielsen Media (2005), "Media Spending in Asia," available at www.nielsenmedia.com.au/Asia/Media/pdf (accessed March 15, 2011).

Oxford English Dictionary (2005), 3rd Edition. Oxford University Press.

Pollay, Richard W. and Banwari Mittal (1993), "Here's the Beef: Factors, Determinants, and Segments in Consumer Criticism of Advertising," *Journal of Marketing*, 57 (3), 99-114.

Postman, Neil (1986), *Amusing Ourselves to Death: Public Discourse in the Age of Show Business*. New York: Penguin.

Ratchford, Brian T. (1987), "New Insights about the FCB Grid," *Journal of Advertising Research*, 27 (4), 24-38.

Reeves, Byron and Clifford Nass (1996), *The Media Equation: How People Treat Computers, Television, and New Media Like Real People and Places.* Cambridge: University Press Cambridge.

Rehman, Sharaf N. and John R. Brooks, Jr. (1987), "Attitudes toward Television Advertisements for Controversial Products," *Journal of Healthcare Marketing*, 7 (3), 78-83.

Rice, Marshall D. and Zaiming Lu (1988), "A Content Analysis of Chinese Magazine Advertisements," *Journal of Advertising*, 17 (4), 43-48.

Rickard, L. (1994), "Consumers Would Rather Skip Feminine Hygiene Ads," *Advertising Age*, 65 (11), March 14, 29.

Roland, Alan (1988), *In Search of Self in India and Japan: Toward a Cross-Cultural Psychology*. Princeton, NJ: Princeton University Press.

Samovar, Larry A., Richard E. Porter, and Edwin R. McDaniel (2007), *Communication between Cultures*. 6th edition, Belmont, CA: Thomson Wadsworth Press.

Schiffman Leon, David Bednall, Judith Watson, and Leslie Kanuk (1997), *Consumer Behaviour*. Sydney: Prentice-Hall.

Sirgy, M. Joseph and J.S. Johar (1992), "Value Expressive versus Utilitarian Appeals: A Reply to Shavitt," *Journal of Advertising*, 21 (2), 53-54.

Smit, Edith G., Lex van Meurs, and Peter C. Neijens (2006), "Effects of Advertising Likeability: A 10-Year Perspective," *Journal of Advertising Research*, 46 (1), 73-83.

Tai, Susan H.C. (1997), "Advertising in Asia: Localize or Regionalize?" *International Journal of Advertising*, 16 (1), 48-61.

Taylor, Charles R., Gordon E. Miracle, and R. Dale Wilson (1997), "The Impact of Information Level on the Effectiveness of U.S. and Korean Television Commercials," *Journal of Advertising,* 20 (4), 1-15.

Triandis, Harry C. (1989), "Cross-Cultural Studies of Individualism and Collectivism," in *Cross-Cultural Perspectives*. Ed. John J. Berman. Lincoln, NE: University of Nebraska Press.

Walker, David and Tony M. Dubitsky (1994), "Why Liking Matters," *Journal of Advertising Research*, 34 (3), 9-19.

Weinberger, Marc G. and Harlan E. Spotts (1989), "Humour in US versus UK TV Commercials: A Comparison," *Journal of Advertising*, 18 (2), 39-44.

World Bank (2007), "Doing Business 2007," available at: www.worldbank.org/countries (accessed June 23, 2011).

Zandpour, Fred, Cypress Chang, and Joelle Catalano (1992), "Stories, Symbols, and Straight Talk: A Comparative Analysis of French, Taiwanese and US TV Commercials," *Journal of Advertising Research*, 32 (1), 25-38.

Zanot, E. (1981), "Public Attitude toward Advertising," In Advertising in a New Age. Ed. H. Keith Hunt. Provo, UT: Proceedings, American Academy of Advertising.

**Send correspondence regarding this article to:**

**Kim-Shyan Fam**
**School of Marketing and International Business**
**Victoria University of Wellington**
**PO Box 600, Wellington**
**New Zealand**
**Email: kim.fam@vuw.ac.nz**

# BODY IMAGE DISSATISFACTION AND SELF-ESTEEM: A CONSUMER-CENTRIC EXPLORATION AND A PROPOSED RESEARCH AGENDA

## Anjala S. Krishen, University of Nevada, Las Vegas Dominique Worthen, Washington State University

## ABSTRACT

This article addresses the obesity epidemic, arguably one of the biggest health issues presently facing our society, by taking a critical look at the body image dissatisfaction and self-esteem literatures. The authors delve into three key areas, namely, the constructs themselves, the media effects on these constructs, and finally the relation of these constructs with a key solution, exercise. To address these three areas, three tables are presented to accompany descriptions of each construct which provide a vast and overarching review of the cross-disciplinary literature on the topics. The authors conclude by suggesting several potential research ideas, including a transformative positive psychology intervention which combines cognitive attitude-based framing (to increase body image satisfaction and self-esteem) with applied behavior analysis (to increase exercise frequency).

## INTRODUCTION

The virtually unattainable thin body ideal which perpetuates low self-esteem (Martin and Gentry 1997; Grabe, Ward, and Hyde 2008) also brings about the incidence of body image dissatisfaction in girls as young as 5 years old (DeLeel et al. 2009). Magnifying the problem even further, low self-esteem and low body image satisfaction increase the rate of people who report eating and other behavioral disturbances (Furnham and Calnan 1998; Leeper Piquero et al. 2010). Thus, body image satisfaction and self-esteem

continue to be the subject of research in several main disciplines, such as psychology and marketing, and ample sub-disciplines, such as clinical psychology, consumer behavior, women's issues, and abnormal behavior. Consequently, as with many topics which are of interest to various disciplines, a full understanding of the interactions and relationships requires a review of the body of research, an important pursuit.

The true importance of reviewing the non-proprietary literature on self-esteem, body image dissatisfaction, and exercise stems mainly from the interdisciplinary nature of these constructs. For example, the medical and health implications of low body image, in particular for adolescents, can become life threatening and lead to dangerous disorders such as bulimia. Hence, literature in the health and medical journals often addresses their correlations by collecting survey data. Psychology research attempts to further understand the causes of low levels of these constructs, and identify underlying theory for such. Marketing literature delves into the important relationship which media and advertising have with the development and formation of self-image, self-esteem, and so on. However, a broad overview of the existing research concerning the relationship between these three constructs and encompassing multiple disciplines of research does not exist. Accordingly, the authors seek to provide a panoramic view of research based on self-esteem, body image dissatisfaction, and exercise, one which can show the gaps and avenues for a proposed research agenda. Future research in each of these areas will benefit from this overview

and the attempt to fill the research gaps. Marketers can also benefit from the literature review by: (1) developing a broader view of the published research and (2) augmenting the literature stream to include solutions-oriented research.

Over two-thirds of American adults are presently considered either overweight or obese, more than a 36% increase over the last 30 years (Martin, Veer, and Pervan 2007), and more than half of all women are dissatisfied with their overall body image and weight (Grabe and Hyde 2006). Although research shows that a large population of men are also dissatisfied with their body image, they tend to be more concerned with shape and muscular build than with weight (Furnham, Badmin, and Sneade 2002; Carleson-Jones and Crawford 2005) Furthermore, research continues to link low self-esteem with higher levels of body image dissatisfaction and vice versa (Venkat and Ogden 2002; Davison and McCabe 2006). Despite the often inconclusive findings from literature examining the relationship between body image dissatisfaction and self-esteem, some research has suggested that they are negatively correlated, in that a higher level of body image dissatisfaction is negatively related to level of self-esteem (Kostanski and Gullone 1998). Additionally Kostanski and Gullone (1998) find that self-esteem is a significant predictor of perceived body image dissatisfaction. Furthermore, Furnham, Badmin, and Sneade (2002) suggest that health and exercise are associated with higher self-esteem, and that self-esteem is correlated with exercising for the purpose of physical fitness and tone. Therefore, an exercise intervention program which is intended to increase body image satisfaction through the promotion of exercise and healthy eating habits can potentially indirectly improve self-esteem as well. Despite these findings, researchers have yet to provide a conclusive explanation of the causal relationship between body image (dis)satisfaction and self-esteem, which is a particularly fruitful area of research. A complete understanding of this relationship would provide valuable information for the design of an exercise intervention program targeting the obesity epidemic.

Indeed, the literature investigating the effects of exercise on self-esteem has also demonstrated inconclusive results; however, Frost and McKelvie (2005) argue that self-esteem is generally greater for high exercisers than low exercisers. These researchers are not suggesting a causal relationship here; they are simply suggesting that those who have higher self-esteem may have a higher motivation to exercise than those with lower self-esteem. It seems apparent that body image (dis)satisfaction, self-esteem, and exercise are related, but the relationship is not particularly causal, thus suggesting that exercise can theoretically influence body image (dis)satisfaction, which can in turn influence positive self-esteem, and higher self-esteem can influence healthy exercise practices. This is also an appropriate area for future research, as it appears to a produce a circular flow model demonstrating the relationship between body image (dis)satisfaction, self-esteem, and exercise.

The struggle with self-esteem and body image dissatisfaction often begins during childhood, continues throughout adolescence, and frequently escalates into dangerous behavioral disturbances such as eating disorders, depression, and high anxiety (Kostanski and Gullone 1998; DeLeel et al. 2009). Adding to this problem, inactivity-related weight gain among college students is of increasing concern, especially with schoolwork, video games, and computers consuming much of their time. The greatest increase in obesity was found in the 18-29 year old population, between the years of 1991 and 1997. During those years, Americans with a college education in particular rose from 10.6% to 17.8% (Mokdad et al. 1999; 2001). This trend has continued into 2001, with the percentage rising from 14% to 21% among the 18-29 year old Americans with some college education (Mokdad et al. 2003). Given the rising rate of

college educated people and the fact that body image dissatisfaction is already prevalent among this population, the need for campuses to emphasize health conscious programs that encourage a healthy diet and regular exercise habits is clear (Forrest and Stuhldreher 2007). In addition to the obesity epidemic, a thirty year-spanning study (1966-1996) on body image of both males and females finds that over time, body image dissatisfaction among females is continuing to increase (Sondhaus, Kurtz, and Strube 2001).

The remainder of this article is organized as follows. First we provide a review of the literature with regards to body image dissatisfaction, self-esteem, and exercise. The review segments the extant literature into three key streams: (1) the self-esteem and body image dissatisfaction measures; (2) advertising impact in relation to self-esteem and body image dissatisfaction; and (3) body image dissatisfaction, self-esteem and exercise. We wrap up by providing proposed consumer-based research for furthering our understanding of the key constructs and their interactions.

### LITERATURE REVIEW

The search for literature concerning self-esteem, body image dissatisfaction, and exercise began by exploring multiple disciplines to gain a holistic view. Both authors of this article independently reviewed existing research and then discussed key content areas and themes which emerged, following a qualitative grounded theory methodology (Goulding 2005). The emergent concepts seemed to fit into an antecedents-consequences framework, i.e. (1) how should research deal with the measurement of these variables? (2) how do advertising imagery and stereotypes affect them? and finally (3) how can marketers attempt to tie together problems with solutions? Hence we identify three subdomains of important research to address these three questions, as follows: (1) self-esteem and body image dissatisfaction measures; (2) advertising impact in relation to

self-esteem and body image dissatisfaction, and (3) the relationship between body image dissatisfaction, self-esteem and exercise. The exploration of body image dissatisfaction, self-esteem, and exercise begins by providing a cross-disciplinary review of the non-proprietary literature in Tables 1, 2 and 3.

We will now present a more detailed review of the pertinent literature with respect to these three key areas of body image satisfaction and self-esteem research, namely the actual measures of them, the way advertising impacts them, and how they relate to the performance of exercise.

### Self-esteem and body image Dissatisfaction measures

A perusal of the self-esteem construct reveals the all-encompassing nature of this measure. From literature overviews to empirical work, self-esteem and body image dissatisfaction is found at the root of thousands of studies. Recently, *Psychological Bulletin* (2004, Vol. 130, No. 3) published an entire series of articles which focused on the importance, or danger, of the pursuit of self-esteem. There are many issues with regard to self-report measurement in empirical work related to self-esteem, as Baumeister et al. (2003) explain in a very thorough literature review, "…self-esteem scores are somewhat contaminated by people's efforts to make themselves look good" (p. 5). While self-esteem and body image satisfaction are often positively correlated, extensive research in these areas suggests that the two must be measured independently. Even more importantly, there are multiple scales which can be used to measure levels of body image dissatisfaction and self-esteem. To address the literature and provide possible sources of additional information for future research, we present an overview of cross-disciplinary research in Table 1.

The Rosenberg self-esteem scale (RES) has been used in thousands of studies as a trait measure of self-esteem (Rosenberg 1965; 1979). Addressing the fundamentally

shifting nature of self-esteem that they argue for, Heatherton and Polivy (1991) introduced a new scale to measure self-esteem as a *state* instead of a trait. The difficulty with their

formulation may be the overlap between a state self-esteem measure and the concept and measurement of mood. In their

**Table 1**

| Body Image Dissatisfaction and Self-esteem Measures | | |
|---|---|---|
| *Topic* | *Exemplary Studies* | *Relevant Findings* |
| *Self-esteem* | Crocker and Park (2004); Baumeister (2003); Rosenberg (1965,1975); Heatherton and Polivy (1991) | Self-esteem is often measured using Rosenberg's self-esteem (RSE) scale. This scale is a trait measurement of self-esteem defining self-esteem as a stable measure of self worth. Heatherton and Polivy's State Self-esteem Scale (SSES) implies that self-esteem temporarily fluctuates with situational factors. These factors can include performance, personal relationships, and appearance. This measure is not intended as a replacement of the RSE scale, but as a tool to measure clinical change of manipulation. |
| *BID* | Kurtz and Hirt (1970); Franzoi and Herzog (1986); Venkat and Ogden (2002); Cooper et. al. (1987); Cash (1990); Secord and Jourard (1953); Rosa, Garbarino, and Malter (2006); Cash, Winstead, and Janda (1986); Rosen, Srebnik, Saltzberg, and Wendt (1991); Thompson and Altabe (1991) | There are multiple scales that measure the multidimensional aspects of body image and body esteem. While body image is the judgment one has towards his/her physical self, body esteem is the attitude measure of satisfaction or dissatisfaction towards his/her physical appearance. Body esteem measures ask participants to rate their feeling or satisfaction regarding various body parts. Other measures display figures with low and high BMI and ask the participant questions regarding him/her and others. |

Introduction and subsequent research using this scale (over 400 cited references to this article to date), one can see it is both pervasive and statistically sound. The authors point out that a scale measuring self-esteem does not replace the existing trait self-esteem measure (Rosenberg 1979), but instead can be used as a tool where the researcher sees fit. They point out that studies which "…attempted to use actual [trait] self-esteem scales to measure experimentally induced changes in self-evaluation…" had mixed results (Heatherton and Polivy 1991, p. 896). Heatherton and Polivy (1991) propose three dimensions with which to measure self-esteem, namely performance, social relations, and appearance.

Both academics and practitioners continue to propose ways to measure the multi-dimensional aspects of body image, with scales such as the body attitude scale (Kurtz and Hirt 1970), body esteem scale (Franzoi and Herzog 1986), body image satisfaction scale in terms of fitness and attractiveness dimensions (Venkat and Ogden 2002), and body shape questionnaire (BSQ) particularly for eating disordered individuals (Cooper, Taylor, Cooper, and Fairburn 1987). Whereas body image is defined as a judgment or frame of one's physical self (Cash 1990), body esteem is defined as an attitude measure of liking or disliking one's physical body. In terms of measurement, body esteem is similar to the appearance component of self-esteem

but actually asks consumers to rate their feelings (positive or negative) about multiple aspects of their bodies (Secord and Jourard 1953; Rosa, Garbarino, and Malter 2006). Still further measures include the body part satisfaction scale, which provides images of body parts (face, upper torso, mid torso, lower torso, muscle tone, height, weight, and overall appearance) and asks individuals to rate their satisfaction with those parts (Cash, Winstead, and Janda 1986). A body image avoidance scale deals with the intersection of social avoidance behavior and body image dissatisfaction with the dimensions of clothing, eating, and social activity (Rosen, Srebnik, Saltzberg, and Wendt 1991). Finally, a figure rating scale (Thompson and Altabe 1991) provides subjects with a set of figures from very low BMI to very high BMI and has them answer several questions regarding themselves and others with respect to those figures.

## Advertising impact in relation to self-esteem and body image dissatisfaction

Regardless of gender, ample research shows that advertising has a significant impact on body image dissatisfaction and levels of self-esteem universally. Mass media establishes how an ideal image should appear and as a result, many consumers internalize this image as the acceptable standard. In addition, friends and family, otherwise known as a reference group, often reinforce this virtually unattainable image and encourage pursuit of it. The adoption of such an unrealistic norm often leads to destructive thoughts and behaviors, including low self-esteem, depression, and eating disorders. Since the literature covering this area of research abounds, only key articles are summarized in Table 2.

Research in the area of gender differences with regards to body image dissatisfaction and self-esteem also abounds.

Most researchers agree that women overall tend to have lower self-esteem, higher body image dissatisfaction, more likelihood to diet, higher incidence of weighing themselves, and greater propensity of describing themselves as fat than men (Furnham and Calnan 1998). These behaviors are very likely the result of societal attitudes towards the physical appearance of men and women. The male body image is often judged based on performance, while the female body image is often judged based on appearance (Thøgersen-Ntoumani, et al. 2007). Interestingly, as Furnham, Badmin, and Sneade (2002) point out, the direction of dissatisfaction is not identical between the genders; women almost always want to lose weight whereas men may either want to lose or gain weight. [Although not to the same degree as for women, the media does impact men's body image satisfaction. For example, subsequent to being exposed to ideal images, males were found to be more depressed and reported higher muscle dissatisfaction (Agliata and Tantleff-Dunn 2004).] The ideal image that has perplexed women for many years is now becoming more prevalent and increasingly unattainable for men as well. This discrepancy between the ideal image and "real" image leads to lower self-esteem and depression in men (Agliata and Tantleff-Dunn 2004). Despite male body image dissatisfaction being less documented, a pervasive trend has been revealed regarding height and weight. For example, research shows that being short and under or overweight affects self-esteem and being short and overweight affects males' self-esteem much more (Furnham and Greaves 1994). Despite the male/female discrepancy in direction of body image dissatisfaction, some studies indicate that higher levels of body satisfaction are positively related to self-esteem in both men and women (e.g., Furnham and Greaves 1994).

**Table 2**

| Advertising's Impact on Body Image Dissatisfaction and Self-esteem | | |
|---|---|---|
| *Topic* | *Exemplary Studies* | *Relevant Findings* |
| *Gender* | Furnham and Calnan (1998); høgersen-Ntoumani, et al. (2007); Furnham, Badmin, and Sneade (2002); Agliata and Tantleff-Dunn (2004); Furnham and Greaves (1994); | Several studies confer that women tend to have lower body satisfaction and self-esteem than men. Whereas women's bodies are more often judged by appearance, men's bodies tend to be judged by performance. Although studies have found men to be increasingly dissatisfied with their body image, they are more likely to seek increased muscles, strength, and body mass. Women tend to seek slimmer body image by losing weight and enhancing shape. |
| *Ideal Body Image* | Furnham and Greaves, 1994); Agliata and Tantleff-Dunn (2004); Dooley, Deshpande, and Adair (2010); Dooley et al. (2010); O'Dea (2004) | Mass media can be blamed for unintentionally selling an unrealistic ideal image which often leads to body image dissatisfaction and low self-esteem. People often internalize these ideals as a representation of reality and push themselves to great, and often unhealthy behaviors in an unlikely attempt to achieve those standards. |
| *Social Factors* | Festinger (1954); Venkat and Ogden (2002); Want (2009); Garner and Garfinkel (1980); Gulas and McKeage (2000); Petina, Taylor, and Voelker (2009); Shroff and Thompson (2006); Thompson et. al. (2006); Trampe, Stapel, and Siero (2007) | Many consumers value the opinions of others and engage in approval seeking behaviors which are potential risk factors for body image dissatisfaction, eating disorders, and low self-esteem. Body image dissatisfaction and low self-esteem tend to increase the likelihood of body image comparison to peers and models, which becomes a vicious cycle that is difficult to intercede. In addition, media influences are often reinforced by family and peers, and one of the primary indicators of eating pathology is peer perception of weight and eating behavior. |
| *Gender Identity Congruity* | Orth and Holancova 2004); Feiereisen, Broderick, and Douglas (2009); Peck and Loken (2004); Algars, Santtila, and Sandnabba (2010) | Individuals who are more satisfied with their bodies have a greater likelihood of a positive response to media images they can identify with, while those with body image dissatisfaction are less likely to respond to such images. This theory relates to the effectiveness of placing actual images in the media versus the ideal image. |

Body image is also considered a message strategy type which normally consists of the desire for or portrayal of "…thin people, or the ideal body-image, as popular and successful while also containing anti-obesity messages" (Dooley, Deshpande, and Adair 2010, p. 155). Public service announcements (PSAs) often make use of body-image messages in the hopes of motivating obese or inactive people to change their eating or exercising habits. However, some research shows that such messages may result in lower body image satisfaction and lower self-esteem levels while not necessarily stimulating higher activity levels or positive

behaviors (O'Dea 2004). Mass media has primarily been to blame for unintentionally shaping unrealistic body image ideals for both men and women and significantly contributing to body image dissatisfaction and low self-esteem among individuals. Exposure to the thin ideal body is significantly related to body image dissatisfaction in women as they internalize the image as the socially acceptable standard (Grabe, Ward, and Hyde 2008). In addition, Shroff and Thompson (2006) reported that media influences are often reinforced by peers, and one of the main risk factors for eating disorders and body image dissatisfaction in adolescents was peer perception of weight and eating behavior.

Social comparison theory (Festinger 1954) stipulates that individuals are motivated to compare themselves to others, either upwardly or downwardly. Upward comparison leads to lower satisfaction whereas downward comparison leads to a feeling of superiority. In an experimental setting, Venkat and Ogden (2002) find that females are more likely to engage in social comparison when presented with same-sex advertisements, especially with regards to the attractiveness satisfaction versus fitness satisfaction dimensions. As a further extension of this research, Want (2009) delineates the social comparison effect into a two-stage process. He suggests that most females engage in a social comparison process when presented with media portrayals as a first stage process but that many have a correction or undo process which happens in a second stage. In sum, Want (2009) comments that the real question lies in why many females do not actually undergo the secondary negation process to correct their post-viewing appearance dissatisfaction.

Gender identity congruity is defined by the underlying principle that increased identification with a gender portrayal in an advertisement in terms of the viewer's self-concept, beliefs, and schema, can lead to higher cognitive consistency and therefore better attitudes towards the promotion (Orth and Holancova 2004). Through this lens,

Feiereisen, Broderick, and Douglas (2009) study the advertising effectiveness of the placement of "realistic" as opposed to "idealized" female images. Their findings are consistent with the notion that a woman's self-concept and body image dissatisfaction impacts the degree to which gender identity congruity improves advertising effectiveness. Namely, women with low body image dissatisfaction tend to have a greater need for and a more positive experience derived from gender identity congruity, whereas women with high body image dissatisfaction tend to be less responsive to congruent images. Peck and Loken (2004) studied the impact of larger-sized models on advertising effectiveness for both men and women with particular interest in the personality characteristic of need for cognition and the situational cue of informational frame. Focusing on positive versus negative self-referencing thoughts which are generated post-exposure to ads, these scholars found that for female viewers, whereas thin models in ads tend to produce more negative self-referencing after exposure, larger-sized models do not have this impact. This effect was not found for male viewers.

## Body image dissatisfaction, self-esteem and exercise

Few can argue with the importance of physical activity and the dangers of a sedentary lifestyle. Yet, the 2010 National College Health Assessment found that only 24% of male and 28% of female college students reported that they performed moderate exercise on any of the previous 7 days. This is especially risky, as explained by the US Department of Health and Human Services (DHHS): Healthy People 2010, since physical adult behaviors are established mainly during late adolescence and early adulthood. In a recent study of elementary, high school, and university students, those who reported exercising for 15-60 minutes at least 3 days per week, also reported higher levels of self-esteem than those who did not

(Frost and McKelvie 2005).        Overall, exercise relates positively to self-esteem, and although findings are mixed regarding a positive link between exercise and body image; the physical effects of exercise could likely lead to a decrease in body image dissatisfaction (Frost and Mckelvie 2005). Unfortunately, the media influenced ideal body image is often unachievable with healthy diet and exercise (Furnham, Badmin, and Sneade 2002).        Exercising for body image related reasons such as weight, tone, and to some degree, attractiveness, is often positively correlated to eating disorders and body image dissatisfaction.        On the other hand, fitness and health related motivations for exercise are normally negatively correlated to eating and behavioral disturbances (Furnham, Badmin, and Sneade 2002; Furnham and Calnan 1998).        Due to conflicting motivations and their effects on body image and self-esteem, an intervention involving an increase in physical activity should be strategically approached.        In addition to the discussion given in this section, a review of some pertinent literature is also provided in Table 3.

**Table 3**

| *The Relationship of Body Image Dissatisfaction and Self-esteem to the Performance of Exercise* | | |
|---|---|---|
| *Topic* | *Exemplary Studies* | *Relevant Findings* |
| *Motivation* | Deci and Ryan (1985); Thøgersen-Ntoumani, et al. (2007); Markland and Hardy (1993); Furnham, Badmin, and Sneade (2002); Crocker and Park (2004) | Exercise motivations vary from person to person. The two main types of motivation are self determined and controlling. Self determined motivation refers to positive and healthy reasons for exercising, while controlling motivation refers to exercising for material reasons. Individuals with greater self-esteem and internal locus of control are more likely to engage in healthier exercise than those with lower self-esteem.  Motivations for exercise vary by gender and frequency of exercise. |
| *Body image / self-esteem Intervention with exercise* | Sonstroem and Morgan (1989); Fox and Corbin (1989); Frost and McKelvie (2005); Weigand and Geller (2005); Flay and Allred (2003); DuBois and Flay (2004); McGannon and Spence (2002) | Body image dissatisfaction interventions are of extreme importance since body image dissatisfaction is so prevalent among a large percent of the population. In addition, it often leads to destructive behaviors, mood disorders, and low self-esteem. Research reveals that although exercise has the highest impact on physical acceptance, it has the lowest impact on global self-esteem. Therefore, it is important to approach a body image intervention carefully and methodologically. |

Researchers and practitioners often frame anti-obesity promotional materials around positive framing solutions such as exercise.  In fact, the relationships between body image dissatisfaction, self-esteem, and exercise continue to be studied in the fields of health psychology and sports medicine. From a motivational perspective, Thøgersen-Ntoumani, et. al. (2007) apply self-determination theory (Deci and Ryan 1985) as a framework to uncover female-specific predictors of exercise.  Utilizing the exercise motivation inventory-2 (Markland and Hardy 1993), Thøgersen-Ntoumani and colleagues study the impact of various predictors of exercise, namely self-determined motives versus controlling ones. The self-determined exercise motives include: (1) stress management, (2) revitalization, (3) enjoyment, (4) challenge, (5) affiliation, (6)

health avoidance, (7) positive health, (8) strength and endurance, and (9) nimbleness; the controlling motives include: (1) social recognition, (2) competition, (3) health pressures, and (4) weight management. Their findings suggest that women who exercise moderately or regularly have higher levels of controlling motives than women who do not. These results are consistent with other research on gender differences in exercising motivations. For example, Furnham, Badmin, and Sneade (2002) indicate that whereas men's motivations to exercise are normally fitness-based, women's motivations tend to be based on appearance, mood, and weight.

The EXSEM (exercise and self-esteem model) was developed by Sonstroem and Morgan (1989) to measure the impact of an intervention on several components of self-esteem. This model consists of three constructs (physical self-efficacy, physical competence, and physical acceptance) which then lead to higher global self-esteem (using the RSE scale). Sonstroem and Morgan emphasize the importance of: 1) using aerobic-type exercise as the most effective means of enhancing self-esteem; and 2) measuring aerobic endurance through some sort of physical measure. The physical self-perception profile (PSPP, Fox and Corbin 1989) and other physical self-concept scales are used in many studies to demonstrate the importance of not only the subjective view of the self as measured in self-esteem scales (holistic self-concept) but also the view of the self at a physical level (PSPP in Huang, et al. 2003; social physique anxiety and body satisfaction in Russell and Cox 2003; self-rated health in Misra, et al. 1996). Data from 119 studies were analyzed with regard to the predictability that increased exercise would lead to higher self-esteem levels (McGannon and Spence 2002). The analysis revealed that exercise had the highest impact on physical acceptance, followed by physical competence, physical self-worth, and finally global self-esteem. With regards to studies which showed fitness improvements, those revealed significantly higher changes in self-esteem.

In very recent research, LePage and Crowther (2010) study the impact of exercise on body satisfaction and affect by differentiating between females with high versus low body satisfaction and their exercise habits. They find that no matter what level of body dissatisfaction women have, they all experience positive affect and lower state body dissatisfaction after exercise. To split their sample into these categories, they utilize the appearance subscale of the Heatherton and Polivy (1991) self-esteem scale.

## PROPOSED RESEARCH AGENDA

Based on the review of the literature, we now provide a short list of future research areas which can bridge cross-disciplinary research on self-esteem, body image, and exercise, and how they relate to each other. The overview of the extant research indicates that without stepping back and taking a broader view of the issues at question, researchers risk myopic solutions which might not address both the motivations and the consequences involved in these constructs.

### Body image dissatisfaction and self-esteem intervention research

Intervention research such as seen in Positive Action, Inc. (Flay and Allred 2003) (http://www.positiveaction.net/index.asp) shows that self-esteem motivation theory can be used as a measure of a successful research paradigm. They use a thoughts-actions-feelings circle, which they explain as "…our thoughts lead to actions, and those actions lead to feelings about ourselves, which lead to more thoughts." The circle can therefore be productive or destructive.

This research shows a combination of both cognitive and behavioral aspects incorporated into a comprehensive applied psychology program (DuBois and Flay 2004). The empirical results of this study showed that schools which continued for four or more years to use Positive Action had positive

effects in terms of both scholastic test scores and disciplinary referrals. Positive Action, Inc. was designed to use self-esteem enhancing techniques to create more favorable academic and disciplinary behaviors, and appear to have been successful (Flay and Allred 2003).

We suggest that future research in this area extend the positive psychology approach in Flay and Allred (2003) from a marketing perspective to create social marketing campaigns to increase self-esteem and decrease body image dissatisfaction.

## The relationship of self-efficacy with body image dissatisfaction and self-esteem

It is pertinent to study the differing roles of self-esteem vs. self-efficacy, especially with regard to measurement issues. General self-efficacy (GSE) has been defined as a "…relatively stable, trait-like generalized competence belief," whereas self-efficacy is "…a relatively malleable, task-specific belief" (Chen, Gully, and Eden 2004, p. 376). Chen and colleagues empirically tested the relationship between general self-efficacy and global self-esteem in the framework of motivational traits, affective traits, motivational states, and affective states. They demonstrated that "…GSE is more closely related to motivational variables whereas self-esteem is more closely related to affective variables (except work self-esteem)" (p. 389). These findings suggest that "...how individuals judge their capabilities (i.e., GSE) arouses certain consequences, whereas how they feel about themselves (i.e., self-esteem) leads to somewhat different consequences"

(Chen, Gully, and Eden 2004, p. 389). Judge et al. (2002) studied the possibility that self-esteem, neuroticism, locus of control, and generalized self-efficacy could all be indicators of a common core construct. Their meta-analytic results indicate a strong relationship between these measures, although, as they mention, "…while there may be value in studying these traits separately and as dependent variables, we do believe that researchers need to recognize the similarities among these traits and give their common core consideration" (Judge et al. 2002, p. 708). The key word used here is trait, since the present research advocates the use of both self-esteem and self-efficacy as specific states.

Future research should therefore connect self-efficacy with state self-esteem to further ascertain their motivational versus affective components and delineate subtleties of their measurement.

## Conceptualizing body image dissatisfaction and self-esteem motivations

Crocker and Park (2004) discuss the costs involved in the pursuit of self-esteem, but still maintain that this pursuit (specifically in North America) is extremely pervasive. One of the most relevant aspects of their discussion deals with approach/avoidance goals among high versus low self-esteem people. They argue that people with high self-esteem have more approach or self-promotional goals, whereas people with low self-esteem have more avoidance-of-failure or failure-prevention goals.

**Figure 1**

**Conceptual Framework for Proposed Research Idea**

## Amount of self-esteem

|  | **Too Little** | **Too Much** |
|---|---|---|
| **Too Little** | <u>Negative description</u>: depression and hopelessness <br> <u>Intervention danger</u>: inability to sustain | <u>Negative description</u>: overconfident and inactive <br> <u>Intervention danger</u>: resistance to improvement |
| **Too Much** | <u>Negative description</u>: limitless pursuit (anorexia, bulimia) <br> <u>Intervention danger</u>: Over anxiousness regarding effectiveness of intervention | <u>Negative description</u>: narcissistic and overly motivated (proselytizing) <br> <u>Intervention danger</u>: distraction away from self to "bugging" others |

**Motivation to improve self-esteem**

Figure 1 depicts a possible conception of how self-esteem literature reflects a very relevant issue – that of *extremes*. Research on self-esteem focuses on both the *motivational* (or antecedent) aspect (striving for self-esteem) and the *outcome* (or consequence) aspect (low versus high state self-esteem). Essentially, much of this research addresses extremes, arguing that too much or too little self-esteem can be counterproductive. Thus, "healthy" (accurate) pursuit of self-esteem does not exist on the extremes, rather, it is found in the middle ground (Baumeister, et al. 2003; Crocker and Park 2004; DuBois and Flay 2004). First of all, we suggest that the framework itself be verified in future research, and secondly, that marketing researchers explore the antecedents and consequences of normal levels of self-esteem.

## DISCUSSION AND CONCLUSION

This article contributes to the large body of research on self-esteem and body image satisfaction by providing an overarching framework with which we explore and suggest cross-disciplinary research agendas to increase the understanding of these immensely important domains. Body image dissatisfaction and self-esteem are widely recognized as key measures which are discussed in studies including those on mental health (Leeper Piquero et al. 2010; Davison and McCabe

2006), eating habits (Garner and Garfinkel 1980; Sundgot-Borgen 1993), exercise-related behaviors (LePage and Crowther 2010; Greenleaf 2002; Bobbio 2009), advertising and media effects (Venkat and Ogden 2002; Want 2009; Peck and Loken 2004), and gender schema and congruity (Feiereisen, Broderick and Douglas 2009; Sondhaus, Kurtz, and Strube 2001). Even more disturbing and important are the number of studies which suggest that whereas student samples show interesting relationships and provide exploratory results, the real need for research lies in the adolescent population since they have the highest risk of developing early eating disorders (Dooley, Deshpande, and Adair 2010; Carleson Jones and Crawford 2005). Studies which are particularly focused on adolescents show similar effects in cross cultural settings (Furnham, Badmin, and Sneade 2002). In order to provide frameworks for research with adolescents and other at-risk groups, we must first explore the existing research with a lens for furthering proposed interventions and managerial implications.

In essence, even though exercise and eating relate to self-esteem in different ways for males and females, both would stand to benefit from increases in body image satisfaction and self-esteem. This means that a positive psychology framework could be used to create an intervention which combines cognitive attitude-based framing (to increase self-esteem) and applied behavior analysis (to increase exercise). Body image dissatisfaction and self-esteem, as suggested in this article, are very important and fundamental constructs both in developing and empirically validating cognitive theory and in implementing behavior-based interventions.

Tables 1, 2, and 3 support a psychology based intervention strategy and provide a summary of important literature across multiple disciplines. To begin, Table 1 summarizes research pertaining to self-esteem and body image dissatisfaction measures. A fundamental stage in planning an intervention is to first understand the extent to which a population suffers from body image dissatisfaction and low self-esteem through the use research with valid constructs. Such measures quantify constructs in greater detail rather than, for example, simply dichotomizing self-esteem into high and low categories. Instead, through the use of these in-depth measures, participants can indicate their level of agreement with statements referring to themselves using battery and response systems. Other measurement inventories ask participants to rate their level of agreement with statements concerning their similarity or dissimilarity with another person. Body image dissatisfaction is normally measured separately by asking participants to rate their actual body in relation to their ideal body, and measuring the discrepancy. Once individual levels of body image dissatisfaction and self-esteem are established, researchers can begin to examine the root of the discrepancy to uncover theory, conduct more studies, and identify possible interventions.

Table 2 summarizes literature pertaining to how media is often an underlying influencer of body image dissatisfaction and low self-esteem. In almost every form of media, including print, online, and TV advertising, models are depicted with almost impossible to achieve body ideals and many members of the public accept these ideals as an achievable norm. To speak to this point, plastic surgery is abounding throughout the world, to augment, reduce, and constantly tamper with the natural look of both genders. Additionally, research shows that skin whitening has also become a massive issue throughout the world, as females, in particular, purchase lightening products of multiple brands and endure pain and societal pressure to whiten their skin, regardless of the consequences (Krishen, LaTour, and Alishah *forthcoming*). Society's emphasis on thinness creates a popular perception that a heavier build is unattractive and unacceptable. The problem arises in the pursuit of the thin ideal when people resort to

unhealthy eating behaviors, dangerously excessive exercise, and destructive thought patterns. Therefore, we want to emphasize the importance of interrupting these negative behaviors and thoughts with an appropriate and strategic intervention procedure.

Finally, Table 3 details the primary motivations for exercise and provides information regarding safe and effective interventions. Research in the area of exercise, self-esteem, and body image suggests that there are various motivations for exercising, some of which can also be unhealthy. The goal of a body image and self-esteem exercise intervention is to promote healthy self determined exercise, or exercise which is motivated by health, fitness, and stress management related goals.

The next step would be to create an empirical intervention using the self-esteem scale described in this research in combination with tried and tested applied behavior analysis techniques. This transformative social marketing intervention could utilize activators such as those given in Geller (2001), which include an educational campaign, constant reminders all over campus, and commitment pledges while measuring state or implicit self-esteem to monitor progress.

## REFERENCES

Agliata, Daniel and Tantleff-Dunn, Stacey (2004), "The impact of media exposure on males' body image," *Journal of Social and Clinical Psychology,* 23(1), 7-22.

Algars, Monica, Santtila, Pekka, and Sandnabba, Kenneth N. (2010), "Conflicted gender identity, body dissatisfaction, and disordered eating in adult men and women," *Sex Roles,* 63(1-2), 118-125.

American College Health Association (2011), *American College Health Association – National College Health Assessment II: Reference Group Executive Summary 2010*, Linthicum, MD.

Baumeister, Roy F., Campbell Jennifer D., Krueger Joachim I., and Vohs, Kathleen D. (2003), "Does high self-esteem cause better performance, interpersonal success, happiness, or healthier lifestyles," *Psychological Science in the Public Interest,* 4(1), 1-44.

Bobbio, Andrea (2009), "Relation of physical activity and self-esteem," *Perceptual and Motor Skills*, 108 (2), 549-57.

Carleson Jones, Diane and Crawford, Joy K. (2005), "Adolescent boys and body image: Weight and muscularity concerns as dual pathways to body dissatisfaction," *Journal of Youth and Adolescence,* 34(6), 629-636.

Cash, Thomas F. (1990), "The psychology of physical appearance: Aesthetics, attributes, and images," In T. F. Cash & T. Pruzinsky (Eds.), *Body images: Development, deviance, and change.* New York: Guilford

Cash, Thomas. F., Winstead, B. A., & Janda L. H. (1986a), "A Psychology Today reader survey: Your body, yourself," *Psychology Today, 20*(3), 30-35.

Chen, Gilad, Gully, Stanley M., and Eden, Dov (2004), "General self-efficacy and self-esteem: Toward theoretical and empirical distinction between correlated self-evaluations," *Journal of Organizational Behavior, 25*(3), 375-395.

Cooper, Peter J., Taylor, Melanie J., Cooper, Zafra, & Fairburn, Christopher G. (1987), "The development and validation of the body shape questionnaire," *International Journal of Eating Disorders*, *6(4)*, 485–494.

Crocker, Jennifer and Park, Lora E. (2004), "The costly pursuit of self-esteem," *Psychological Bulletin, 130*(3), 392-414.

Davison, Tanya E. and McCabe, Marita P. (2006), "Adolescent body image and psychosocial functioning," *The Journal of Social Psychology*, 146(1), 15-30.

Deci, Edward L., & Ryan, Richard M. (1985). *Intrinsic motivation and self-determination in human behavior.* New York, NY: Plenum Press.

DeLeel, Marissa L., Hughes, Tammy L., Miller, Jeffrey A., Hipwell, Alison, Theodore, Lea A. (2009), "Prevalence of eating disturbance and body image dissatisfaction in young girls: An examination of the variance across racial and socioeconomic groups," *Psychology in the Schools, 46(8),* 767-775.

Dooley, Jennifer A., Deshpande, Sameer, and Adair, Carol E. (2010), "Comparing adolescent-focused obesity prevention and reduction messages," *Journal of Business Research*, 63(2), 154-160.

DuBois, David L. and Flay, Brian R. (2004), "The healthy pursuit of self-esteem: Comment on and alternative to the Crocker and Park (2004) formulation," *Psychological Bulletin, 130*(3), 415-420.

Feiereisen, Stephanie, Broderick, Amanda J., and Douglas, Susan P. (2009), "The effect and moderation of gender identity congruity: Utilizing "real women" advertising images," *Psychology and Marketing*, 26(9), 813-843.

Festinger, Leon (1954), "A Theory of Social Comparison Processes," *Human Relations, 7*(2), 117-140.

Flay, Brian R. and Allred, Carol G. (2003), "Long-term effects of the Positive Action program: A comprehensive, positive youth development program," *American Journal of Health Behavior, 27*(1), S6-S21.

Forrest, Kimberly Y.Z. and Stuhldreher, Wendy L. (2007), "Patterns and correlates of body image dissatisfaction and distortion among college students," American *Journal of Health Studies, 22*(1), 18-25.

Fox, Kenneth R. and Corbin, Charles B. (1989), "The physical self-perception profile: Development and preliminary validation," *Journal of Sport and Exercise Psychology*, 11(4), 408-430.

Franzoi, Stephen L. and Herzog, Mary E. (1986), "The body-esteem scale: A convergent and discriminate validity study," *Journal of Personality Assessment, 50(1), 24-31.*

Frost, Jackie and McKelvie, Stuart J. (2005), "The relationship of self-esteem and body dissatisfaction to exercise activity for male and female elementary school, high school, and university students," *The Online Journal of Sport Psychology, 7*(4), 36-49.

Furnham, Adrian, Badmin, Nicola, and Sneade, Ian (2002), "Body image dissatisfaction: Gender differences in eating attitudes, self-esteem, and reasons for exercise," *Journal of Psychology, 136*(6), 581-596.

Furnham, Adrian, and Calnan, Alison (1998), "Eating disturbances, self-esteem, reasons for exercising and body weight dissatisfaction in adolescent males," *European Eating Disorders Review, 6(1),* 58–72.

Furnham, Adrian and Greaves, Nicola (1994), "Gender and locus of control correlates of body image dissatisfaction," *European Journal of Personality,* 8(3), 183-200.

Garner, David M. and Garfinkel, Paul E. (1980), "Socio-cultural factors in the development of anorexia nervosa," *Psychological Medicine, 10(4),* 647–656.

Geller, E. Scott (2001), "Behavior-based safety in industry: Realizing large-scale potential of psychology to promote human welfare," *Applied & Preventative Psych, 10(2)*, 87-105.

Goulding, C. (2005), "Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research", *European Journal of Marketing*, *39(3/4),* 294-308.

Grabe, Shelly and Hyde, Janet Shibley (2006), "Ethnicity and body dissatisfaction among women in the United States: A meta-analysis," *Psych Bulletin,* 132(4), 622-640.

Grabe, Shelly, Ward, L. Monique, and Hyde, Janet Shibley (2008), "The role of the media in body image concerns among women: A meta-analysis of experimental and correlation studies," *Psych Bulletin,* 134(3), 460-476.

Greenleaf, Christy (2002), "Athletic body image: exploratory interviews with former competitive female athlete," *Women in Sport & Physical Activity Journal*, 11(1), 63-88

Gulas, Charles S. and McKeage, Kim (2000), "Extending social comparison: An examination of the unintended consequences of idealized advertising imagery," *Journal of Advertising,* 29(2), 17-28.

Heatherton, Todd F. and Polivy, Janet (1991), "Development and validation of a scale for measuring state self-esteem," *Journal of Personality and Social Psychology*, 60(6), 895-910.

Huang, Terry T.K., Harris, Kari J., Lee, Rebecca E., Nazir, Naiman, Born, Wendi, and Kaur, Harsohena (2003), "Assessing the overweight, obesity, diet, and physical activity in college students," *Journal of American College Health.* 52(2), 83-86.

Judge, Timothy A., Erez, Amir, Thoresen, Carl J., and Bono, Joyce E. (2002), "Are measures of self-esteem, neuroticism, locus of control, and generalized self-efficacy indicators of a common core construct?," *Journal of Personality and Social Psychology, 83*(3), 693-710.

Kostanski, Marion and Gullone, Eleonora (1998), "Adolescent body image dissatisfaction: Relationships with self-esteem, anxiety, and depression controlling for body mass," *Journal of Child Psychology and Psychiatry,* 39(2), 255-262.

Krishen, Anjala S., LaTour, Michael, and Alishah, Elnaz Jalilipour (forthcoming), "Asian Females in an Advertising Context: Defining Skin Tone Tension," *Journal of Current Issues and Research in Advertising.*

Kurtz, Robert and Hirt, Michael (1970), "Body attitude and physical health," *Journal of Clinical Psychology,* 26(2), 149-151.

Leeper Piquero, Nicole, Fox, Kristan, Piquero, Alex R., Capowich, George, and Mazerolle, Paul (2010), "Gender, general strain theory, negative emotions, and disordered eating," *J. of Youth and Adolescence*, 39(4), 380-392.

LePage, Marie L. and Crowther, Janis H. (2010), "The effects of exercise on body satisfaction and affect," *Body Image*, 7(2), 124-130.

Markland, David and Hardy, Lew (1993),"The exercise motivations inventory: Preliminary development and validity of a measure of individuals' reasons for participation in regular physical exercise," *Personality* and *Individual Differences,* 15(3), 289-296.

Martin, Brett A.S., Veer, Ekant, Pervan, Simon J. (2007), "Self-referencing and consumer evaluations of larger-sized female models: A weight locus of control perspective," *Marketing Letter,* 18, 197-209.

Martin, Mary C. and Gentry, James W. (1997), "Stuck in the model trap: The effects of beautiful models in ads on female pre-adolescents and adolescents," *Journal of Advertising,* 26(2), 19-33.

McGannon, Kerry R. and Spence John C. (2002), "The effect of exercise on self-esteem: Is it global or domain-specific," *Alberta Centre for Active Living,* 9(4).

Misra Ranjita, Alexy, Betty, and Panigrahi, Bhagaban, (1996), "The relationships among self-esteem, exercise, and self-rated health in older women," *Journal of Women and Aging*, 8(1), 81–94.

Mokdad, Ali H., Bowman, Barbara A., Ford, Earl S., Vinicor, Frank, Marks, James S., and Koplan, Jeffrey P. (2001), "The continuing epidemics of obesity and diabetes in the United States," *Journal of the American Medical Association, 286(10)*, 1195-2000.

Mokdad, Ali H., Serdula, Mary K., Dietz, William H., Bowman, Barbara A., Marks, James S., and Koplan, Jeffrey P. (1999), "The spread of the obesity epidemic in the United States, 1991-1998," *Journal of the American Medical Association, 282(16)*, 1519-1522.

Mokdad, Ali H., Ford, Earl S., Bowman, Barbara A., Dietz, William H., Vinicor, Frank, Bales, Virginia S., Marks, James S. (2003), "Prevalence of obesity, diabetes, and obesity-related health risk factors, 2001," *Journal of the American Medical Association, 289(1)*, 76-79.

O'Dea, Jennifer A. (2004), "Prevention of child obesity: 'First, do no harm'," *Health Education Research Theory and Practice,* 20(2), 259–265.

Orth, Ulrich R. and Holancova, Denisa (2004), "Consumer response to sex role portrayals in advertisements: Effects of incongruity and prejudices on emotions and attitudes," *Journal of Advertising*, 32(4), 77–89.

Peck, Joann and Loken, Barbara (2004), "When will larger-sized female models in advertisements be viewed positively? The moderating effects of instructional frame, gender, and need for cognition," *Psychology and Marketing*, 21(6), 425-442.

Petina, Iryna, D.G. Taylor and Voelker, Troy A. (2009), "The roles of self-discrepancy and social support in young females' decisions to undergo cosmetic procedures," *Journal of Consumer Behavior,* 8, 149-165.

Rosa, Jose A., Garbarino Ellen C., and Malter Alan J. (2006), "Keeping the body in mind: The influence of body esteem and body boundary aberration on consumer beliefs and purchase intentions," *Journal of Consumer Psychology*, 16(1), 79-91.

Rosen, James C., D. Srebnik,, Saltzberg, Elayne, and Wendt, Sally (1991), "Development of a body image avoidance questionnaire," *Psychological Assessment, 3*(1), 32-37.

Rosenberg, Morris (1965). *Society and the adolescent self-image*. Princeton Univ. Press.

Rosenberg, Morris (1979). *Conceiving the self*. New York: Basic Books.

Russell, William D. and Cox, Richard H. (2003), "Social Physique anxiety, body dissatisfaction, and self-esteem in college females of differing exercise frequency, perceived weight discrepancy, and race," *Journal of Sport Behavior,* 26, 298-319.

Secord, Paul F. and Jourard, Sidney M. (1953), "The appraisal of body cathexis: Body cathexis and the self," *Journal of Consulting Psychology, 17(5),* 343–347.

Shroff, Hemal and Thompson, Kevin J. (2006), "Peer influences, body-image dissatisfaction, eating dysfunction and self-esteem in adolescent Girls," *Journal of Health Psychology,* 11(4), 533-551.

Sondhaus, Elizabeth L., Kurtz, Richard M., and Strube Michael J. (2001), "Body attitude, gender, and self-concept: A 30-year perspective," *The Journal of Psychology*, 135(4), 413-429.

Sonstroem Robert J. and Morgan William P. (1989), "Exercise and self-esteem: Rationale and model," *Medicine and Science in Sports and Exercise*, 21(3), 329–337.

Sundgot-Borgen, J. (1993), "Prevalence of eating disorders in elite female athletes," *International Journal of Sport Nutrition, 3,* 29–40.

Thøgersen-Ntoumani, C., Lane, H.J., Biscomb, K., Jarrett, H., and Lane A.M. (2007), "Women's Motives to Exercise," *Women in Sport & Physical Activity Journal*, 16(1), 16-27.

Thompson, Kevin J. and Altabe, Madeline N. (1991), "Psychometric qualities of the figure rating scale," *International Journal of Eating Disorders, 10*(5), 615-619.

Thompson, Kevin J., Shroff, Hemal, Herbozo, Sylvia, Cafri, Guy, Rodriguez, Janette, and Rodriguez, Melby (2006), "Relations among multiple peer influences, body dissatisfaction, eating disturbance, and self-esteem: A comparison of average weight, at risk of overweight, and overweight adolescent girls," *Journal of Pediatric Psychology,* 32(1), 24-29.

Trampe, Debra, Stapel, Diederik A., Siero, Frans W. (2007), "On models and vases: Body dissatisfaction and proneness to social comparison effects," *Journal of Personality and Social Psychology,* 92(1), 106-118.

USDHHS (2000), *Healthy People 2010: Understanding and Improving Health*, Washington DC: US Dept Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion.

Venkat, Ramesh and Ogden, Harold (2002), "Advertising induced social comparison and body-image satisfaction: The moderating role gender, self-esteem, and locus of control," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining behavior,* 15, 51-67.

Want, S. C. (2009), "Meta-analytic moderators of experimental exposure to media portrayals of women on female appearance satisfaction: Social comparisons as automatic processes," *Body Image*, 6(4), 257-69.

**Send correspondence regarding this article to:**

Anjala S. Krishen,
Assistant Professor, Marketing
Lee Business School
University of Nevada, Las Vegas
4505 Maryland Parkway
Las Vegas, NV 89154
P: (702) 895-3591
F: (702) 895-4854
E: anjala.krishen@unlv.edu
W: http://faculty.unlv.edu/anjala

# EQUITY VERSUS UTILITY: THE MODERATING EFFECT OF ACQUAINTANCE

## Val Larsen, James Madison University Newell D. Wright, North Dakota State University Joe Goodman, Illinois State University

### ABSTRACT

Utility theory and equity theory make contradictory predictions about the effects of declining costs on consumer satisfaction. In a standard economic analysis, satisfaction increases as costs fall but in an equity theoretical analysis, satisfaction decreases as costs fall when falling prices mean the consumer receives more than she gives up in exchange for a benefit. This study demonstrates that the claims of both these widely accepted theories may be valid if the effects of cost on satisfaction are moderated by degree of acquaintance with the exchange partner. Where personal acquaintance is high, the effects predicted by equity theory predominate. Where acquaintance is low, the effects predicted by utility theory predominate. Secular changes in marketing philosophy (the shift to a service dominant logic in marketing) and the growth of technologies that facilitate mass personalization (the Internet, databases, social networking) make degree of perceived acquaintance an important marketing variable. This variable is a double-edged sword that can magnify consumer responses to good/bad experiences with a business.

Price is a critically important variable for marketers (Dodds, Monroe, and Grewal 1991; Lichtenstein, Ridgway, and Netemeyer 1993). Thus, when widely cited theories make contradictory predictions on the effects of changes in price, it is imperative for researchers to empirically test the competing hypotheses to determine their relative validity. The theories that will be tested in this study are utility theory, a foundational theory in economics, and equity theory, an

important theory in social psychology. These theories make contradictory predictions about levels of consumer satisfaction with low prices, utility theory suggesting that they will yield satisfaction and equity theory that they will yield dissatisfaction. We hypothesize that their apparently contradictory predictions notwithstanding, both theories are valid, if the effects of a degree of acquaintance moderator are taken into account.

### Utility Theory

From its early formulation by Say in 1803 as an inverse relationship between the demand price and the quantity demanded through its subsequent refinement by Cournot, Mill, Menger, Jevons, Walras and ultimate formalization by Marshall in 1890, the Law of Demand has been a fundamental pillar of economic analysis (Bradley 1989; Ekelund and Hébert 2002). The downward sloping trajectory of a demand curve follows from the diminishing marginal utility of each successive unit of a product that is made available for purchase and consumption.

While demand curves are often discussed as an aggregate that reflects the varying utilities that different consumers have for a product, the implications of the curve for customer satisfaction are most fully evident if we focus on the demand of an individual consumer for a particular product. As High (1994) notes in the following lucid analysis, the shape of a demand curve may be explained in terms of the decreasing personal importance of each successive use of a product as the consumer acquires additional units.

The consumer has a set of ends, denoted abstractly by the ordered set $\{e_1, e_2, e_3, \ldots e_n\}$, that can be attained only with the use of economic goods. If the consumer has only one unit of a good, $x_1$, she will use it to attain her most important end, which we designate as $e_1$. If she has a second unit, $x_2$, she will use it to attain her next most important end, $e_2$, and so on. The marginal utility of x is the importance that the consumer places on a unit of x. This importance is imputed to the good from the least-valuable end attained. For example, if the consumer has three units of x, the marginal utility is the importance the consumer attaches to $e_3$ because that is the end she would forego were she to lose a unit of x. (p. 89)

Each unit of the product from $x_1$ to $x_n$ will have an associated and progressively lower reservation price that is a monetary measure of the maximum utility or satisfaction the consumer expects to receive from purchasing that unit of the product. Thus, the demand curve for a given product is a downward-sloping series of reservation prices for successively less personally valuable additional units of the product. The amount a consumer is willing to pay for each successive unit falls because the expected satisfaction from consuming that unit is lower than for previously acquired units.

But fortunately for the consumer, the market price for all units purchased is typically set by the marginal value of the last, least-valued unit purchased. Thus, the buyer enjoys a consumer surplus, which can be defined as the difference between the reservation price she would have been willing to pay for the first, most valuable units, and the lower actual price that she is asked to pay for those first units of the product. The lower the asking price, the greater will be the consumer surplus.

With a preference index, a tool used by economists from the 1930s on to measure the relative utility of alternative proffers (Ekelund and Hébert 2002), it is easy to demonstrate that the ordinary rational utility maximizer will prefer to pay a lower rather than a higher price for a product, e.g., a particular make and model of an HDTV. Offered the choice of the HDTV or the HDTV and $500, the rational consumer prefers the latter because it permits her to purchase an additional $500 worth of satisfying goods or services in addition to the HDTV. We stipulate in our study that the make and model of the HDTV does not change with the addition/subtraction of the $500 of cost to rule out the effects of a price/quality association that might lead the consumer to prefer the more expensive HDTV (Amaldoss and Jain 2005; Erickson and Johansson 1985).

The large marketing literature on reference prices also generally supports the common sense claim that, other things being equal, consumers prefer lower prices over higher ones. While in certain respects consumers get a fair deal when they pay their reservation price for a product and a good deal when they pay any value less than their reservation price and, therefore, receive a consumer surplus, research has demonstrated that most consumers base judgments on whether they got a good or bad deal on degree of deviation from a reference price that is typically their estimate of the market value of the product (Lowengart 2002). When the price paid is less than the expected reference price, consumers receive positive transaction value that adds to their satisfaction with the purchase. When they must pay more than the reference price, negative transaction value subtracts from their overall satisfaction with the purchase (Thaler 1985).

The preference for deviations from the reference price on the low side is limited by a boundary condition. If the deviation is extreme, consumers may refuse a proffer not because they dislike the low price per se but because they become suspicious that something must be wrong with a product that is priced so far below the expected market price (Monroe 1990; Monroe and Venkatesan 1969; Sherif and Hovland 1961). In this study, responses to prices below the reference

price are positive, so it is clear that the deviation does not fall into the social judgment theorist's latitude of rejection.

In summary, the preference, other things being equal, for lower prices over higher prices is a fundamental premise of the Law of Demand and the utility theory that undergirds neoclassical economics. Our focus, in this study, is on decision utility (the consumer's *ex ante* satisfaction with a transaction at the time of purchase) rather than on experienced utility (the consumer's *ex post* satisfaction with the product based on their experience using it) (Lévy-Garboua and Montmarquette 2007; Kahneman et al. 1997).

### Equity Theory

Of much more recent vintage is equity theory (Adams 1965). Equity theory suggests that the determinant of satisfaction with an exchange is the equitableness of the transaction. Under most formulations of this theory, exchange partners are held to be maximally satisfied when the ratio of outcomes to inputs is equal for the two exchange partners. When an exchange partner gets more than she gives up (positive inequity) or gives up more than she gets (negative inequity), she is expected to be less satisfied with a transaction than if the ratio of outcomes to inputs is the same for the two exchange partners (Adams 1965; Adams and Freedman 1976).

Equity theory has been widely cited in the marketing (Boote 1998; Van Raaij and Pruyn 1999; Wangenheim and Bayón 2007; Xia, Monroe, and Cox 2004) and management (Greenberg, 1990; Taris, Kalimo, and Schaufeli 2002) literatures. In marketing where the main focus is current and potential customers, Homburg, Hoyer, and Stock (2007, p. 464) note that "there is ample evidence supporting the general proposition that equity drives satisfaction." In their study, 69 percent of the variance in customer satisfaction was explained by equity perceptions. Likewise in management where

the focus is employees, it is clear that equity perceptions determine job satisfaction. For example, Dittrich and Carrell (1979) found that 58 percent of job satisfaction variance could be explained by equity perceptions, and Perry (1993) found that workers who were paid more or less than the norm experienced greater psychological stress than those who received normal pay. Arnold and Spell (2006) likewise found that employees experienced dissatisfaction when they received more compensation from their employer than was normal for someone contributing at their level. And in a study that examined equity perceptions of both employees and customers, Maxham and Netemeyer (2003) found that employee perceptions of job equity explained about a third of the variance in the equity perceptions of customers served by the employees. Customer equity perceptions, in turn, explained more than a third of the variance in measures of customer satisfaction. Thus, there is ample evidence that equity affects satisfaction, with positive and negative inequity both producing lower levels of satisfaction than is typical where exchanges are equitable.

### Contradictory Implications

As Figure 1 indicates, the satisfaction implications of utility theory and equity theory are contradictory. Satisfaction is optimized in a utility theory analysis when prices are low, e.g., when the money one gives up to acquire a product has far less utility than the acquired product has. As the price for any given product falls, the consumer surplus and associated satisfaction increase (High 1994). Likewise, in Thaler's (1985) mental accounting, the more the price declines relative to the reference price (generally formulated as the perceived fair market price [Lowengart 2002]), the greater will be the positive transaction value or satisfaction the consumer experiences from getting a good deal. When, on the other hand,

consumers face a high price and pay more than the perceived fair market price, they should experience low satisfaction because in

this bad deal they must give more than they expect to give to acquire the product.

### Figure 1
### Equity Versus Utility
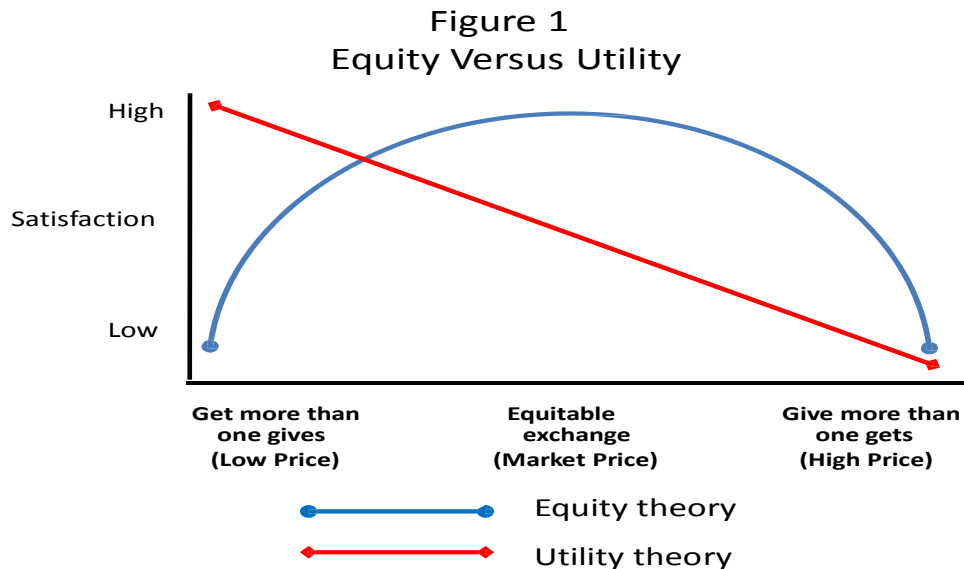


With respect to prices above the equitable or normal market price, utility theory and equity theory agree that satisfaction will be low.  But the point of optimum satisfaction differs in the two theories.  In utility theory satisfaction is optimized at a low price.  In equity theory satisfaction is optimized at the perceived fair market price where the exchange is equitable. In an equity analysis satisfaction is expected to fall when the price is below the fair market price, such that the buyer gets a good and the seller a poor deal.  Though the buyer is paying less for a benefit, she is expected to be unsatisfied because she is getting more than her due from the exchange.  In short, equity theory predicts optimal customer satisfaction at the fair market price while utility theory predicts optimal satisfaction at a low price.

### Acquaintance Moderator

Since the contradictory effects predicted by utility theory and by equity theory have both been observed in experimental studies (e.g. Scheer, Kumar, and

Steenkamp 2003; Perry 1993; Thaler 1985), it seems likely that, within some moderating set of boundary conditions, both theories are valid.  We contend that the effects of price on satisfaction are moderated by the buyer's degree of acquaintance with the seller. Degree of acquaintance is an important social fact that catalyzes fundamentally distinct social dynamics.   The importance of this relationship variable is explained by a classic distinction in sociology—the distinction Tönnies (1987/1988) makes between *Gemeinschaft* (community) and *Gesellschaft* (society) and the related distinction that Durkheim (1949) makes between mechanical and organic solidarity.

The prototypical example of Gemeinschaft is the family but other relatively intimate and personal associations—e.g., a club, church, or circle of friends--also tend to be gemeinschaftlich. This mode of social relations is characterized by a strong group orientation and powerful social mores such as an emphasis on loyalty. The institutional foundation of these relationships is relatively simple and

informal, but high levels of social intimacy and mutual social investment are typical.

The prototypical example of Gesellschaft is the urban marketplace, and, in particular the impersonal transactions that occur when one deals with anonymous functionaries or exchange partners—e.g., in a large scale retail establishment or on the Internet. This mode of social relation is characterized by impersonality, individual self interest, and loose or non-existent social ties. The institutional foundations of gesellschaflich transactions are complex and formal. They include such things as contract law and the monetary system.

The web of social expectations and social acts is very different in a Gemeinschaft and a Gesellschaft. Expectations of special consideration and loyalty will generally be higher in gemeinschaftlich than in gesellschaflich relationships whereas expectations of efficiency and specialization will generally be higher in the Gesellschaft than in the Gemeinschaft. Degree of acquaintance and expected social solidarity is, by definition, higher in a Gemeinschaft than in a Gesellschaft. As indicated below, the hypothesis tested in this study was that equity effects would operate more powerfully in gemeinschaftlich transactions where the exchange partner is well known and that utility effects would operate more powerfully in gesellschaflich transactions where the exchange partner is not personally known.

A number of researchers have recognized the importance of degree of acquaintance. In a study rooted in equity theory, Lapidus and Pinkerton (1995) hypothesized that customers receiving high outcomes with low inputs would feel guilt. When the hypothesis was not supported, they speculated that "results might have been different, providing support for the guilt hypothesis, if the complaint scenarios had reflected an ongoing relationship between the buyer and seller" (p. 118), a conjecture supported by Bolfing and Foreman (1989). In another equity theoretical study, Arnold and

Spell (2006) found that positive inequity (getting more than one gives) had a negative effect on employee satisfaction in companies with an open culture but no effect in companies with a closed culture. An open (comparatively gemeinschaftlich) culture is one in which people feel welcome and at home whereas a closed (comparatively gesellschaflich) culture is one in which relationships are guarded and distant.

In another study, Steenhaut and Kenhove (2005) found that guilt feelings and opportunism varied with relationship commitment, guilt being higher and opportunism lower where exchange partners had a close relationship. Hoffman (2000) indicated that strong affective responses are more common in close, long-term relationships than in more distant and merely transactional relationships.

And focusing on an individual difference variable—interpersonal orientation— Swap and Rubin (1983) indicated that subjects high in interpersonal orientation were very sensitive to the equitableness of exchanges whereas those low in interpersonal orientation focused more narrowly on personal utility maximization. The distinction between a friend and a stranger that is used in this study is a kind of exogenous, structural manifestation of Swap and Rubin's endogenous interpersonal orientation, interpersonal orientation being definitionally high with a friend and low with a stranger. Our research hypothesis is that this structural, exogenous distinction between a friend with whom one is well acquainted and a stranger with whom one is unacquainted will likewise activate equity or utility focused responses.

> **H1**: Degree of acquaintance will moderate the effects of cost on satisfaction such that equity theory responses will predominate when acquaintance is high

## METHOD

The subjects were 160 undergraduate business majors, 42 percent male, 58 percent female, enrolled in classes in a major mid-Atlantic university in the United States. Subjects were given extra credit for participation and were randomly assigned to one of twelve treatment groups. After signing an informed consent, subjects responded to an HDTV purchase scenario that had a 2 (know/don't know store owner) x 3 (abnormally low/normal/excessive markup) x 2 ($10/$100 affect of customer rating on store profits) design.

Two dependent variables were described in the scenario, both being post-purchase responses on an influential website that could affect the future success of the store that sold the HDTV. The first dependent measure was designed to tap the perceived utility of the transaction. The second was designed to tap motivation to restore equity by rewarding or punishing the store owner. After reading the scenario and responding to the two dependent measures, subjects filled out scales that measured potential covariates—altruism (Goldberg 1999), Machiavellianism (Goldberg 1999), and equity sensitivity (King and Miles 1994). They were then asked to describe the purpose of the experiment, were thanked, and dismissed.

The scenario that manipulated acquaintance and equity ran as follows. A person goes to an electronics store to purchase a high definition television. The owner (who is a personal friend in the high acquaintance condition or who the customer does not know in the low acquaintance condition) shows the customer what the store has in stock and the customer picks out and purchases a model that meets her needs. Upon returning home, the consumer visits a website that specializes in HDTVs and discovers that retailers normally mark this television model up $250 above their cost. In the abnormally low condition, she learns that her HDTV was sold for $250 below the retailer's costs (so the store lost $250 on the deal or $500 if normal markup is included and the buyer saved $500). In the normal condition, her television was marked up the usual $250. In the excessive markup condition, her HDTV was marked up $750 (costing the buyer an extra $500 and gaining for the retailer $500 more than is normal).

Subjects were then told that the website where the consumer learned that $250 is the normal markup allows consumers to rate retailers based on their satisfaction with them. Subjects were asked to rate the consumer's likely degree of satisfaction using three semantic differential scales anchored by Very Satisfied/Very Dissatisfied, Dislike Very Much/Like Very Much, and Excellent/Awful. (This 3-item satisfaction scale—the first of the two dependent measures--was unidimensional and reliable, with a Cronbach's alpha of .94.)

Subjects were then informed that while all website ratings of transactions have a small effect on future store sales, weighted ratings have a big effect. Ratings are weighted based on how large of a contribution the rater makes to maintaining the website. The larger the rater's contribution, the bigger the effect of her rating will be on future store sales. Research has shown, subjects were informed, that for each dollar the rater contributes, the rated store gains $10/$100 in profit (if the rater gave it a positive rating) and loses $10/$100 in profit (if the rater gave it a negative rating). Subjects are then asked how much they think the rater will spend to have her rating weighted more heavily so that it will more strongly influence store sales. The amount spent was the second dependent measure.

Like gender which normally does not have an accompanying manipulation check when manipulated in scenarios, all the independent variables in this study were objective and unambiguous. Chen, Chen, and Portnoy (2009) demonstrated that the friend/stranger manipulation is unambiguous, making a manipulation check redundant. The

low/normal/high markup and $10/$100 profit manipulations were also objective and unambiguous, so manipulation checks were judged to be unnecessary. And, since no subject guessed the purpose of the study, all were retained in the analysis of results.

## RESULTS

In statistical tests, gender and the $10/$100 variable were found to have no significant effect on the dependent variables. The altruism, Machiavellianism, and equity sensitivity covariates likewise had no significant effect, so all were dropped from the analysis. In the residual 2 (know/don't know store owner) x 3 (abnormally low/normal/excessive markup) design, cell sizes ranged from 24 to 28 subjects per cell.

**Utility Results**

The first three-item satisfaction scale was designed to tap the perceived utility of the transaction for the buyer. Subjects were expected to rate the store highly if they felt they had received a good deal (even if the inequity of the exchange made them feel uncomfortably indebted to the seller) because a negative rating for a store that had given the customer a good deal would only compound the inequity of the exchange. In giving it (if they felt discomfort), buyers would further injure the generous sellers who had given them a good deal and, thus, further imbalance the ratios of benefits to cost for the two exchange partners. So buyers' only reasonable recourse was to rate the seller highly if they felt they had received a good deal. In other words, the response frame was designed to induce subjects to report the perceived utility of the purchase independent of any dissatisfaction they might have felt due to the positive inequity of the exchange.

We can stipulate—though the actual price paid was not reported--that all the HDTVs were sold at or below the consumer's reservation price for the product. This follows from the fact that the customer chose to make the purchase which she would not have done if the price exceeded her reservation price. And not specifying the price paid minimizes the potential for confounding price/quality effects. Subjects merely know that the customer either paid the normal price for the TV or paid $500 less or $500 more than is normal. In other words, using the terminology of mental accounting (Thaler 1985), the website revealed either that customers had received zero transaction value or revealed that they had received $500 of positive or $500 of negative transaction value.

## TABLE 1

### Effect of Markup and Acquaintance on Satisfaction

|  | Friend | Stranger |
|---|---|---|
| **$500 Less than Normal** | 6.54 (.18) | 6.47 (.18) |
| **Normal Price** | 3.74 (.18) | 3.56 (.20) |
| **$500 More than Normal** | 2.33 (.18) | 2.31 (.18) |

Mean (SD) for 1 Dissatisfied / 7 Satisfied

The responses of the subjects to this dependent variable were consistent with utility theory. Means (and standard deviations) are reported in Table 1 and graphed in Figure 2. As utility theory predicts, satisfaction was inversely related to markup and price, being highest where they were lowest, lowest where they were highest. In a two – way ANOVA with markup and friend/stranger as independent variables and satisfaction as the dependent variable, the main effect for markup was significant ($F$ (2,

156) = 2907.9, $p < .000$). This result suggests that demand will be highest when a low price produces a large consumer surplus and, thus, would seem to validate the economists' Law of Demand. This utility result is unaffected by degree of acquaintance. In the two-way ANOVA, the friend/stranger variable has no effect on satisfaction ($F$ (1, 156) = .333, $p < .565$).

## Figure 2
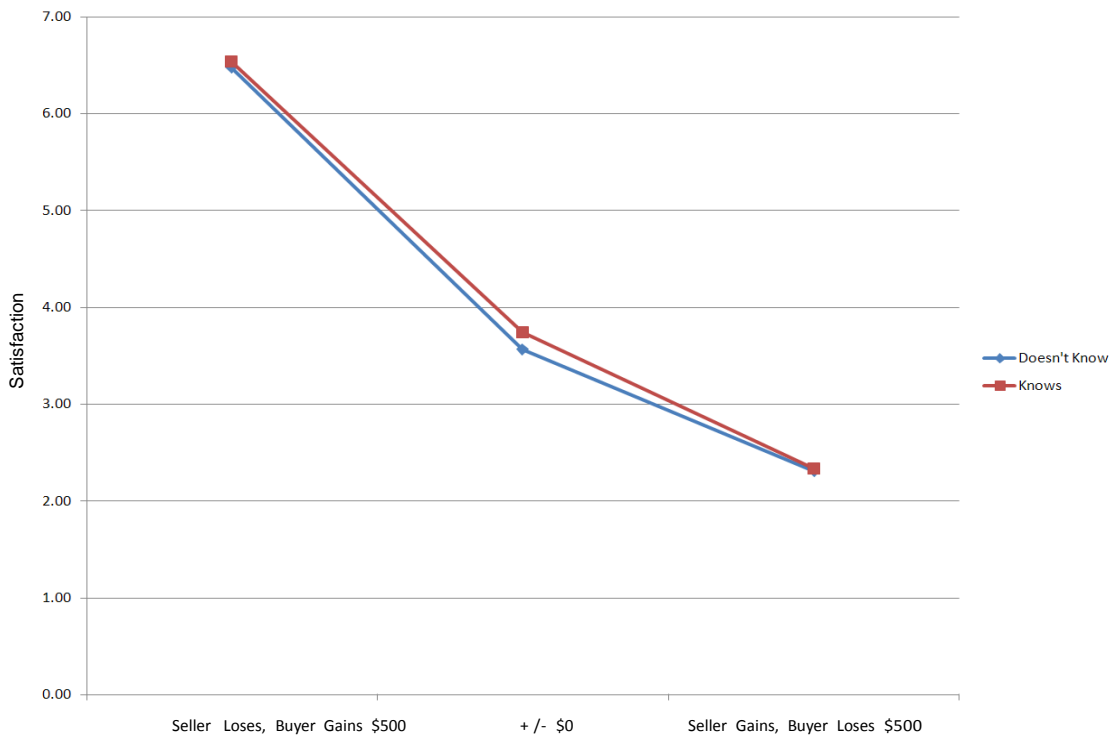


While these results are consistent with economic utility theory, there is an asymmetric deviation in the degree of satisfaction as consumers pay $500 less than is normal versus $500 more than is normal. The deviation from the normal price response is greater when the retailer sells the product at a loss than when the retailer overcharges. This effect is consistent with the expectancy/disconfirmation model (Oliver

1997), provided that consumers have asymmetrical expectations about the probability of retailers selling products below cost (perceived to be less likely) versus with excessive markup (perceived to be more likely). Given this asymmetrical expectation, the discrepancy between what is expected and what occurs would be larger in the below cost condition than in the excessive markup condition. This larger discrepancy and more

substantial disconfirmation may yield larger differences in the degree of satisfaction between the normal price and $500 below normal than between the normal price and $500 above the norm.

The presence of an asymmetric, nonlinear expectancy/disconfirmation effect was tested by a regression model using markup squared as the independent variable and satisfaction as the dependent variable. In this test, the curvilinear squared predictor was significant (Markup$^2$ t = 22.865, p < .000; R$^2$ = .77). This asymmetry is consistent with the expectancy/disconfirmation model (Oliver, 1997) if consumers are pessimistic about their exchange partners and thus more surprised by generosity (selling at a loss) than by greed (excessive markups).

## TABLE 2

### Effect of Markup Squared on Satisfaction

|  | Beta | Std. Error | t - value | p - value | R$^2$ |
|---|---|---|---|---|---|
| Markup Squared | .527 | .023 | 22.865 | .000 | .77 |

### Equity Results

Our measure of how much consumers would be willing to spend to increase the effects of their rating on store sales was designed to tap equity responses. Since the consumer already has the TV, any money spent must be counted as an additional loss from a utility point of view. Indeed, in a purely material analysis of economic utility, it would constitute a voluntary increase in the cost of the TV and would be inconsistent with the preference demonstrated in Figure 1 for purchases that have a lower cost. Additional expenditures that affect the exchange partner's outcomes would, of course, be consistent with equity theory. Responses to this item are shown in Table 3 and are graphed in Figure 2.

## TABLE 3

### Effect of Know/Don't Know and Markup on Spending

|                   | Friend          | Stranger        |
|-------------------|-----------------|-----------------|
| Sold at Loss      | $70.79 (8.14))  | $42.44 (8.14)   |
| Normal Markup     | $22.32 (8.00)   | $21.44 (8.64)   |
| Excessive Markup  | $53.35 (8.30)   | $26.29 (8.00)   |

As equity theory predicts, subjects proved most willing to spend their money to affect the sales of their exchange partner when they received an unusually good or unusually bad deal. In a linear contrast that tested the effects of normal markup against the two forms of abnormal markup ($500 above and below the norm), the mean spending difference was significant ($t(157) = -3.55$, $p < .001$). Clearly, consumers are willing to spend more to restore equity when they receive a better or worse than normal deal rather than a normal and, presumably, equitable deal. Thus, those who received a $500 discount and rated the store positively (6.54 or 6.47, Table 1) increase the effect of their positive word-of-mouth and those who were overcharged by $500 and rated the store negatively (2.33 or 2.31) increase the effect of their negative word-of-mouth by spending larger amounts than normal to reward or punish the store that had benefitted or harmed them.

## Figure 3
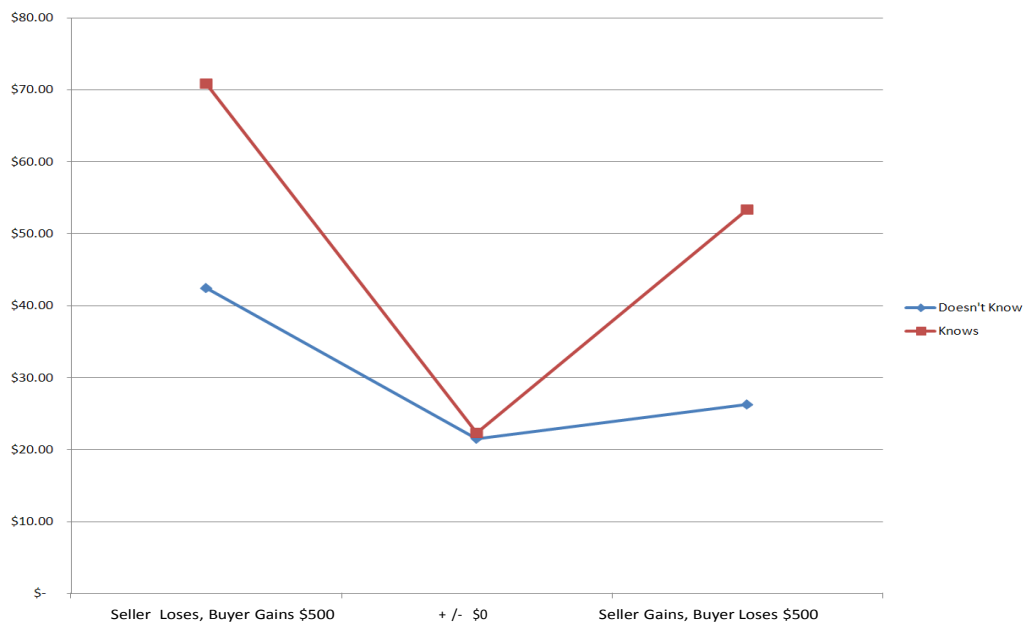
However, as hypothesized, equity responses are moderated by the consumers' degree of acquaintance with their exchange partners. The linear contrast of normal markup versus abnormal ($500 above and below the norm) is significant when the consumer knows the store owner ($t(78) = 3.50$, $p < .001$) but is not significant when the consumer does not know the store owner ($t(76) = 1.52$, $p < .134$). To be sure, the pattern of the means is consistent with an equity theory response even in the gesellschaflich low acquaintance condition. However, the response is much stronger and is statistically significant only in the gemeinschaftlich high acquaintance condition. It is evident that degree of acquaintance does moderate equity responses and that H1 is, thus, supported.

It is also evident that there is a baseline willingness to provide feedback on performance that is not consistent with pure materialistic utility maximization that focuses on cost minimization. Even in the normal markup condition where there is no positive or negative inequity and no incentive to rebalance accounts by rewarding or punishing the exchange partner, contributions to the website differ significantly from zero. A one – sample t – test using the normal markup responses only and 0 as the test value shows that consumers are inclined to provide a measure of performance feedback regardless of the equity condition ($M = 21.91$, $t(51) = 4.980$, $p < .000$). So even in the least evocative conditions, a degree of social response will occur. It is evident that human beings are fundamentally and robustly social. Exhibiting pro-social behavior, they tend to altruistically expend resources to provide valuable post hoc feedback to fellow consumers.

## DISCUSSION

The simultaneous existence of equity and utility theoretical responses is, perhaps,

unsurprising in a social species that has historically been obliged both to leverage the power of groups and to optimize its use of scarce natural resources in order to survive. For such a species, both equity sensitivity (which enhances survivability in the social domain) and ability to maximize the efficient use of natural resources (which enhances survivability in the material domain) are adaptive.

Equity sensitivity is adaptive because it preserves necessary group cohesion, giving all members of the clan a stake in maintaining the group membership that improves each individual's probability of surviving (Glasse 1959). Where group membership is necessary for survival, discomfort with positive inequity may protect one from resentments and jealousies that could provoke violence or result in expulsion from the group, either of which would endanger the continued existence of the person who got a temporary advantage from receiving from the group more than he or she contributes to it. But the ability to maximize utility is also adaptive because it ensures that scarce resources will be devoted to their most survival-relevant use rather than being squandered on some less important use that does not enhance individual or group survival (High 1994).

The degree of acquaintance moderator may function as it does because some relationships are more inherently social than others. On the continuum that ranges from the most intensively gemeinschaftlich of relationships (e.g., the family) to the most gesellschaflich of relationships (e.g., one-time online transactional exchanges with distant foreigners), the relationship may become progressively less akin to that between a person and his clan or tribe and more akin to an impersonal, purely utilitarian interaction with the natural world. It is, thus, unsurprising that the impulse to expend resources to balance what is given and what is received in exchanges diminishes as the relationship becomes more distant. In effect, the social dimension of exchanges gradually

diminishes as exchanges become more gesellschaflich, making utility maximization a more predominant consideration in exchanges between distant strangers than it is in on-going exchanges with family or friends.

But while a diminishing degree of acquaintance attenuates the power of the social response, there remains a residual echo of the gemeinschaftlich pattern in our interactions with strangers (i.e., while it is flatter, the Does Not Know Store Owner line in Figure 2 has the same basic U shape as the Knows Store Owner line). And as the t – test against a 0 mean indicates, even in the most equitable exchange condition, people voluntarily expend resources to provide social feedback although it reduces their material gain.

Turning to the practical implications of these findings, they provide a theoretical foundation for understanding how motivational and economic dynamics differ for relational versus transactional exchanges. In transactional exchanges (Houston and Gassenheimer 1987; Webster 1992), the kind of price minimization posited by utility theory may be the driving goal of the buyer since the mix of costs and benefits to buyer and seller will be unlikely to affect the possibility of entering into future exchanges. This dynamic is likely to predominate in spot markets and other venues where products are commoditized and where personal acquaintance with exchange partners is limited or nil, e.g., in the market for fast moving consumer goods (Rao and Perry 2002).

Relational exchanges are more complicated. While it is widely believed that sellers benefit when customers feel personally connected to a company or its brand (Mogilner and Aaker 2009), this study suggests that these feelings of intimacy may be a double-edged sword. The more connected consumers feel, the more motivated they may be to promote the prosperity of the company when they feel they have received an outsized benefit, but consumers who feel a personal connection

may, likewise, be more motivated to seek to damage the firm or brand when they feel they have received less than their due in a transaction. Thus, as the perceived relationship between a business and its customers becomes more intimate, both the opportunities and the risks the business faces will increase. It will, thus, be important to develop improved mechanisms for measuring perceived exchange inequity as the intimacy of firms and their customers increase.

While this study explored the effects of acquaintance and equity in a business to consumer context, a domain in which database and internet marketing are facilitating an increase in relationship marketing (DeTienne and Thompson 1996), the findings are likely to be equally or more applicable in business to business contexts. Personal relationships generally play a bigger role in business to business transactions than they do in business to consumer transactions since the higher value of products sold better supports the higher cost of personal sales calls and the maintenance of an ongoing personal relationship between seller and buyer. Future research might further explore the applicability of these findings in business to business markets.

## LIMITATIONS

We conclude by noting a limitation of our study. Kahneman (2000) has identified potential problems that arise from focusing on decision utility as we do in this paper rather than on expected utility. While we do not believe those concerns substantially affect our conclusions, readers will benefit from perusing his discussion of the potential problem.

## REFERENCES

Adams, J. Stacy (1965), "Inequity in Social Exchange," in L. Berkowitz (Ed.), *Advances in Experimental Social Psychology*, Vol. 2, 267 – 299, New York: Academic Press.

------ (1965), "Inequity in Social Exchange," in *Advances in Experimental Social Psychology, Vol. 2*, ed. Leonard Berkowitz, New York: Academic Press, 267 – 299.

------ and Sara Freedman (1976), "Equity Theory Revisited: Comments and Annotated Bibliography," in *Advances in Experimental Social Psychology, Vol. 9*, eds. Leonard Berkowitz and Elaine Walster, New York: Academic Press, 43 – 90.

Amaldoss, Wilfred. and Sanjay Jain (2005), "Pricing of Conspicuous Goods: A Competitive Analysis of Social Effects," *Journal of Marketing Research*, 42, 30-42.

Arnold, Todd and Chester S. Spell (2006), "The Relationship Between Justice and Benefits Satisfaction," *Journal of Business and Psychology*, 20 (4), 599 – 620.

Bolfing, Claire P. and Andrew M. Forman (1989), "Guilt as an Antecedent to the Consumer Evaluation Process in the Services Context," *J. of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 2, 55 – 62.

Boote, Jonathan (1998), "Towards a Comprehensive Taxonomy and Model of Consumer Complaining Behavior," *Journal of Consumer Satisfaction/Dissatisfaction and Complaining Behavior*, 11, 140 – 151.

Bradley, Michael E. (1989), "John Stuart Mill's Demand Curves," *History of Political Economy*, 21 (1), 43 – 56.

Chen, Ya-Ru, Xiao-Ping Chen, Rebecca Portnoy (2009), "To Whom Do Positive Norman and Negative Norm of Reciprocity Apply? Effects of Inequitable Offer, Relationship, and Relational-Self Orientation," *Journal of Experimental Social Psychology*, 45, 24 – 34.

Dittrich, John E. and Michael R. Carrell (1979), "Organizational Equity Perceptions, Employee Job Satisfaction, and Departmental Absence and Turnover Rates," *Org Behavior and Human Performance*, 24, 29 – 40.

DeTienne, Kristen Bell and Jeffrey A. Thompson (1996), "Database Marketing and Organizational Learning Theory: Toward a Research Agenda," *Journal of Consumer Marketing*, 13 (5), 12 – 34.

Dodds, William B., Kent B. Monroe, and Dhruv Grewal (1991), "Effects of Price, Brand, and Store Information on Buyers' Product Evaluations," *Journal of Marketing Research* 28 (August), 307 -19.

Durkheim, Émile. (1949), *The Division of Labour in Society*, Trans. by George Simpson, Free Press, Glencoe, IL.

Ekelund, Robert B. and Robert F. Hébert (2002), "The Origins of Neoclassical Microeconomics," *Journal of Economic Perspectives*, 16 (3), 197 – 215.

Erickson, Gary M. and Johny K. Johansson (1985), "The Role of Price in Multi-Attribute Product Evaluations," *Journal of Consumer Research*, 12 (September), 195 – 9.

Glasse, Robert M. (1959), "Revenge and Redress Among the Huli: A Preliminary Account," Mankind: *Official J. of the Anthropological Societies of Australia*, 5 (7), 273 – 289.

Greenberg, Jerald (1990), "Employee Theft as a Reaction to Underpayment Inequity: The Hidden Cost of Pay Cuts," *Journal of Applied Psychology*, 75 (5), 561 – 68.

Goldberg, Lewis. R. (1999). "A Broad-bandwidth, Public Domain, Personality Inventory Measuring the Lower-level Facets of Several Five-factor Models," in Ivan Mervielde, Ian J. Deary, Filip De Fruyt, & Fritz Ostendorf (Eds.), *Personality Psychology in Europe*, Vol. 7. Tilburg, The Netherlands: Tilburg University Press, 7 - 28.

High, Jack (1994), "The Austrian Theory of Price," in Peter J. Boettke (ed.), *The Elgar Companion to Austrian Economics*, Aldershot Hants, England: Edward Elgar Publishing Limited, 151 – 155.

Hoffman, Martin L. (2000), *Empathy and Moral Development: Implications for Caring and Justice*, Cambridge University Press.

Homburg, Christian, Wayne D. Hoyer, Ruth Maria Stock (2007), How to Get Lost Customers Back?" *Journal of the Academy of Marketing Science*, 35, 461 – 474.

Houston, Franklin S. and Julie B. Gassenheimer (1987), "Marketing and Exchange," *Journal of Marketing*, 41 (4), 3 – 18.

Jevons, William Stanley (1871), *The Theory of Political Economy*, Macmillan, London.

Kahneman, Daniel (2000), "New Challenges to the Rationality Assumption," in *Choices, Values, and Frames*, Daniel Kahneman and Amos Tversky (Eds.), Cambridge University Press, 758 – 820.

------, Peter P. Wakker, and Rakesh Sarin (1997), "Back to Bentham? Explorations of Experienced Utility," *Quarterly Journal of Economics* 112 (2), 325 – 405.

King, Wesley C. and Edward W. Miles (1994), "The Measurement of Equity Sensitivity," *Journal of Occupational and Organizational Psychology*, 67, 133 – 142.

Lapidus, Richard S. and Lori Pinkerton (1995), "Customer Complaint Situations: An Equity Theory Perspective," *Psychology and Marketing*, 12, 105-122.

Lévy-Garboua, Louis and Claude Montmarquette (2007), "A Theory of Satisfaction and Utility with Empirical and Experimental Evidences," retrieved from http://www.gate.cnrs.fr/afse jee/Papiers/37.pdf on 9-25-10.

Lichtenstein, Donald R., Nancy M. Ridgeway, and Richard G. Netemeyer (1993), "Price Perceptions and Consumer Shopping Behavior: A Field Study," *Journal of Marketing Research*, 30 (May), 234 – 45.

Lowengart, O (2002), "Reference Price Conceptualizations: An Integrative Framework Analysis," *Journal of Marketing Management* 18 (1 – 2), 145 – 171.

Maxham III, James G. and Richard G. Netemeyer (2003), "Firms Reap What They Sow: The Effects of Share Values and Perceived Organizational Justice on Customers' Evaluations of Complaint Handling," *Journal of Marketing*, 67 (January), 46 – 62.

Menger, Carl (1871), *Principles of Economics*, Trans. and ed. J. Dingwall and B. F. Hoselitz, Free Press, Glencoe, IL.

Mogilner, Cassie and Jennifer Aaker (2009), "'The Time vs. Money Effect': Shifting Product Attitudes and Decisions Through Personal Connection," *Journal of Consumer Research*, 36, 277-291.

Monroe, Kent B. (1990), *Pricing: Making Profitable Decisions*, 2nd Edition, Prentice Hall, Englewood Cliffs, NJ.

---- and M. Venkatesan (1969), "The Concept of Price Limits and Psychological Measurement: A Laboratory Experiment," in *Marketing Involvement in Society and the Economy*, ed. Phillip P. McDonald, Chicago: American Marketing Association, 345 – 351.

Oliver, Richard L. (1997), *Satisfaction: A Behavioral Perspective on the Consumer*, McGraw-Hill, New York, NY.

Perry, Linda S. (1993), "Effects of Inequity on Job Satisfaction and Self-Evaluation in a National Sample of African-American Workers," *The Journal of Social Psychology*, 133 (4), 565 – 573.

Rao, Sally and Chad Perry (2002), "Thinking about Relationship Marketing: Where are We Now?" *Journal of Business & Industrial Marketing*, 17 (7), 598 – 614.

Scheer, Lisa K., Nirmalya Kumar, and Jan-Benedict E. M. Steenkamp (2003), "Reactions to Perceived Inequity in U.S. and Dutch Interorganizational Relationships," *Academy of Management Journal*, 46 (3), 303 – 316.

Sherif, Muzafer and Carl I. Hovland (1961), *Social Judgment: Assimilation and Contrast Effects in Communication and Attitude Change*, Yale University Press, New Haven, CT.

Steenhaut, Sarah and Patrick Van Kenhove (2005), "Relationship Commitment and Ethical Consumer Behavior in a Retail Setting: The Case of Receiving Too Much Change at the Checkout," *Journal of Business Ethics*, 56, 335 – 353.

Swap, Walter C. and Jeffrey Z. Rubin (1983), "Measurement of Interpersonal Orientation," *Journal of Personality and Social Psychology*, 44 (1), 208 – 219.

Taris, Toon W., Raija Kalimo, and Wilmar B. Schaufeli (2002), "Inequity at Work: Its Measurement and Association with Worker Health," *Work & Stress*, 16 (4), 287 – 301.

Thaler, Richard (1985), "Mental Accounting and Consumer Choice," *Marketing Science*, 4 (3), 199 – 214.

Tönnies, Ferdinand (1988), *Community and Society*, Trans. by Charles P. Loomis, Transaction Books, New Brunswick, NJ.

Vargo, Steven L. and Robert F. Lusch (2004), "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, 68, 1 – 17.

Van Raaij, Fred and Ad T. H. Pruyn (1999), "Customer Control and Evaluation of Service Validity and Reliability," *Psychology and Marketing*, 15, 811-832.

Wagenheim, Florian v. and Tomás Bayón (2007), "Behavioral Consequences of Overbooking Service Capacity," *Journal of Marketing*, 71 (October) 36 - 47.

Webster, Frederick E. (1992), "The Changing Role of Marketing in the Corporation," *Journal of Marketing*, 56 (4), 1 – 17.

Xia, Lan, Kent B. Monroe, and Jennifer L. Cox (2004), "The Price Is Unfair! A Conceptual Framework of Price Fairness Perceptions," *Journal of Marketing*, 68, 1-15.

**Send correspondence regarding this article to:**

**Val Larsen**
**Associate Professor of Marketing**
**MSC 0205**
**James Madison University**
**Harrisonburg, VA  22807**
**larsenwv@jmu.edu**
 **(540) 810-3753**

# AN EXAMINATION OF THE RELATIONSHIPS AND INTERACTIONS AMONG PRODUCT, BRAND, PERSONAL AND SERVICE PROVIDER LOYALTY

**Gary J. Salegna, Illinois State University Farzaneh Fazel, Illinois State University**

## ABSTRACT

The term "loyalty" does not have a universally accepted definition in the literature with respect to customer loyalty, and the distinctions between and relationships among product loyalty, brand loyalty, personal loyalty and service provider loyalty have rarely been addressed by scholars. Customer loyalty can take many different forms, and the interactions among the different types of customer loyalty may have important consequences for consumer purchase decisions.

This article addresses the relationships and interactions among the different types of loyalty, and includes a matrix for examining product offerings and loyalty for different degrees of product involvement and customization. Finally, the article discusses managerial implications for different service designs, in addition to future directions for research in this area.

## INTRODUCTION

Customer loyalty has become very important to organizations as they strive to achieve high levels of product and service quality and customer satisfaction. The research on customer loyalty to a service provider, however, is underrepresented in the research literature, compared to product and brand loyalty (Bloemer, De Ruyter, and Wetzels 1999). This is surprising since increased customer loyalty is continually cited as the most important predictor of long-term profitability (e.g., Deming 1986; McCaslin 2001). In addition, the differences between, relationships and interactions among product, brand, personal and service provider loyalty have received very little attention by scholars. Product/brand loyalty and service provider loyalty have been for the most part addressed separately, with brand loyalty receiving most of the attention. In fact, in the majority of firms, the activities related to brand management are considered separately from the activities related to customer satisfaction or loyalty (Keiningham, Vavra, Aksoy, and Wallard 2005).

Within the area of brand loyalty, the focus has typically been on consumer goods (tangible products), as opposed to service brands. The term "product" refers to tangible consumer goods and intangible service offerings. However, unlike brand loyalty, which refers to service and product brands, the term "product loyalty" has primarily been used in the research literature with respect to tangible goods (e.g., product loyalty to Sony cameras). While a consumer may be loyal to a hair salon, or particular hairstylist, they are not said to be loyal to a haircut, the "product." When the product offering is purely intangible, it is best to think of "product" loyalty being synonymous with "personal" or "service provider" loyalty, since the person and/or organization is inseparable from the product/brand offering. For instance, customer loyalty to "Rightcut Hair Salon" haircuts is one in the same as loyalty to a person or the service provider, whereas, loyalty to Sony cameras is independent of the organization selling the camera.

One can have brand loyalty, in the absence of any emotional commitment to a seller, and therefore not have loyalty to a service provider. For example, consumers may be loyal to the Toyota brand, but not to a particular Toyota dealership either for product purchase or product servicing after purchase.

However, loyalty should not be viewed as an all or nothing concept, most consumers do not frequent just one restaurant (even among similar types of restaurants), or one type of retail store for a particular product, but given a choice customers may have a few predominant stores or restaurants that they frequent on a regular basis. The larger the pool of alternative choices, without a differentiating weight given to preference, the weaker the service loyalty.

A service provider herein represents an organization whose activities fall within the service sector, including health care services, financial services, professional services (e.g., legal), educational services, hospitality/travel/tourism services, sports/arts/entertainment services, telecommunications services, rental/leasing services, personal services (e.g., hairstyling), retail services, repair/maintenance services (e.g., lawn care, auto repair), governmental services (e.g., police service), and nonprofit services (e.g., religions, museums) (Fisk, Grove, and John 2004; Krajewski and Ritzman 2002). *In addition, service provider loyalty, as the term is used in this article, is limited to a particular service provider, and does not include all sellers of the same brand name.*

While there are some points of similarity between these two fields of loyalty-based research (product/brand and personal/service loyalty), the differences are significant and an examination of the different types of loyalty is warranted.

## LOYALTY DEFINITIONS

The term loyalty does not have a universally accepted definition among scholars or practitioners. There is little consensus on what the definition and constructs of loyalty are in the customer loyalty research, or how to measure it (e.g., Grisaffe 2001). The majority of the early marketing studies defined loyalty as primarily a behavioral construct. The frequency of purchases, when given a choice, would be an indicator of a customer's loyalty to an organization. And, according to Oliver (1999, p.43), "Past researchers had assumed that loyalty could be described sufficiently by patterns of repeat purchase behavior. This notion was put to rest when multi-brand and attitude-based models were proposed, which led to the now popular cognitive-affective-conative representation of brand commitment." Meaning, a customer's evaluation of the experience (or cognitive satisfaction) leads to an emotional/feelings state leading to their commitment to repurchase, which in turn drives behavioral intent, leading to action to repurchase.

A widely accepted definition of brand loyalty was presented by Jacoby and Chestnut (1978, p.80-81) where they stated that six conditions must be met. Brand loyalty is defined as "(1) the biased (i.e., nonrandom), (2) behavioral response (i.e., purchase), (3) expressed over time, (4) by some decision-making unit, (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision-making, evaluative) processes."

We embrace this point of view and, for the purposes of this article, define brand loyalty as including commitment, behavioral intent and behavior (action) to repurchase a particular brand. Product loyalty can be defined similarly, except that the loyalty exhibited applies to a particular product offering, but may not be generalizable to other product line offerings within the brand. As such, product loyalty and brand loyalty represent different concepts and warrant individual attention (Martisiute, Vilutyte, and Grundey 2010).

The concept of service provider loyalty (also referred to as service loyalty), a newer area of research that is gaining popularity, can be seen to have evolved into a multidimensional construct that includes cognitive, affective, and behavioral processes. The importance of emotions in relation to loyalty has been mentioned in the literature since the 1960s, but it has not been until fairly recently that scholars have incorporated the attitudinal constructs of loyalty, including the

cognitive and affective processes, into research studies on service provider loyalty (e.g., Bloemer et al. 1999; Fishbein and Ajzen 1975). If loyalty is defined as incorporating an attitudinal dimension, then the measurement of customer loyalty must include the likelihood that a customer will stay with an organization in the future, as opposed to measuring loyalty based solely on past customer patronage (e.g., see Dick and Basu 1994; Jones and Taylor 2007; Salegna and Goodwin 2005).

By extension, for true service loyalty to occur there must exist a psychological dimension that includes satisfaction and emotional commitment to an organization (Yu and Dean 2001). Remaining consistent with defining loyalty as a multidimensional construct, we use the following definition for service loyalty: "*True loyalty to a service provider is the consumer's strong desire to interact/do business with a particular service organization, resulting from high customer satisfaction, emotional commitment, and sustained repeat purchase behavior (demonstrating high exclusivity)*" (Salegna and Goodwin 2009, p.200). (See Salegna and Goodwin 2005 for additional perspective on this definition; see also Han, Kwortnik, and Wang 2008 for an extension of the conceptual model developed by Salegna and Goodwin 2005).

Service brand loyalty is defined in a manner similar to service provider loyalty,

except that the loyalty exhibited pertains to any service providers of a brand, thus, service loyalty (to a particular service provider) may not exist. E.g., loyalty to a service provider measures the extent to which a consumer exhibits loyalty towards a particular McDonald's, as opposed to service brand loyalty, which measures a customer's loyalty to the McDonald's brand.

Personal loyalty represents a customer's commitment and desire to do business with an employee of the service organization. While on the surface this may sound the same as service provider loyalty, since an employee is an agent of the organization, he/she actually represents two very different psychological constructs, and very different implications for the target organization. A customer may be loyal to a person within the organization, but not the organization itself, should the service provider leave the organization.

## LOYALTY RELATIONSHIPS

Figure 1 proposes a model, representing the relationships among product, brand, personal and service provider loyalty. Again, "product loyalty" here represents a customer's loyalty involving tangible consumer goods. First, the relationships are examined, and next the interactions among the different types of loyalty are discussed.

**Figure 1**
**Relationships among Product, Brand, Personal and Service Provider Loyalty**
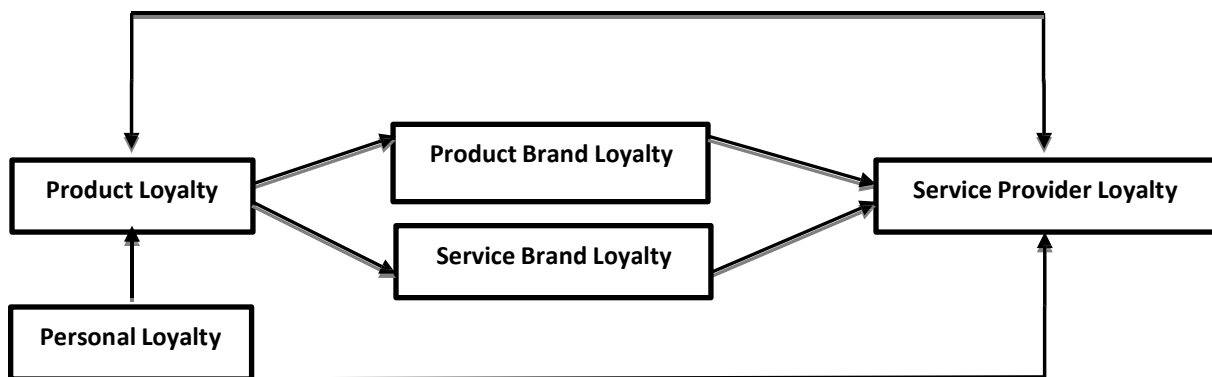
**Personal Loyalty to Service Provider Loyalty**

Many customers are loyal to a service provider due to the personal relationships formed with the employee(s) of the organization. Because most service encounters involve some type of personal contact, what differentiates "truly loyal" customers from the rest is their degree of emotional commitment to the service provider (Salegna and Goodwin 2005). Studies have noted a positive relationship between loyalty to a person within an organization and loyalty to the organization (e.g., see Gwinner, Gremler and Bitner 1998). Newell, Belonax, McCardle, and Plank (2011) also found that trust in the salesperson resulted in a higher perceived customer loyalty to the relationship. The richer the personal connections with the customer, the more the customer tended to perceive a higher sense of loyalty to the relationship. Personal loyalty may also lead to product loyalty (e.g., see Brexendorf, Muhlmeier, Tomczak, and Eisend 2010).

Of course, to the extent that the employee is knowledgeable and competent, the organization benefits. For example, someone who trusts and has developed personal loyalty to an insurance agent may decide to extend their current portfolio of insurance products to include other insurance products. Hence, personal loyalty may not only result in increased service provider loyalty, but increased profits as well.

However, studies have also noted a risk when a customer develops strong loyalty to a person within an organization (e.g., see Arbore, Guenzi, and Ordanini 2009). Strong personal loyalty to a key employee can put the organization at risk, and thus represent a dilemma for organizations. Personal loyalty may not carry over to the organization, and in fact, may make the organization vulnerable if the employee leaves the organization. If the contact person within the organization moves to another department or leaves, the customer may take their business elsewhere, with the potential to also impact brand loyalty.

Perrien, Paradis, and Banting (1995) found that a customer can be loyal to a person within an organization, but this loyalty may not be transferable to the organization itself or to a new employee if the contact person within the organization is moved or leaves the organization. Indeed, Perrien et al. (1995) found that account manager turnover was the most frequent reason why businesses switched their commercial bank accounts. Arbore et al. (2009) also found that personal loyalty to a radio DJ did not result in loyalty to the radio station. And, Bove and Johnson (2009) reported that personal and service loyalties were consistent in a longitudinal study, that is, personal loyalty had a significant impact on service provider loyalty in a hair salon. They reported that among those customers that left and switched to a different salon, almost half reported doing so because their hairstylist left the salon. Therefore, while there is a positive relationship between personal loyalty and service provider loyalty, it only exists as an organizational benefit (enhancing service provider loyalty) as long as the key employee stays with the organization.

Marandi, Little, and Sekhon (2006) also found a correlation between the perception of service provider empathy and customer loyalty. When customer treatment is known to be the same, regardless of the individual contact person in the organization, the organization creates value that transcends individual employees. However, the opposite is true if the customer attributes their treatment (information, special consideration, etc.) and "product" offered to one employee, and believes they will not be provided by other employees in the organization. The lesson to be learned is that organizations must provide value that transcends the customer-employee relationship, and in the process make the value apparent to the customer. In doing so, the organization should build self-sustaining core competencies (technology, expertise, customer treatment, etc.) that extend beyond the domain and core capabilities of any individual employee.

## Product Loyalty and Service Provider Loyalty: Direct and Indirect Relationships

Product loyalty can lead directly to service loyalty, assuming the presence of emotional commitment, even in the absence of brand loyalty. There may be a particular product and organization that a customer is loyal to; but their loyalty to a product is not generalizable to the brand (assuming more than one product line exists within the brand). Loyalty to a service provider also reinforces product loyalty, as long as emotional commitment remains, creating the continued desire to do business with a particular service provider. For example, as long as a person remains loyal to a hair salon, they may continue to buy products sold by that organization.

Brand loyalty is an important factor in the indirect relationship from product to service loyalty. Loyalty to a product may lead to product brand loyalty, or loyalty to different product line offerings within the brand (e.g., see Torres-Moraga, Vasquez-Parraga, and Zamora-Gonzalez 2008). Typically, product loyalty occurs before brand loyalty, but brand loyalty may also occur without product loyalty; one may buy any product offered within a brand (product or service) based on previous satisfaction with other products of that brand. There are studies reporting that satisfaction with store brands (referring to tangible consumer goods) leads to store loyalty. Huang and Huddleston (2009) suggest that brand loyalty, when it consists of an organization's brand, may result in increased store loyalty. Indeed, Yang and Wang (2008) found that low and medium priced store label products (constituting the store brand) were able to contribute to service brand and individual store loyalty. However, De Wulf, Odekerken-Schroder, and Ossel (2005) found that loyal customers buy store brands. Therefore, there exists the chicken and egg question, but the majority of the research supports the former

relationship (Huang and Huddleston 2009). Still, Huang and Huddleston (2009) state that further investigation is warranted concerning the direction of the relationship between service loyalty and product brand loyalty.

Brand loyalty strength is an extension of how satisfied customers are with an organization's products, so consistency in product quality is important across the product brand. Corstjens and Lal (2000) reported that supermarkets that carry their own high quality product labels benefit from greater brand and store (behavioral) loyalty. Therefore, organizations which carry exclusive brands (especially high quality ones), may benefit from increased customer loyalty and increased profits. The positive relationship reported between brand loyalty and store loyalty occurs for an organization's brands, or for brands exclusively carried by an organization, and may not be significant for brands that are not exclusive to the organization (e.g., Binninger 2008). These brands can be found at a number of service providers, and therefore do not represent a unique offering. Albeit, these brands are not unique, it has been found that customer expenditures on manufacturer brands (versus store brands) will benefit due to increased customer patronage and store loyalty. However, Pepe, Abratt, and Dion (2011) caution that reducing the presence of national brands from a store's product portfolio may reduce customer traffic and sales.

Hsieh and Li (2008) also found that a favorable service brand image for an insurance company increased the effectiveness of advertising campaigns. The public relations perception (PRP) of the organization's public relations practices had a stronger impact on customer loyalty for customers who had a positive brand image of the organization, and the impact of PRP on customer loyalty was negligible if brand image was unfavorable.

## INTERACTIONS OF THE DIFFERENT TYPES OF LOYALTY WITH SERVICE PROVIDER LOYALTY

Table 1 displays the key interactions among personal, product and product brand loyalty with service provider loyalty. Note that only product brand (tangible consumer goods) loyalty is shown in this table. If service provider loyalty exists, service brand loyalty would primarily serve to reinforce existing customer loyalty behavior.

**Table 1**
**Interactions of Product, Brand and Personal Loyalty with Service Provider Loyalty**

| | |
|---|---|
| **Personal*Service Loyalty** | Loyal to a Person and Service Provider |
| **Product*Service Loyalty** | Loyal to a Product and Service Provider |
| **Product Brand*Service Loyalty** | Loyal to a Product Brand and Service Provider |
| **Product*Product Brand*Service Loyalty** | Loyal to a Product, Product Brand and Service Provider |
| **Product*Personal*Service Loyalty** | Loyal to a Product, Person and Service Provider |
| **Product*Personal*Product Brand*Service Loyalty** | Loyal to a Product, Person, Product Brand and Service Provider |

### Personal and Service Loyalty

Personal loyalty and service loyalty occur when a customer has a strong emotional commitment to the person and organization. However, one may be loyal to a person, but not the organization where the person works. Referring to the hair salon example, if the hairstylist moves to a new company, or opens their own shop the customer may follow this person, and not continue to patronize the organization where they had previously worked. Indeed, this very situation was reported by Bove and Johnson (2009). Therefore, service provider loyalty cannot be automatically assumed when personal loyalty is present, and likewise, customers can be

loyal to a company without having loyalty to any specific employee.

## Product and Service Loyalty

Situations where product loyalty and service loyalty both exist without product brand loyalty would be where customers buy a product at the same organization.    For example, someone may always buy a Sony TV from a particular Best Buy, but loyalty to the Sony brand may be limited, and not generalizable to other Sony products.

## Product Brand and Service Loyalty

Customers may be loyal to a brand and consistently purchase that brand at a specific store.   Alternatively, customers may shop at any store with high exclusivity and frequency, but not be product brand loyal. For example, customers may be loyal to the Polo Brand (regardless of products), and they may buy them at any store selling this brand, or they may purchase Polo at any Bergner's (exhibiting service brand loyalty).     If they typically purchase the Polo brand at a particular Bergner's store, then product brand loyalty and service loyalty both exist.

## Product, Product Brand and Service Loyalty

Product, product brand and service loyalty all exist **w**hen a number of products are purchased from the same brand at the same service provider. An example of product, product brand and service loyalty would be a customer who consistently buys Sony products (e.g., LCD television, camera) at a particular Best Buy store.

## Product, Personal and Service Loyalty

Product, personal, and service loyalty occurs when the product is frequently purchased from the same person at the same service provider.   For example, a customer

uses the same salesperson to buy a Ford Taurus at a Ford dealership, or the same salesperson to purchase a Ralph Lauren suit at a particular Nordstrom's store.

## Product, Personal, Product Brand and Service Loyalty

This situation represents the same as the last, with the exception that a number of products of the same brand are purchased from the same salesperson.   For example, a customer may consistently purchase several products of the same brand (e.g., Ralph Lauren suit, tie and shirts) from the same salesperson at a particular Nordstrom's store, thus exhibiting product, product brand, personal and service loyalty.   The personal loyalty present in these situations is essential to maintaining and building customer loyalty to the service provider, as well as loyalty to the products and brands offered by the organization.

## PRODUCT INVOLVEMENT: LOYALTY AND SERVICE DESIGN CONSIDERATIONS

Product involvement refers to the perceived personal relevance of a product category, and involves an ongoing commitment of a consumer with regard to their thoughts, feelings and behavior to a product category (e.g., see Quester and Lim 2003; Suh and Yi 2006).      Product involvement has been referred to as being a major moderator that affects loyalty and purchase decisions.    The research literature suggests that consumers who are more involved with a brand are more likely to show commitment, and thus more loyalty to that brand (Quester and Lim 2003).

Kapferer and Laurent (1993) defined five major dimensions of product involvement: interest, pleasure, sign (degree to which it expresses the person's self), risk importance and risk probability.  Consumers who were high on all dimensions represented a "total involvement" profile. Consumers tend

to exhibit high product involvement for higher priced items, where the risk of making a bad choice is much greater. Other product categories invoking high product involvement may include product categories that affect "sensory appeal" or a person's health and well-being (Martin 1998).

For high involvement items, the consumer is typically looking for a relationship (e.g., where they get a haircut, get a medical operation, or get their car repaired), and the product offerings, while important, do not create loyalty in the absence of trust and relationship involvement. For low involvement items (e.g., many products at Wal-Mart), the consumer may not be looking for a relationship with the service provider, but rather low prices. And if prices increased, it is unlikely that these same consumers would continue to frequent Wal-Mart. In other cases, the consumer may be looking for overall value in the product/service offerings, and if the perceived value changes they may take their business elsewhere. Most restaurants will fall under organizations offering low involvement product offerings, and the "value" of the product offerings is typically more important to customers than the development of personal relationships.

On an anecdotal note, one author knows a family who will not return to a particular restaurant due to a change in ownership. In this case, it had less to do with a strong personal relationship, than the fact that the cook changed and the food and service were no longer very good. When they asked about the change in ownership, they were told that the previous owners went out of business because the former cook/owner did everything like he was cooking for himself. The implication was that he was not business savvy, and while this may have been the case, the food portions, taste and service were very good. Therefore, while the new owners have attempted to reduce cost, they also lost some loyal customers, who otherwise

would have continued to patronize this restaurant. They obviously went too far in changing the product offering (and in the process the organizational culture), by reducing cost through sacrificing quality service and products, which resulted in customers defecting.

Figure 2 posits a framework for understanding the interactions between the degree of product involvement and product customization, a key service design consideration. Product customization and product involvement are viewed as occurring on a continuum, thus the four cells represented in this matrix would include portfolios of product offerings, which may overlap the artificial divisions found within this matrix. The potential for personal loyalty to impact service provider loyalty (referred to as "personal loyalty effect," and characterized from low to high), and the nature of product offerings are provided for each of the four cells in this matrix.

Consistent with the definition of "product" provided earlier, the term "product" found in Figure 2 refers to both tangible goods and intangible services. For example, a student can have high product involvement with an education at an Ivy League school such as Yale, but show little product involvement in an education at a community college. It is important to keep in mind that "product involvement," like "relationship involvement" is a consumer-based characteristic and not a product-based one. Therefore, for the same product category, different consumers can have very different degrees of product involvement (Martin 1998). This means that some consumers may present exceptions to the generalizations concerning the propensity for consumers to have low or high levels of product involvement for various product categories.

**Figure 2**

**Product Offerings and Personal Loyalty Effect for Different Degrees
of Product Involvement and Customization**



**Degree of Product Involvement**
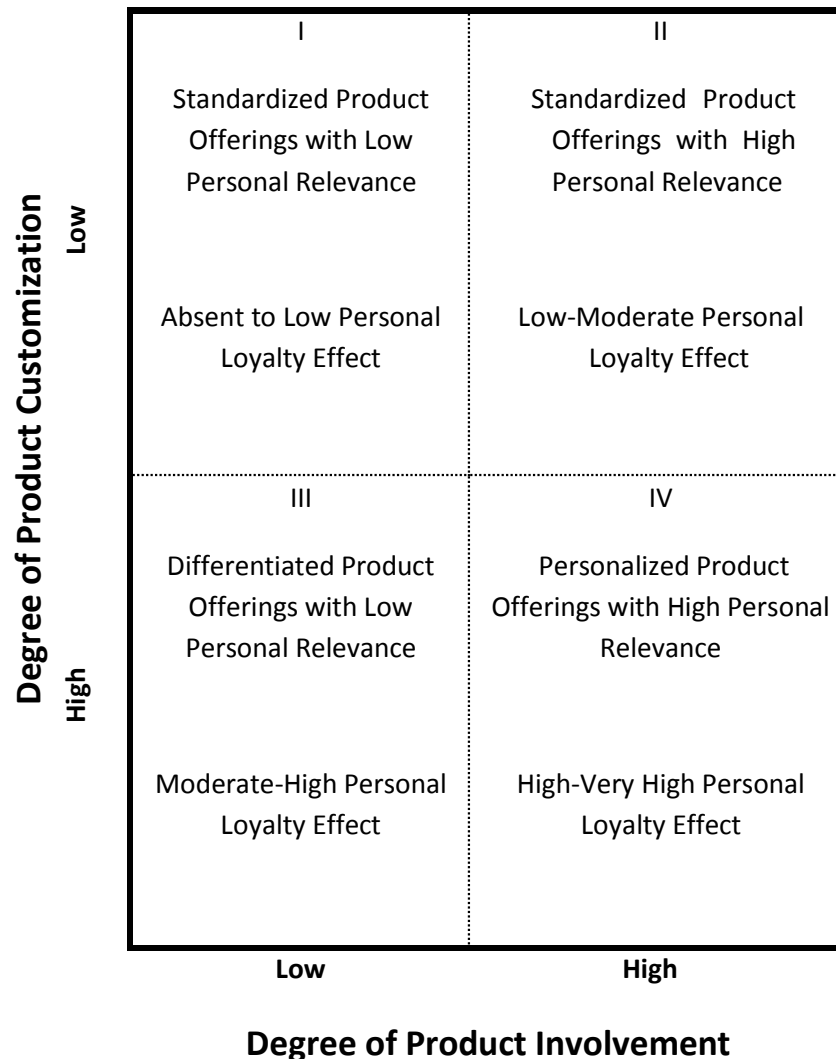
### Cell I. Standardized Product Offerings, Low Personal Relevance

These items will tend to be the ones purchased with some frequency, without invoking much thought or personal relevance. In general, these will consist of lower cost items that tend to be highly standardized (e.g., commodities). The majority of "product" categories at McDonalds and Wal-Mart tend

to represent the ones in this cell. Service organizations that tend to typify this category are "mass services," products are highly standardized, and there is minimal opportunity on the part of employees to vary the product offerings. Therefore, there is little opportunity to build personal loyalty over time.

It is worth noting that the same service provider can offer products for which

consumers exhibit low and high product involvement. There are product categories found at Wal-Mart (e.g., LCDs or plasma televisions), which tend to be associated with high product involvement behavior in consumers. This category is discussed next.

## Cell II. Standardized Product Offerings, High Personal Relevance

This category is similar to the one directly above, except that, the consumer has high product involvement with the product category. The service providers will still tend to be the ones that provide little service variation or flexibility, hence more standardized product offerings, but the consumer is involved in the purchase decision. Examples may include higher priced items such as electronics or automobiles, where personal relevance of the purchase decision, as well as price, is higher.

## Cell III. Differentiated Product Offerings, Low Personal Relevance

Although product customization exists, the customer does not have a great deal of product involvement with the product offerings in this cell. Therefore, while customer contact may be high, the consumer is not seeking high relationship involvement, which would imply high product involvement. An example of this category may be a person who goes somewhere to get their hair cut, where price is more important than the person who cuts their hair. Same may be true for people who use a tax preparer such as H&R Block, rather than a CPA whom they use every time. Two other examples may include someone who goes to a "doc-shop" for a routine illness, or a sit-down restaurant where some flexibility is possible in the product offerings. Service brand loyalty (e.g., H&R Block) may be stronger than service provider or personal loyalty in these situations. It is still possible for personal loyalty to develop over time, but given the generic nature of the product

differentiation (e.g., mass customization strategies), and the fact that different contact people may be seen each time, high personal loyalty (or service loyalty) is not as likely to develop for product offerings in this cell, as in the one discussed next.

## Cell IV. Personalized Product Offerings, High Personal Relevance

The product offerings in this cell are similar to the one just described, except that high personal loyalty is more likely due to the personal relevance of the product category. In these situations, the consumer is more likely to develop a relationship with a key person(s) of the service organization. Customization has been identified as a "relationship-building strategy" and "product uniqueness" has been discussed as a strategy to attract and create high product involvement in consumers (Martin 1998). Over time, the increased interaction may lead to the development of high personal and service provider loyalty.

Product offerings found in this cell would include professional services (e.g., doctors, lawyers, accountants), involving an "intangible product" where personal relevance is high. In matters concerning personal health, a person may spend a substantial amount of effort and time in researching what procedure to have, where to have a procedure done, and what doctor to use. Someone who has seen the same oncologist for years is likely to have high product involvement and personal loyalty. Another personalized product offering found in this cell, includes the previously mentioned hair salon where a person may use the same hairstylist over a long time.

## MANAGERIAL IMPLICATIONS

Personal, product and brand loyalty are all important in building customer loyalty. Organizations that have "exclusive" products, which are differentiated from their competitors, may benefit from service

provider loyalty. Again, "product" as it has been used in this article, refers to intangible services and tangible consumer goods. A hospital that specializes in heart operations may acquire customers through their unique product offerings, resulting in high brand image. Same may be true for an insurance company, if their product offerings are uniquely differentiated from their competitors. In these situations, brand image is important in creating differentiation and the perception of high value. For retail organizations, creating product loyalty, leading to product brand and service brand loyalty, may result in service provider loyalty. The most important determinant of customer relationship involvement that leads to emotional commitment to an organization, however, is personal loyalty.

Personal loyalty represents both a competitive advantage and a risk for service organizations. Organizations must provide value, and their product offerings need to go beyond the capabilities of any individual employee, so if one person leaves, customers will still stay. Personal loyalty is important in creating service provider loyalty, and the rewards outweigh the organizational risk, if customers perceive the value they receive is attributed to the organization, and not just one individual. Organizations that have done a good job creating a brand image, which is broader than any one individual, include the Mayo Clinic and Harvard University. Unfortunately, without an understanding of their thoughts and feelings, an organization may not know whether their current customers are displaying a combination of personal loyalty and loyalty to their organization, or just personal loyalty.

Personal loyalty may be altogether absent in service designs consisting of low customization, interaction and product involvement, such as mass services (e.g., McDonalds, Wal-Mart), found in cell I of Figure 2. Furthermore, customers may not be looking for a relationship with a service provider for product offerings found in cell I

of this matrix. Therefore, an important implication of this matrix is that an organization should focus on increasing customer loyalty to their products and brands (product and service), especially with regard to the organization's product/brand, when product involvement is low and there exists little opportunity to increase customer loyalty through relationship involvement or personal loyalty. Service brand loyalty, in itself, may greatly influence customer patronage to a particular organization (e.g., a specific Wal-Mart) based on location, price, selection and availability of products in stock. Hence, as long as the consumer remains loyal to the service brand the organization benefits. It should be noted, however, that although the potential for building personal loyalty in these types of organizations is low, there is a potential to alienate customers due to poor employee behavior or attitude.

Even in the absence of product customization, when product involvement is high (cell II in Figure 2), organizations may have the opportunity to build customer relations through increased customer interaction. This may take the form of providing information and assurance to customers concerning product transactions. Even in mass services (e.g., retailing) repeat interactions with a salesperson (or similar type of company employee) may reinforce brand loyalty and lead to customer loyalty to the service provider for product offerings invoking high product involvement (e.g., see Brexendorf et al. 2010).

When customers are not looking for a relationship, but do encounter high contact with an organization's employees (cell III in Figure 2), there is an opportunity to provide "value" to customers that goes beyond a mass customization strategy. While efficiency is typically an important part of the competitive strategies for these types of product offerings, it may still be possible to develop a personal relationship with customers over time, since face-to-face contact is usually high. In addition, since there is generally some flexibility in the product/service

specifications for these product offerings, there is the likelihood that personal and service loyalty may result. However, organizations should still focus on enhancing customer loyalty through ways that create product and brand loyalty in situations where customers are not looking for a relationship with the service organization.

Most service encounters involve some degree of personal contact and "truly loyal" customers possess emotional commitment to the service provider. Personal loyalty is most likely to be high for product offerings found in cell IV of Figure 2, where there is high product involvement and high product personalization. Having "truly loyal" customers represents the ideal situation for service providers, and is primarily found in service designs consisting of professional services. Therefore, in these situations employees play a crucial role in affecting customers' emotional attachment to the organization that leads to true loyalty.

## CONCLUSION

Most past research on loyalty has focused on brand loyalty, with the brand being associated with consumer goods. There is much less emphasis in the research literature on other types of loyalty, especially involving service organizations, where service brand and service provider loyalty are important. Even in research that addresses service loyalty, or product and product brand loyalty, they usually are not addressed in the same work, but rather are treated as different research streams. This article takes a step towards filling this gap in the literature, and includes an examination of the relationships and interactions among product, brand, personal and service provider loyalty.

In addition, a matrix is presented for categorizing the nature of product offerings, and for evaluating the potential impact of personal loyalty on service provider loyalty associated with different levels of product involvement and customization. Within this matrix different service designs are implied,

which affect the degree to which personal loyalty is likely, and can be expected to have an influence on service provider loyalty. Service provider loyalty, as defined in this article, includes affective commitment, a high order emotion that occurs through relationships, and can be said to transcend the "commitment" demonstrated for "product" or "brand" loyalty.

For some product offerings (and related service designs), the most that an organization may hope for is to create customer "loyalty" through their products and brands (product and service), rather than through relationship involvement or "true service loyalty." Ideally, though, organizations that can build and sustain a combination of personal, product and brand loyalty, leading to service provider loyalty, have the greatest chance of attracting and maintaining loyal customers.

The potential for different types of loyalty to affect customer loyalty to service providers, for different service designs and product portfolios, warrants further reflection and investigation. Finally, the degree to which a consumer displays commitment to a brand (product or service) and service provider, has implications for how customers can be expected to respond to different loyalty incentives implemented by an organization. Studies integrating effective customer loyalty programs with different service designs are lacking in the literature, and this is another area ripe for research in the future.

## REFERENCES

Arbore, Alessandro, Paolo Guenzi and Andrea Ordanini (2009), "Loyalty Building, Relational Trade-offs and Key Service Employees: The Case of Radio DJs," *Journal of Service Management*, 20(3), 317-341.

Binninger, Anne-Sophie (2008), "Exploring the Relationships between Retail Brands and Consumer Store Loyalty," *International Journal of Retail & Distribution Management*, 36(2), 94-110.

Bloemer, Josee, Ko De Ruyter and Martin Wetzels (1999), "Linking Perceived Service Quality and Service Loyalty: A Multi-Dimensional Perspective," *European Journal of Marketing*, 33 (11/12), 1082-1106.

Bove, Liliana L. and Lester W. Johnson (2009), "Does "True" Personal or Service Loyalty Last? A Longitudinal Study," *Journal of Services Marketing*, 23(3), 187-194.

Brexendorf, Tim Oliver, Silke Muhlmeier, Torsten Tomczak, Martin Eisend (2010), "The Impact of Sales Encounters on Brand Loyalty," *Journal of Business Research*, 63, 1148-1155.

Corstjens, Marcel and Rajiv Lal (2000), "Building Store Loyalty through Store Brands*," Journal of Marketing Research*, 37(3), 281-291.

Deming, Edwards W. (1986), "*Out of the Crisis,*" Cambridge, MA: Massachusetts Institute of Technology Center for Advanced Engineering

De Wulf, Kristof, Gaby Odekerken-Schroder, Frank Goedertier and Gino Van Ossel (2005), "Consumer Perceptions of Store Brands Versus National Brands," *The Journal of Consumer Marketing*, 22(4), 223-232.

Dick, Alan S. and Kunal Basu (1994), "Customer loyalty: Toward an Integrated Conceptual Framework," *Journal of the Academy of Marketing Science*, 22, 99-113.

Fishbein, Martin and Icek Ajzen (1975), *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*, Reading, Massachusetts and Menlo Park, California, Addison-Wesley Publishing Co. Fisk, Raymond P., Stephen J. Grove and Joby John (2004), *Interactive Services Marketing (Second Edition),* Boston and New York: Houghton Mifflin Company.

Grisaffe, Doug (2001), "Loyalty-Attitude, Behavior, and Good Science: A Third Take on the Neal-Brandt Debate*," Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 14, 55-59.

Gwinner, Kevin P, Dwayne D. Gremler and Mary Jo Bitner (1998), "Relational Benefits in Services Industries: The Customer's Perspective*," Journal of the Academy of Marketing Science*, 26(2), 101-114.

Han, Xiaoyun, Robert J. Kwortnik Jr. and Chunxiao Wang (2008), "Service Loyalty: An Integrative Model and Examination across Service Contexts," *Journal of Service Research*, 11(1), 22-42.

Hsieh, An-Tien and Chung-Kai Li (2008), "The Moderating Effect of Brand Image on Public Relations Perception and Customer Loyalty," *Marketing, Intelligence & Planning*, 26 (1), 26-42.

Huang, Ying and Patricia Huddleston (2009), "Retailer Premium Own-Brands: Creating Customer Loyalty through Own-Brand Products Advantage," *International Journal of Retail & Distribution Management*, 37(11), 975-992.

Jacoby, Jacob and Robert W. Chestnut (1978), *Brand Loyalty: Measurement and Management*, New York: Wiley.

Jones, Tim and Shirley F. Taylor (2007), "The Conceptual Domain of Service Loyalty: How Many Dimensions?," *Journal of Services Marketing*, 21(1), 36-51.

Kapferer, Jean-Noel and Gilles Laurent (1993), "Further Evidence on the Consumer Involvement Profile: Five Antecedents of Involvement," *Psychology and Marketing*, 10(4), 347-355.

Keiningham, Timothy L., Terry G. Vavra, Lerzan Aksoy, and Henri Wallard (2005), "*Loyalty Myths: Hyped Strategies That Will Put You Out of Business—and Proven Tactics that Really Work,*" Hoboken, New Jersey, John Wiley & Sons, Inc.

Krajewski, Lee J. and Larry P. Ritzman (2002), *Operations Management: Strategy and Analysis*, 6th edition, Prentice Hall.

Marandi, Ebi, Ed Little and Yasmin Sekhon (2006), "The Impact of Personal Values on Perception of Service Provider Empathy and Customer Loyalty," *The Business Review, Cambridge*, 5(2), 339-343.

Martin, Charles L. (1998), Relationship Marketing: A High-Involvement Product Attribute Approach, *Journal of Product & Brand Management*, 7(1), 6-26.

Martisiute, Sandra, Gabriele Vilutyte and Dainora Grundey (2010), "Product or Brand? How Interrelationship between Customer Satisfaction and Customer Loyalty Work," *European Journal of Interdisciplinary Studies*, June 2010, 5-15.

McCaslin, Martin (2001), "Customer Loyalty is the Holy Grail for Insurance Businesses Today," *National Underwriter (Life & Health/Financial Services Edition)*, 50, 2001.

Newell, Stephen J., Joseph J. Belonax Jr., Michael W. McCardle and Richard E. Plank (2011), "The Effect of Personal Relationship and Consultive Task Behaviors on Buyer Perceptions of Salesperson Trust, Expertise, and Loyalty," *Journal of Marketing Theory and Practice*, 19(3), 307-316.

Oliver, Richard L. (1999), "Whence Consumer Loyalty?" *Journal of Marketing*, 63, 33-44.

Pepe, Michael S., Russell Abratt and Paul Dion (2011), "The Impact of Private Label Brands on Customer Loyalty and Product Category Profitability," *Journal of Product & Brand Management*, 20(1), 27-36.

Perrien, Jean, Sylvie Paradis and Peter M. Banting (1995), "Dissolution of a Relationship: The Salesforce Perception," *Industrial Marketing Management*, 24, 317-327.

Quester, Pascale and Ai Lin Lim (2003), Product Involvement/Brand Loyalty: Is there a Link? *Journal of Product & Brand Management*, 12(1), 22-38.

Salegna, Gary J. and Stephen A. Goodwin (2005), "Consumer Loyalty to Service Providers: An Integrated Conceptual Model," *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 18, 51-67.

Salegna, Gary J. and Stephen A. Goodwin (2009), "A Framework for Identifying and Determining the Value of Truly Loyal Customers to Service Providers in a B2C Context," *The Journal of Global Business Management*, 5(2), 199-208.

Suh, Jung-Chae and Youjae Yi, Youjae (2006), "When Brand Attitudes Affect the Customer Satisfaction-Loyalty Relation: The Moderating Role of Product Involvement," *Journal of Consumer Psychology*, 16(2), 145-155.

Torres-Moraga, Eduardo, Arturo Z. Vasquez-Parraga and Jorge Zamora-Gonzalez (2008), "Customer Satisfaction and Loyalty: Start with the Product, Culminate with the Brand," *Journal of Consumer Marketing*, 25(5), 302-313.

Yang, Defeng and Xinxin Wang (2008), "The Effects of 2-tier Store Brands' Perceived Quality, Perceived Value, Brand Knowledge, and Attitude on Store Loyalty," *Journal of Marketing Science*, 4(1), 69-85.

Yu, Yi-Ting and Alison Dean (2001), "The Contribution of Emotional Satisfaction to Consumer Loyalty," *International Journal of Service Industry Management*, 12 (3), 234-250.

**Send correspondence regarding this article to:**

**Gary J. Salegna**
**Professor of Management & Quantitative Methods**
**Campus Box 5580**
**State Farm Hall of Business, Rm. 318**
**Illinois State University**
**Normal,** IL **61790-5580**
**(309) 438-3466**
**gsalegn@ilstu.edu**