

# COMPLIMENTING BEHAVIOR – THE COMPLIMENTER’S PERSPECTIVE

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## ABSTRACT

Consumer complimenting behavior was first investigated by Kraft and Martin (2001). Shortly thereafter and following a similar protocol, their work was validated by Payne, Parry, Huff, Otto, and Hunt, 2002. Both studies elicited consumer complimenting stories, which were then coded by the researchers. The two studies reported here are based on responses to the coding scheme used by the above researchers, but coded by the consumer and not the researcher. The findings from the consumers’ coding were not similar to the earlier findings of Kraft and Martin, and Payne et. al. Analysis of the two consumer coded studies revealed five dominant complimenting themes supported by a confirmatory structural equations analysis. Correspondence analysis and logistic regression were also used to better understand the richness of these five consumer complimenting themes.

## INTRODUCTION

Consumer complaining behavior has received attention from journals and proceedings since the mid-1970s. In *JCS/D&CB* alone, ([www.csdc.org](http://www.csdc.org)), 216 citations appear for the topic of consumer complaining behavior. In contrast, consumer complimenting behavior has hardly received any attention. For example, a search in *JCS/D & CB* reveals only 16 mentions of “complimenting” with two articles focused directly on the topic. Not until June 2001, at the Consumer Satisfaction Dissatisfaction Conference held in Jackson Hole, Wyoming, USA, had anyone presented any research findings on consumer complimenting behavior. The purpose of this study is to explore consumer complimenting behavior by understanding underlying themes revealed by two consumer

coded studies. These themes fit within a broader framework of parallel opposite behaviors.

Table 1 (Huefner, Parry, Payne, Otto, Huff, Swenson and Hunt 2002) shows the parallel opposite behaviors of consumer complimenting and consumer complaining generally associated with consumer satisfaction and dissatisfaction. For example, “positive comment to individual (compliment)” is the parallel opposite of “negative comment to individual (complain)” and “positive comment to manager/owner (compliment)” is the parallel opposite to “negative comment to manager/owner (complain).”

The first article published on consumer complimenting behavior focused on “Consumer Compliments as more than Complementary Feedback.” (Kraft and Martin 2001) The authors state “We believe that expanding the study of consumer satisfaction, dissatisfaction and complaining behavior to include compliments is important and propose that at least four steps are necessary to capitalize on the potential that customer compliments hold.” (p.1) Their four steps are:

- Step 1: Encourage Compliments
- Step 2: Recognize Compliments
- Step 3: Understand Compliments
- Step 4: Act on Compliments

Additionally, Kraft and Martin (2001) claim that, “Not only can marketing practitioners use the four step process to orchestrate their efforts, but consumer researchers can use the framework in their investigation of a broad range of compliment-relevant issues,” (p.1). Additionally, it is their belief that customer compliments are not always indicative of satisfaction but of a broader range of motives relating to consumer behavior. In a “small pilot study” they identified 8 motivations underlying complimenting behavior,

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**Table 1**  
**Parallel Opposite Behavioral Responses To Satisfaction And Dissatisfaction**

<u>Satisfied</u>	<u>Dissatisfied</u>
do nothing	do nothing
positive comment to individual (compliment)	negative comment to individual (complain)
positive comment to manager/owner (compliment)	negative comment to manager/owner (complain)
short-term return (repurchase)	short-term avoidance (buy elsewhere/other brand)
long-term return (brand/store loyalty)	long-term avoidance (grudgeholding)
word of mouth – positive (alert others)	word of mouth – negative (negative - warn others)
word of mouth – benefit (aid/assist/help seller)	word of mouth – damage (harm seller)
substantial helping (do nice things pick up, straighten)	substantial hurting (retaliation)
compliment to outside agency	complain to outside (BBB, FTC)

**Table 2**  
**Kraft and Martin's Eight Motivations Underlying Complimenting Behavior**

Motivation	Implication	Approach
Delight or great satisfaction	The consumer is open to an expansion of the relationship and has some degree of positive emotion active.	Suggest additional uses or accompanying services or products
Dissonance Reduction	The consumer needs reassurance.	Emphasize your quality control and advantages over non-chosen alternatives the customer had considered
Reciprocity/ Social Norms	The customer is sensitive and feels obligated to be interpersonally proper.	Stress customer contact person training and high quality acknowledgment of the compliment
Improve Relationship with a Service Person	Need to maintain low staff turnover with care to reward the employees who excel at customer relations.	Consider feasibility of assigning customer service reps, setting appointments, etc..
High Involvement with Product or Service	Word-of-mouth by customer is very likely	Consider any means of encouragement
Voting Behavior to continue special services or products	Might be true for niche products or services.	Consider needed segment size for loyal users.
To Buffer Complaints & Increase Effectiveness	Consumer feels the need to improve receptivity to an accompanying complaint	Make certain the costs of complaining are not too high and that customer contact people do not impose these on consumers with defensive responses
Flattery: To get a Tangible Reward	Actual flattery or ingratiation attempted to gain undeserved reward	Attempts to avoid any such "rip-off" behavior would be counter-productive...treat as a necessary cost of business

which are shown in Table 2 (Kraft and Martin, 2001, p.10).

## BACKGROUND

Another research group, similarly stimulated by the 2001 CS/D&CB conference, was also investigating consumer complimenting behavior. With the publication of Kraft and Martin's (2001) eight motives for complimenting behavior, the other research group incorporated into their own research the Kraft and Martin (2001) findings. Their work was published in 2002 (Payne, Parry, Huff, Otto and Hunt) and closely supported the findings of Kraft and Martin (2001).

These first two consumer complimenting behavior studies were researcher coded. The coding of the Payne et. al. (2002) study was influenced by Kraft and Martin's findings, especially by the expectation of finding the eight motivations underlying complimenting behavior. When their findings matched the Kraft and Martin (2001) motivations on six and a half of the eight motivations the Payne et al (2002) group felt comfortable that they had confirmed the work of Kraft and Martin.

A short time later Hunt needed a research project for his undergraduate Consumer Behavior class. The coauthors agreed that it would be an interesting project to revise the basic complimenting questionnaire so that the coding protocol would become the items under each question, thus each respondent coded his or her own consumer complimenting story. The responses indicated the participant's meaning rather than the intended meaning carefully discerned by the research group. These participant coded findings from our second study did not match well the findings of the two previous studies (Kraft and Martin, 2001; Payne et. al., 2002). The next semester, in an exercise learning to use online survey questionnaire methods, the print questionnaire was converted into an online questionnaire identical to the print questionnaire. The goal was to see if there were any observable differences in responses between both studies according to the medium used. Together, the purpose of the two studies was to understand the

themes of complimenting behavior from the consumer complimenter's perspective.

The sampling frames for the three studies, the original researcher coded study, the paper consumer coded study, and the online consumer coded study, are very similar. Students in a consumer behavior class contacted friends and families and asked for their participation.

## METHOD—STUDY ONE

### Respondents and Procedure

Sixteen students in an undergraduate consumer behavior class, participating in an optional class research project for class credit, solicited consumer complimenting stories from family, friends, and acquaintances. Each student obtained two responses per person from three respondents in each of three different age groups (under 30, 30-50, over 50) with one of each sex in each set of three plus at least one additional story of either sex. The total number of participants was 188 with 97 being female and 91 being male. A total of 355 stories were collected. Complete respondent anonymity was guaranteed. The research findings were discussed in class as part of the consumer satisfaction, dissatisfaction and complaining behavior segment of the course.

### Instrument

Each respondent received a packet containing a cover letter and instructions for providing a complimenting story. Responses were returned by regular mail. The cover letter from the professor and students is found in Appendix 1. In addition to the cover letter instructions, shorter instructions were repeated at the start of each questionnaire as shown in Appendix 2.

### Coding

The coding protocol from Payne et al (2002) was transformed from a researcher coded questionnaire into a participant coded questionnaire using identical wording in questions and response options. For example, for the

question, "How much effort did you go to to give the compliment?" the coding options for the researcher coding (no effort, very little effort, some effort, and substantial effort) were used word for word as the response option items (see question 26 in Appendix 2) from which the respondent could choose.

## METHOD – STUDY TWO

### Respondents and Procedure

Eighteen students in an undergraduate consumer behavior class, participating in an optional class research project for class credit, solicited consumer complimenting stories from family, friends, and acquaintances. Each student obtained two responses per person from three respondents in each of three different age groups (under 30, 30-50, over 50) with one of each sex in each set of three plus at least one additional story of either sex. The total number of participants was 446. Complete respondent anonymity was guaranteed. The research findings were discussed in class as part of the consumer satisfaction, dissatisfaction and complaining behavior segment of the course.

### Instrument

The print questionnaire from Study 1 was converted into an online questionnaire for Study 2. Both questionnaires were identical. The survey was distributed via web link through email correspondence. The web link was emailed to each student who forwarded it to each of their participants, who then completed the questionnaire. The online survey contained two parts, a cover letter and the questionnaire. The cover letter requested a consumer complimenting story followed by a questionnaire asking questions about their story. Response data were downloaded and imported into SPSS for analysis. The online survey and data collection was provided by [www.surveyz.com](http://www.surveyz.com). The online cover letter and questionnaire are found in Appendix 1 and Appendix 2 respectively. The cover letters and questionnaire in Appendix 1 and 2 for the print

and online versions require substantial space to print.

### Coding

The coding protocol was the same as in Study 1.

## FINDINGS AND DISCUSSION

### Exploring the Participant Selected Kraft and Martin Complimenting Reasons

Using the expanded Kraft and Martin reasons from Payne et al (2002), participants selected from one of five different options from each of the 17 different motives for complimenting to report the reason associated with their complimenting story: 1) not this reason at all, 2) slightly this reason, 3) somewhat this reason, 4) definitely this reason, and 5) very important reason. When a participant selected options 4 or 5 for any one of the 17 complimenting motives, it was used in the analysis. A participant could select more than one motive for complimenting, but was not required nor requested to do so. Participants commonly selected more than one motive associated with their complimenting story. Table 3 reports the frequencies and percentages associated with the complimenting motives for Study 1 and Study 2.

Because of the extremely low frequency of motives 15 (Compliment paired with complaint to soften complaint) and 17 (Compliment was flattery, ingratiation, hoping for gain, not reciprocity), they were dropped from subsequent analyses. The remaining 15 motives for each study were submitted to a principle components factor analysis to assess the similarities between the findings of the two studies. The rotated varimax solution yielded 6 factors for Study 1 (accounting for 61.7% of the variance) and 5 factors for Study 2 (accounting for 60.0% of the variance), which are shown in Tables 4 and 5 respectively.

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**Table 3**  
**Frequencies and Percentages Associated with the Complimenting Motives for Study 1 and Study 2**

Motive	Complimenting Motive Name	Study 1 Print		Study 2 Online	
		Frequency	Percent	Frequency	Percent
1	Compliment caused by delight (surprise plus great satisfaction)	194	20.21%	332	18.76%
2	Compliment caused by great satisfaction but	111	11.56%	200	11.30%
3	Compliment because seller tried so hard to serve me.	204	21.25%	314	17.74%
4	Compliment reassures self they made a good choice - dissonance reduction	13	1.35%	32	1.81%
5	Compliment seeking positive response from seller.	11	1.15%	42	2.37%
6	Compliment responding to seller's positive comment.	27	2.81%	80	4.52%
7	Compliment was a polite response, socially	15	1.56%	45	2.54%
8	Compliment intended to improve current	11	1.15%	40	2.26%
9	Compliment intended to improve future relationship with seller.	19	1.98%	31	1.75%
10	Compliment given to improve future service	39	4.06%	69	3.90%
11	Gave compliment to be a role model for other people.	10	1.04%	24	1.36%
12	Complimented because giver enjoys giving compliments.	40	4.17%	98	5.54%
13	Subject of compliment was high involvement, extraordinarily important	97	10.10%	185	10.45%
14	Compliment was a vote to continue special service or product.	112	11.67%	193	10.90%
15	Compliment paired with complaint to soften	2	0.21%	9	0.51%
16	Compliment was flattery, ingratiation, just because person is a flatterer or ingratiator, not for gain.	47	4.90%	65	3.67%
17	Compliment was flattery, ingratiation, hoping for gain, not reciprocity	8	0.83%	11	0.62%

### Understanding the Factors

The present two studies' rotated factor solutions are different than Payne's et. al. (2002) researcher coded study. Although there are similarities between the two separate studies, researcher coded and participant coded, we conclude that participants code their own stories differently than researchers code participants' stories. It is possible that participant coded online research elicits different semantic understandings than participant coded paper research. The

possibility of differences between paper research and online research goes beyond the purpose and scope of this paper. Tables 6 and 7 show the factor groupings for Study 1 and Study 2 respectively.

Similarities between the two studies' rotated principal component factors (Tables 6 and 7) propose the following five themes of consumer complimenting motivation (Table 8).

**Table 4**  
**Factor Structure-Rotated Component Matrix Study 1**

Motive	1	2	3	4	5	6
1	-0.099	0.099	-0.137	0.421	0.004	<b>-0.730</b>
2	-0.009	0.019	-0.105	0.273	0.023	<b>0.849</b>
3	-0.102	-0.057	0.128	<b>0.725</b>	0.128	-0.007
4	0.323	-0.042	0.050	0.081	<b>0.565</b>	0.062
5	<b>0.552</b>	0.128	0.114	-0.164	0.346	0.060
6	-0.040	0.089	0.045	0.149	<b>0.766</b>	-0.026
7	0.292	-0.023	<b>0.615</b>	-0.119	0.124	0.176
8	<b>0.834</b>	0.089	0.136	-0.090	0.044	0.069
9	<b>0.846</b>	0.044	-0.004	0.081	-0.012	-0.040
10	0.131	<b>0.798</b>	0.028	-0.041	0.209	-0.047
11	0.094	0.356	0.300	-0.419	<b>0.406</b>	-0.001
12	-0.099	0.067	<b>0.642</b>	0.042	0.330	-0.151
13	0.069	0.367	0.028	<b>0.594</b>	0.105	0.042
14	0.037	<b>0.771</b>	0.116	0.141	-0.110	-0.015
15			Dropped from Analysis			
16	0.089	0.155	<b>0.723</b>	0.197	-0.177	-0.018
17			Dropped from analysis			

**Table 5**  
**Factor Structure-Rotated Component Matrix Study 2**

Motive	1	2	3	4	5
1	-0.077	-0.163	0.350	<b>0.722</b>	-0.131
2	0.158	0.089	0.143	0.050	<b>0.865</b>
3	-0.040	0.111	0.108	<b>0.677</b>	0.218
4	<b>0.609</b>	0.043	-0.029	0.286	0.199
5	<b>0.703</b>	0.088	-0.103	-0.066	0.249
6	0.253	0.280	-0.166	<b>0.590</b>	-0.090
7	0.448	<b>0.537</b>	-0.300	0.041	0.145
8	<b>0.839</b>	0.084	0.158	-0.033	-0.008
9	<b>0.811</b>	0.074	0.190	-0.023	-0.050
10	<b>0.508</b>	0.426	0.261	0.081	-0.247
11	0.457	<b>0.578</b>	0.066	0.088	-0.059
12	0.083	<b>0.751</b>	0.155	0.113	0.123
13	0.051	0.073	<b>0.659</b>	0.257	0.206
14	0.234	0.215	<b>0.720</b>	0.008	-0.013
15			Dropped from Analysis		
16	-0.150	<b>0.498</b>	0.350	-0.022	0.027
17			Dropped from Analysis		

**Table 6**  
**Factor Groupings for Study 1**

Factor	Reasons
1	Compliment intended to improve future relationship with seller.
	Compliment intended to improve current relationship with seller.
	Compliment seeking positive response from seller.
2	Compliment given to improve future service for others.
	Compliment was a vote to continue special service or product.
3	Compliment was flattery, ingratiation, just because person is a flatterer or ingratiator, not for gain.
	Complimented because giver enjoys giving compliments.
	Compliment was a polite response, socially acceptable, courteous thing to do.
4	Compliment because seller tried so hard to serve me.
	Subject of compliment was high involvement, extraordinarily important
	Compliment caused by delight (surprise plus great satisfaction)
5	Gave compliment to be a role model for other people.
	Compliment responding to seller's positive comment.
	Compliment reassures self they made a good choice - dissonance reduction
6	Compliment caused by great satisfaction but lacking surprise.

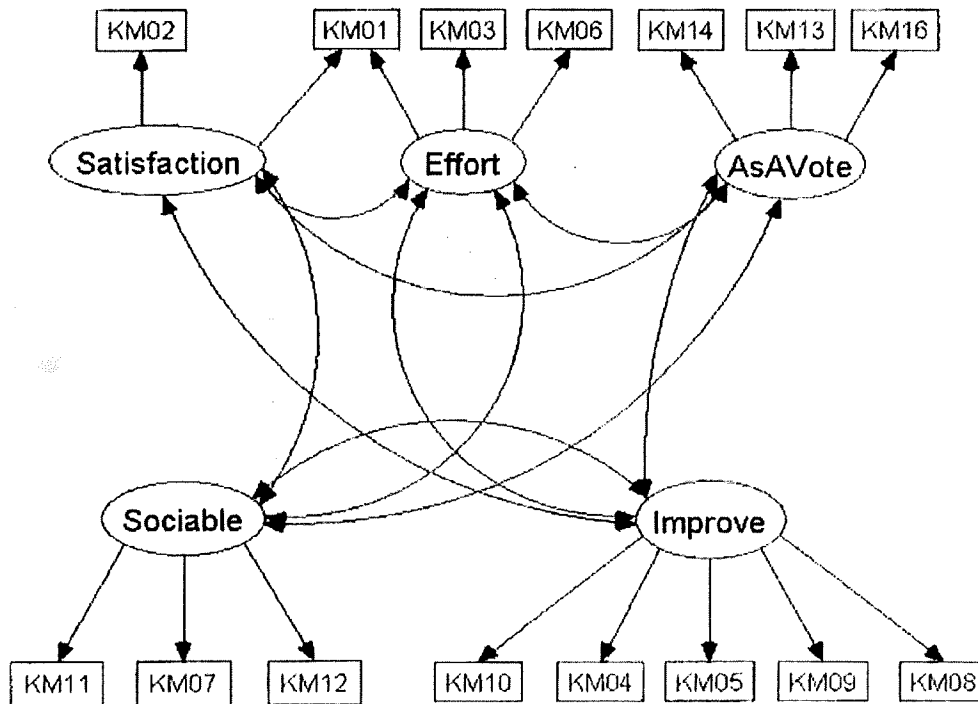
**Table 7**  
**Factor Groupings for Study 2**

Factor	Reasons
1	Compliment intended to improve current relationship with seller.
	Compliment intended to improve future relationship with seller.
	Compliment seeking positive response from seller.
	Compliment reassures self they made a good choice - dissonance reduction
	Compliment given to improve future service for others.
2	Complimented because giver enjoys giving compliments.
	Gave compliment to be a role model for other people.
	Compliment was a polite response, socially acceptable, courteous thing to do.
	Compliment was flattery, ingratiation, just because person is a flatterer or ingratiator, not for gain.
3	Compliment was a vote to continue special service or product.
	Subject of compliment was high involvement, extraordinarily important
4	Compliment caused by delight (surprise plus great satisfaction)
	Compliment because seller tried so hard to serve me.
	Compliment responding to seller's positive comment.
5	Compliment caused by great satisfaction but lacking surprise.

**Table 8**  
**The Five Proposed Themes for Consumer Complimenting Behavior**

Theme	Study 1	Study 2
To improve and/or continue the current and future relationship with seller service	Factor 1	Factor 1
A polite and sociable response	Factor 3	Factor 2
Act of recognizing the effort extended regarding the service or performance rendered (delight)	Factor 4	Factor 4
Used as a vote for a type of service or to express/convey something important	Factor 2	Factor 3
Convey satisfaction concerning the performance or service rendered	Factor 6	Factor 5

**Figure 1**  
**The Proposed Five Themed Structural Equation Model of Consumer Complimenting Behavior\***



\*The five themes, Satisfaction, Effort, As A Vote, Sociable and Improve are represented with the circles. The boxes with KM01 through KM17 (excluding 15 and 17) are the fifteen Kraft and Martin motivations from the Payne et. al. (2002) study.



### The Structural Equation Model

To validate the relationship between consumer complimenting behavior and the five proposed themes for consumer complimenting a confirmatory Structural Equation Model was created and tested on Study 1 and Study 2 individually and collectively.

Results for the five themed model of consumer complimenting behavior reported a moderate fit for both studies. Study 1 showed a moderate fit between the five complimenting themes and the 15 Kraft and Martin (2001) motives (CFI=.884, GFI=.947, RMSEA=.054, and  $\chi^2(73) = 144.792$ ,  $p < .001$ ). Study 2 showed a moderate fit between the five proposed complimenting themes and the 15 Kraft and Martin (2001) motives (CFI=.913, GFI=.943, RMSEA=.062, and  $\chi^2(73) = 193.850$ ,  $p < .001$ ). To additionally validate this model for the use of future studies, the data from Study 1 and Study 2 were combined and used in the analysis. The combined studies showed a moderate fit between the five proposed complimenting themes and the 15 Kraft and Martin (2001) motives (CFI=.907, GFI=.953, RMSEA=.061, and  $\chi^2(73) = 282.127$ ,  $p < .001$ ) was concluded.

Figure 2 shows the resultant structural equations analysis for Study 1 and Study 2 combined. These results are not the focus of this study, but are provided to satisfy the reader's natural curiosity. They may be useful to future researchers. The purpose of the structural equations analysis was to confirm the relationship between consumer complimenting and the 5 themes of consumer complimenting motivation across both data sets, which it did.

Based on these two separate studies (Study 1 and Study 2), we conclude that there are five themes underlying consumer complimenting behavior. They are labeled as follows:

- IMPROVE, includes consumer compliments associated with improving current and future service and seller relationships.
- SOCIABLE, includes consumer

compliments associated with polite, socially acceptable, courteous behaviors.

- DELIGHT/EFFORT, includes consumer compliments associated with delight (surprise plus great satisfaction), and/or the seller trying hard to serve the consumer.
- AS A VOTE, includes consumer compliments as a vote to continue high involvement or extraordinarily important special services or products.
- SATISFACTION, includes consumer compliments associated with great satisfaction but lacking surprise.

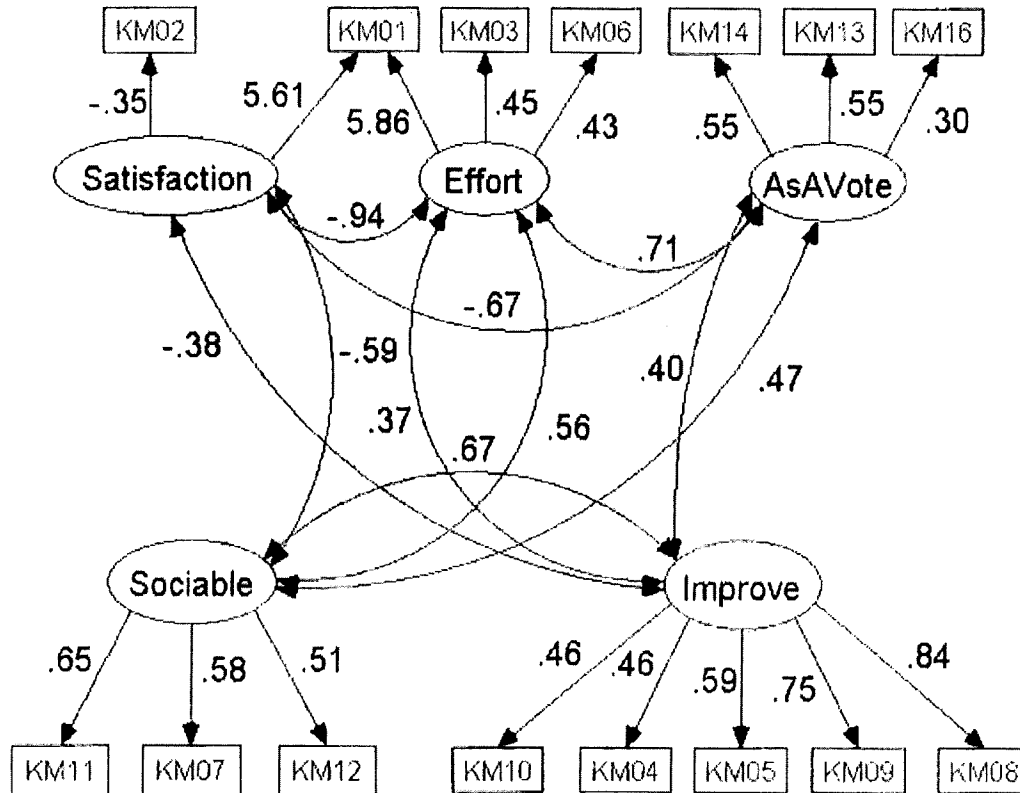
After the participants rated their motives according to the Kraft and Martin criteria, they were asked a variety of questions that either focused on the specifics of their complimenting story or on the consumer's behaviors before and after the compliment. The latter two issues were analyzed individually using correspondence analysis and logistic regression. These additional analyses provide insight into consumer complimenting regarding the five themes previously discussed.

### Correspondence Analysis: Drawing Meaning From the Particulars of the Complimenting Experience

Correspondence analysis is a descriptive/exploratory technique designed to analyze simple two-way and multi-way tables containing some measure of correspondence between the rows and columns. The analysis yields results similar in nature to that produced by Factor Analysis techniques. In addition, the analysis allows one to explore the structure of categorical variables included in the data table.

In a typical correspondence analysis, a cross-tabulation table of frequencies is first standardized so that the relative frequencies across all cells sum to 1.0. One way to state the goal of a typical analysis is to graph the entries in the table of relative frequencies in terms of the distances

Figure 2  
The Resultant Five Themed Structural Equation Model of Consumer Complimenting Behavior



between individual rows and/or columns in a low-dimensional space. (StatSoft, Inc., 2004; Whitlark and Smith, 2001).

In addition to the 17 motivations for complimenting behavior, participants self-coded a variety of questions relating to their experience. Correspondence analysis was used to analyze twelve of these key questions with respect to the 5 previously discussed themes. The twelve questions are:

1. What sex was the person you complimented? (Question 19)
2. Why were you interacting with the seller? (Question 21)
3. Was your compliment given to your contact person or to a third party or both? (Question 22)
4. If your compliment was given because the seller did more than required, how great was the imposition on the seller to which you gave the compliment? (Question 25)
5. How much effort did you go to to give the compliment? (Question 26)
6. To what did your compliment refer? (Question 27)
7. How strongly did the person or store react to the compliment? (Question 30)
8. If there were emotions or feelings while giving the compliment, how strong were they? (Question 40)
9. Compliments sometimes occur to encourage the seller or business to perform their job better. Was this true of

- your compliment? (Question 41)
10. Compliments sometimes occur to "make the person's day a little brighter," and not because the performance was complimentable. Was this true of your compliment? (Question 42)
  11. How strong was your compliment? (Question 47)
  12. How strongly motivated were you to give your compliment? (Question 48)

The five themes derived from the 15 Kraft and Martin complimenting motives were used in the analysis for each question, using the combined dataset of Study 1 and Study 2, validated by the comparative SEM analysis. The results for each of the twelve questions are shown graphically in Appendix 3. When interpreting a correspondence analysis graph it is important to keep in mind that it is used as a guide to understand relationships between variables. The distances between variables are representative of the strength of the relationship between those variables. The correspondence analysis charts require substantial space to print. They are referred to in the paper, but are presented only in the online version of the journal at [www.csdc.org](http://www.csdc.org).

The results for the correspondence analysis will be discussed according to each of the five themes to better understand the set of consumer experiences underlying each type of compliment.

**Theme One, Improve:** Compliments given by consumers intending to improve the current or future relationship have the following characteristics:

1. Given to males.
2. Regarding complaining.
3. Given to contact person.
4. No imposition on the seller.
5. Required no effort by the consumer.
6. Referred to a favor or reward.
7. Strong reaction from the seller or store.
8. Slight to somewhat positive emotions.
9. Slightly yes to encourage performance.
10. Definitely yes to "make the person's day a little brighter".

11. Not a strong compliment.
12. Not at all motivated.

**Theme Two, Sociable:** Compliments given by consumers as polite or sociable courteous responses have the following characteristics:

1. Given to females.
2. Regarding complaint or a correction.
3. Given to contact person.
4. Indeterminate.
5. Substantial effort by the consumer.
6. Compliment given with respect to some special effort and/or additional service.
7. Strong reaction from the seller or store.
8. Somewhat positive emotions.
9. Indeterminate.
10. Definitely yes to "make the person's day a little brighter".
11. Somewhat to slightly strong compliment.
12. Slightly to not at all motivated to give the compliment.

**Theme Three, Delight/Effort:** Compliments given from consumers delighted by the seller's effort to serve have the following characteristics:

1. No gender difference.
2. Regarding shopping, and/or repair.
3. Given to contact person.
4. Small or Substantial imposition on the seller.
5. Very little to some effort by the consumer to give the compliment.
6. Compliment given with respect to some special effort and/or additional service.
7. Mild reaction to compliment.
8. Very positive emotions.
9. Definitely No, for compliment given to encourage to perform better.
10. Definitely No, to "make the person's day a little brighter".
11. Slightly to very strong compliment.
12. Very motivated or Slightly motivated to give the compliment.

**Theme Four, As A Vote:** Compliments given by consumers as a vote to continue high

involvement or extraordinarily important special services or products have the following characteristics:

1. No gender difference.
2. Regarding buying.
3. Both contact and third party.
4. Small imposition to the seller.
5. Very little to some effort by the consumer to give the compliment.
6. Compliment given with respect to service, given as part of job and with respect to some special effort and/or additional service.
7. No reaction to compliment.
8. Very positive emotions.
9. Definitely No to Slightly No, for compliment given to encourage to perform better.
10. Slightly No, to "make the person's day a little brighter".
11. Very strong compliment given.
12. Very strong motivation to give the compliment.

**Theme Five, Satisfaction:** Compliments given by consumers who are greatly satisfied have the following characteristics:

1. Male oriented.
2. Concerns buying.
3. Indeterminate.
4. No to moderate imposition to the seller
5. Indeterminate.
6. Compliment given with respect to service given as part of job and/or for a reward.
7. Moderate reaction to compliment.
8. Indeterminate.
9. Definitely No, for given to encourage performing better.
10. Definitely No, to "make the person's day a little brighter".
11. Slightly strong compliment.
12. Slightly to somewhat strong motivation to give the compliment.

The correspondence analysis shows the different patterns associated with each of the five

themes of consumer complimenting behavior. For the readers convenience the results have been organized in Table 9 which provides a more concise understanding of each pattern.

#### **Logistic Regression: Drawing Meaning From the Particulars of a Consumer Complimenting Theme and Consumer Behavior**

Additional questions were asked participants about certain consumer behaviors before and after their complimenting experience. All responses in this portion of the study were reported as "Yes" or "No" and thus do not lend themselves to a correspondence analysis. The consumer behaviors in question for this portion of the research were:

- Involvement after the compliment. (Question 31)
- Purchased after the compliment. (Question 32)
- Intent to purchase after the compliment. (Question 33)
- Positive word of mouth after the compliment. (Question 34)
- Loyal before the compliment. (Question 35)
- Loyal after the compliment. (Question 36)
- Friends before the compliment. (Question 37)
- Friends after the compliment. (Questions 38)
- Emotion or feelings while giving the compliment? (Question 39)

A Logistic Regression was performed on the five themes from combined data for each consumer behavior question. Regression beta weights and *p* values are shown in parentheses for each analysis.

#### **Complimenting Reasons That Predict a Consumer's Involvement With the Contact Person After the Compliment.**

- To improve and/or continue the current and future standard of service (.797,  $p < .001$ )
- A polite and sociable response (-.643,

**Table 9**  
**Correspondence Analysis Summary Table**

#	Question	Improve Male	Sociable Female	Delight/Effort	Vote	Satisfaction
1	What sex was the person you complimented?	Male	Female	No gender difference	No gender difference	Male
2	Why were you interacting with the seller?	Complaint	Complaint or Correction	Shopping and/or Repair	Buying	Buying
3	Was your compliment given to your contact person or to a third party or both?	Contact person	Contact person	Contact person	Both contact and third party	Indeterminate
4	If your compliment was given because the seller did more than required, how great was the imposition on the seller to which you gave the compliment?	No imposition	Indeterminate	Substantial to Moderate imposition	Small imposition	Indeterminate
5	How much effort did you go to to give the compliment?	No effort	Substantial effort	Very little to	Very little to	Indeterminate
6	To what did your compliment refer?	Favor or reward	Something special, more than normal for	Something special, more than normal for	Service given as part of job & / or additional service	Service given as part of job & / or reward
7	How strongly did the person or store react to the compliment?	Strong reaction	Strong reaction	Mild reaction	No reaction	Moderately strong reaction
8	If there were emotions or feelings while giving the compliment, how strong were they?	Slight to somewhat strong	Somewhat strong	Very positive	Very positive	Indeterminate
9	Compliments sometimes occur to encourage the seller or business to perform their job better, was this true of your compliment?	Slightly yes to definitely yes	Definitely yes to slightly yes	Definitely no	Definitely no to slightly no	Definitely no to slightly no
10	Compliments sometimes occur to "make the person's day a little brighter" and not because the performance was complimentable, was this true of your compliment?	Definitely yes	Indeterminate	Definitely no	Slightly no	Definitely no
11	How strong was your compliment?	Not strong	Somewhat to	Slightly to very	Very strong	Slightly strong
12	How strongly motivated were you to give your compliment?	Not motivated	Slightly to not at all motivated	Very motivated	Very motivated	Slightly to somewhat

- p<.01)
- Convey satisfaction concerning the performance or service rendered (.224, p<.001)

These three reasons predict with 67.2% accuracy or 17.2% better than chance alone. Consumers who compliment to improve the future relationship with the seller are more likely to be involved with the contact person in the future.

#### **Complimenting Reasons Associated With Consumers Who Have Purchased After Giving the Compliment.**

No significant findings.

#### **Complimenting Reasons Associated With Intent to Purchase After the Compliment.**

- A polite and sociable response (-.938, p<.01)
- Used as a vote for a type of service or to express/convey something important (1.116, p<.001)
- Convey satisfaction concerning the performance or service rendered (.347, p<.01)

These reasons predict with 92.7% accuracy, or 42.7% better than chance alone. When a consumer compliments a business as a vote to continue a service or product, they are more likely to intend to purchase from that establishment again. Additionally, a consumer is more likely to purchase after a compliment if that compliment was not given as a sociable response.

#### **Complimenting Reasons Associated With Positive Word of Mouth After the Compliment.**

- A polite and sociable response (-1.126, p<.001)
- Act of recognizing the effort extended regarding the service or performance rendered (.781, p<.01)
- Used as a vote for a type of service or to

express/convey something important (1.047, p<.001)

- Convey satisfaction concerning the performance or service rendered (.387, p<.001)

These four reasons predict 82.2% or 32.2% better than chance alone. Compliments arising from delight, satisfaction, as a vote, and high involvement/important issues are significantly predictive of positive word of mouth. Conversely, a consumer is more likely to give positive word of mouth about the interaction if the compliment was not given as a sociable response.

#### **Complimenting Reasons Associated With Loyal Before the Compliment.**

- A polite and sociable response (.386, p<.05)
- Act of recognizing the effort extended regarding the service or performance rendered (-.590, p<.001)

These two reasons account for 61.9% or 11.9% better than chance alone. Compliments arising out of satisfaction commonly come from loyal customers. Loyal consumers are more likely to give a compliment if the subject of the compliment is not extraordinarily important, or if the seller has gone out of their way to serve them.

#### **Complimenting Reasons Associated With Loyal After the Compliment.**

- To improve and/or continue the current and future standard of service (.445, p<.05)
- A polite and sociable response (-1.007, p<.001)
- Act of recognizing the effort extended regarding the service or performance rendered (.654, p<.01)
- Used as a vote for a type of service or to express/convey something important (.654, p<.01)
- Convey satisfaction concerning the performance or service rendered (.152,

p<.05)

All five reasons account for 67.9% or 17.9% better than chance alone. Consumer loyalty increases when the customer experiences delight or satisfaction from the exchange. Additionally, consumers who compliment for the purpose of improving the future relationship and/or as a vote are more likely to become loyal customers than those who do not.

#### **Complimenting Reasons Associated With Friends Before the Compliment.**

- To improve and/or continue the current and future standard of service (.740, p<.01)
- Act of recognizing the effort extended regarding the service or performance rendered (-.629, p<.01)
- Convey satisfaction concerning the performance or service rendered (.242, p<.05)

These three reasons account for 91.0% or 41.0% better than chance alone. Consumers who are friends currently with the business or seller compliment to maintain that relationship.

#### **Complimenting Reasons Associated With Friends After the Compliment.**

- To improve and/or continue the current and future standard of service (.945, p<.001)

This reason predicts with 82.6% accuracy or 32.6% better than chance alone. Similar to the previous consumer behavior, those consumers who compliment are more likely to become and/or stay friends after the compliment.

#### **Complimenting Reasons Associated With "Did You Feel Any Emotion or Feelings While Giving the Compliment?"**

- To improve and/or continue the current

and future standard of service (-1.029, p<.001)

- Used as a vote for a type of service or to express/convey something important (.949, p<.001)

These two reasons predict with 76.4% accuracy or 26.4% better than chance alone. Consumers are less likely to feel any emotion or feelings when giving a compliment if it is associated with improving the current and future standard of service. Consumers are more likely to feel emotion or feelings when giving a compliment if it is used as a vote to continue a service or express/convey something important.

According to the results of the logistic regression, the consumer complimenting themes can be summarized as follows (see Table 10 for a concise summary):

Theme One, Improve, has the following characteristics:

- Involvement with the Contact Person after the compliment.
- Loyal after the compliment.
- Friends before the compliment.
- Friends after the compliment.
- No Emotions or Feelings where present while giving the compliment

Theme Two, Sociable, has the following characteristics:

- No Involvement with the Contact Person after the compliment
- No Intent to Purchase after the compliment
- No Positive Word of Mouth after the compliment
- Loyal before the compliment
- No loyalty after the compliment

Theme Three, Delight/Effort, has the following characteristics:

- Positive Word of Mouth after the compliment
- No Loyalty before the compliment

- Loyalty after the compliment
- Not Friends before the compliment

Theme Four, As A Vote, has the following characteristics:

- Intent to Purchase after the compliment
- Positive Word of Mouth after the compliment
- Loyalty after the compliment
- Emotions or Feelings where present while giving the compliment

Theme Five, Satisfaction, has the following characteristics:

- Involvement with the Contact Person after the compliment
- Intent to Purchase after the compliment
- Positive Word of Mouth after the compliment
- Loyalty after the compliment
- Friends before the compliment.

Similar to the correspondence analysis, the logistic regression shows clear differences in consumer behaviors across the 5 consumer complimenting themes. In summary, this analysis leads one to believe that consumers are more likely to be loyal customers and provide positive word of mouth if the compliment is deserved rather than a sociable response.

### SUMMARY AND CONCLUSION

Based on researcher coded information from consumers telling about a specific complimenting story, Kraft and Martin (2001) originally presented, and Payne et. al. (2002) confirmed the existence of, eight motivations underlying consumer complimenting behavior. In two additional studies that are the basis for the current paper, one a paper-based survey and the other an online-based survey, participants reported a personal complimenting experience and then completed a questionnaire based on the coding protocol used for the Payne et. al. (2002) study. The participants coded their own information rather than a researcher coding it based on the

**Table 10**  
**Logistic Regression Summary Table\***

Question #	Print	Improve	Sociable	Delight	Vote	Satisfaction
32	Involvement after the compliment	X	- X			X
33	Have purchased after the compliment					
34	Intent to purchase after the compliment		- X		X	X
35	Positive word of mouth after the compliment		- X	X	X	X
36	Loyal before the compliment		X	- X		
37	Loyal after the compliment	X	- X	X	X	X
38	Friends before the compliment	X		- X		X
39	Friends after the compliment	X				
40	Emotion or feelings felt while giving the compliment	- X			X	

\* X = positive direction; - X = negative direction



researcher's interpretation of the participant's complimenting story. While the researcher coded studies exhibited high agreement, the participant coded studies had different findings yielding similarly high agreement. Given the similarity of sampling frames and the identical questionnaire items, the differences are most easily attributed to the coder, that is, to the researcher or the participant.

Factor analysis, structural equation modeling, correspondence analysis, and logistic regression were used to more completely understand the themes and meanings of the participant coded data. Factor analysis showed a somewhat common five and six factor solution for the two studies. Separately, and then combined, a five themed structural equation model is successful in representing the motivations behind consumer complimenting behavior. Correspondence analysis examined the correspondence between the five themes and twelve selected research questions, clearly showing that the themes are different from each other. Logistic Regression examined the five themes in regard to several consumer behaviors, showing that the different themes were associated with different consumer behaviors.

This paper presents an alternative view for studying and understanding consumer complimenting behavior. Based on researcher coded data, Kraft and Martin (2001) and Payne et al (2002) present evidence supporting the eight motivations underlying consumer complimenting behavior. This paper contributes a second view of consumer complimenting behavior - the consumer's view. Substantial analysis suggests that the consumer view provides a rich understanding of the consumer motivations underlying consumer complimenting behavior.

The Payne et. al. (2002) 17 motivations based on Kraft and Martin's (2001) eight motivations underlie all of the current research. Thus the findings in this study are an elaboration and extension beyond their earlier work. The current work presents additional understanding of the motives underlying consumer complimenting behavior.

The research here has shown that

complimenting is not as simple as it may seem. The findings suggest that polite and sociable motivations for complimenting do not reveal any information about a consumer's future purchasing behavior. Consumers who are intent on making a difference for them and/or other consumers will offer a compliment as a vote for, or to emphasize, a behavior or set of actions taken by an individual or organization.

The surprising finding was that compliments motivated by great satisfaction are independent of compliments motivated by delight. This is contrary to the findings of Kraft and Martin (2001) and Payne et. al. (2002).

From the consumer's perspective, compliments can be seen as a correct social comment that is intended to reward a certain desirable behavior from the business, similar to operant and classical conditioning found in Behaviorism. Just as businesses are trying to shape consumer behaviors, consumers are trying to shape business behaviors.

Businesses sometimes use complaints as a guide for adjusting to consumer demands to increase loyalty and satisfaction. Another clue to understanding consumer satisfaction and loyalty is found within how consumers are complimenting the actions of the business and their employees. For example, it is a common occurrence in call centers to ask for feedback, positive or negative, concerning the service just rendered. If businesses take action on the complaints, they are only listening to half of what consumers are telling them. Action taken on compliments is future-oriented and does not present an immediate solution to a problem. Businesses might look at this feedback as a pat on the back and not as an opportunity to improve service and increase customer satisfaction and loyalty. Companies choosing to increase consumer satisfaction and loyalty should use complaints as information to evaluate the current system, and use consumer compliments as "early alert" information for creating the future system to serve customers.

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**Appendix I****CONSUMER COMPLIMENTS STUDY CONSUMER BEHAVIOR STUDENTS****INSTRUCTIONS TO PARTICIPANTS**

**(The Print and Online versions are identical, this is the print version)**

There are lots of stories told about consumers complaining to stores or companies or sales people about something that the consumer didn't like. Often the complaints are very justified.

We don't hear very many stories about consumers complimenting stores or companies or sales persons.

Our class research project this semester is to gather consumers' stories about when they personally have complimented sellers — either individuals or companies.

A compliment is different from a gratitude statement. "Thank You" or "Thanks" is a gratitude statement. A compliment expresses something positive about the seller or product or store.

Please tell us two or three stories of when you have personally complimented a seller.

Please include lots of detail in your story so we can fully understand everything that happened. For example:

Were you buying something? or returning something?

Were you shopping for something?

What happened that led you to give the compliment?

Did you give the compliment face-to-face? by phone? by letter?

Tell us in detail about the compliment you gave?

How did the person or store react to the compliment?

What kind of involvement have you had with the person or store since you gave the compliment?

Tell us everything you can remember about the complimenting experience.

And, very important, tell us about your feelings during this complimenting experience.

For each story, tell us how old you were at the time of the story and how old you are now.

How long should each story be? As long as it takes you to tell us all about it. (smile) If you are

wondering whether to include some bit of information, definitely include it.

After each story we ask for specific information about the complimenting experience. Please answer each question.

Thank you for your help.

Cordially,

Professor H. Keith Hunt and the Students in the Consumer Behavior Class.

If you have any questions please contact Professor Hunt at:

Phone: (home) XXX-XXX-XXXX mornings and evenings (in class in afternoon) Fax: XXX-XXX-XXXX Email: XXX@XXXXXXXX.XXX

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## Appendix II

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### QUESTIONNAIRE

**(The Print and Online versions are identical, this is the print version)**

Remember that our class is a Consumer Behavior class. Your compliment has to be a CONSUMER BEHAVIOR compliment.

Consumer behavior includes the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services to satisfy needs and desires, (textbook definition)

These are compliments given when you are shopping for something, buying something, consuming something, using something, even getting rid of something.

We can not use compliments given because someone looks nice, gave a nice party, has a nice car or house, or did you a favor, because these are not consumer compliments.

The compliment has to be given by you as an individual in your own personal life, not while you were representing a business or organization.

**VERY IMPORTANT!** This HAS to be a COMPLIMENT story. Simply saying "Thanks" or "Thank You" is not a compliment, it is an expression of gratitude. A compliment is usually spoken, sometimes written, commenting on something positive about the seller or product or store. "You were very helpful" is a compliment statement. "Thanks for your help" is a gratitude statement. A combination of compliment and gratitude statement is okay, as long as one part is clearly a compliment. "The paint job is excellent; thanks for doing such a nice job," is a combination of compliment and gratitude statement. For this research project the gratitude statement doesn't matter. Our only focus is on the compliment.

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### MY COMPLIMENTING STORY

Write your story here:

<Substantial space was provided for the story, whereas the Online questionnaire had an expandable essay box)

There are many different reasons for giving a compliment. In our class research project two years ago the people who helped us by providing complimenting stories mentioned the following reasons for giving their compliments.

One of the most important parts of our class research project this semester is to ask each person to tell us the reasons they gave the compliment. For each compliment there may be only one reason, or there may be several reasons.

For each compliment story, please write the number in the space at the start of the question letting us know the degree to which each reason applied to your compliment. Be sure you answer every question.

### MY REASONS FOR GIVING THIS COMPLIMENT

**1=not this reason at all**

**2=slightly this reason**

**3=somewhat this reason**

**4=definitely this reason**

1. I gave my compliment because I was delighted (surprised plus great satisfaction)
  2. I gave my compliment because of my great satisfaction (but lacking surprise).
  3. I gave my compliment because the seller tried so hard to serve me.
  4. I gave my compliment to reassure myself that I made a good choice.
  5. I gave my compliment because I was seeking a positive response from the seller.
  6. I gave my compliment in response to the seller's positive comment.
  7. I gave my compliment as a polite response, to be socially acceptable, or as a courteous thing to do.
  8. I gave my compliment intending to improve my CURRENT relationship with the seller.
  9. I gave my compliment intending to improve my FUTURE relationship with the seller or to be recognized by the seller.
  10. I gave my compliment hoping to improve future service for others.
-

11. I gave my compliment to be a role model for other people so they would give compliments.
12. I gave my compliment because I enjoy giving compliments.
13. I gave my compliment because it was about something that was high involvement or extraordinarily important to me.
14. I gave my compliment as a vote to continue their special service or product.
15. I was primarily giving a complaint and I gave my compliment paired with the complaint to buffer or soften the complaint.
16. I gave a flattering, ingratiating compliment primarily because I felt like flattering the person, not for any kind of personal gain.
17. I gave a flattering, ingratiating compliment primarily hoping to get something in return, I was hoping for gain.

**NOW WE FINISH THE QUESTIONNAIRE WITH LOTS OF SPECIFIC QUESTIONS ABOUT YOUR COMPLIMENT. WHEN YOUR ANSWERS ARE COMBINED WITH THE ANSWERS FROM THE MANY OTHER RESPONDENTS WE HOPE THEY WILL GIVE US A RICHER MORE COMPLETE UNDERSTANDING OF CONSUMER COMPLIMENTING BEHAVIOR.**

18. How old were you when you gave this compliment?
19. What sex was the person you complimented?  
1=female  
2=male  
3=not a person
20. What was the approximate age of the person you complimented?
21. Why were you interacting with the seller?  
1=buying something  
2=returning/exchanging something  
3=shopping for something  
4=complaining  
5=correcting mistake by seller  
6=returning for repair  
7= other - describe:

WE NEED A TERM TO REPRESENT ALL THE DIFFERENT KINDS OF INDIVIDUALS TO WHICH A CONSUMER MIGHT GIVE A COMPLIMENT. "YOUR CONTACT PERSON" IS WHAT WE CALL THE PERSON WITH WHOM YOU ARE DIRECTLY INTERACTING. "THIRD PARTY" IS WHAT WE CALL SOMEONE OTHER THAN "YOUR CONTACT PERSON." Examples: In a restaurant your waiter/waitress is your contact person and the manager is a third party. In a store the sales clerk is your contact person and the manager is a third party. In buying an automobile the salesman is

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your contact person and the manager is a third party. A third party is anyone, other than your contact person, who represents the seller.

22. Was your compliment given to your contact person or to a third party?
    - 1=given to contact person
    - 2=given to third party
    - 3=given to both the contact person and to third party
  
  23. If you gave the compliment to a third party who was a person, what was the approximate age of the third party?
  
  24. If you gave the compliment to a third party who was a person, what was sex of the third party?
    - 1=female
    - 2=male
    - 3=not a person (company or organization)
  
  25. If your compliment was given because the seller did more than required, how great was the imposition on the seller to which you gave the compliment?
    - 1=no imposition, just doing job
    - 2=small imposition - a little more than just doing job
    - 3=moderate imposition - somewhat more than just doing job
    - 4=substantial imposition - a lot more than just doing job.
  
  26. To how much effort did you go to give the compliment?
    - 1=no effort
    - 2=very little effort
    - 3=some effort
    - 4=substantial effort
  
  27. To what did your compliment refer?
    - 1=gift given
    - 2=something special, not part of job, more than normal for job
    - 3=reward given
    - 4=service given as part of job
    - 5=favor given
    - 6=other - explain:
  
  28. For a compliment given to your contact person, did you give the compliment face-to-face, by phone, or by letter/email?
    - 0=not given to my contact person
    - 1=face-to-face
    - 2=by phone
    - 3=by letter or email
    - 4=face-to-face plus phone
    - 5=face-to-face plus letter/email
    - 6=phone plus letter/email
    - 7=face-to-face plus phone plus letter/email
    - 8=other
-

29. For a compliment given to a third party, did you give the compliment face-to-face, by phone, or by letter/email?  
0=not given to third party  
1=face-to-face  
2=by phone  
3=by letter or email  
4=face-to-face plus phone  
5=face-to-face plus letter/email  
6=phone plus letter/email  
7=face-to-face plus phone plus letter/email  
8=other
30. How strongly did the person or store react to the compliment?  
1=no reaction  
2=mild reaction  
3=moderately strong reaction  
4=strong reaction  
5=gushing super-strong reaction.
31. Have you had any involvement with your contact person after the compliment was given?  
1=no                    2=yes
32. Have you purchased from your contact person or the business after giving the compliment?  
1=no                    2=yes
33. When the opportunity next arises do you intend to purchase from this contact person or business again?  
1=no                    2=yes
34. Have you given positive word of mouth about your contact person or business after giving the compliment?  
1=no                    2=yes
35. Were you already a loyal/repeat customer of your contact person or business BEFORE giving the compliment?  
1=no                    2=yes
36. If you were not already a loyal/repeat customer, have you become a loyal/repeat customer of your contact person or business AFTER giving the compliment?  
1=no                    2=yes
37. Were you friends with your contact person BEFORE you gave the compliment?  
1=no                    2=yes
38. Have you become friends with your contact person AFTER giving the compliment?  
1=no                    2=yes
39. Did you feel any emotion or feelings while giving the compliment?
-

1=no            2=yes

40. If you did feel any emotions or feelings while giving the compliment, how strong were they?  
1=slightly positive  
2=somewhat positive  
3=very positive
41. Sometimes consumers compliment their contact person primarily to encourage them to perform their job better. Was that true at all for your compliment?  
1=definitely no  
2=slightly no  
3=slightly yes  
4=definitely yes
42. Sometimes consumers compliment their contact person primarily to "make the person's day a little brighter," not because their performance was complimentable. Was that true at all for your compliment?  
1=definitely no  
2=slightly no  
3=slightly yes  
4=definitely yes
43. Sometimes consumers compliment their contact person primarily to make consumers feel better because they gave the compliment, not because the contact person's performance was complimentable. Was that true at all for your compliment?  
1=definitely no  
2=slightly no  
3=slightly yes  
4=definitely yes.
44. Was your compliment given for your first interaction with this contact person seller or had you interacted with this seller before?  
1=first time  
2=more than one time
45. Was your compliment given for service only, for a combination of service and product, or for product only?  
1=service only  
2=mostly service, some product  
3=equally combined service and product  
4=mostly product, some service  
5=product only
46. When you gave your compliment did you expect some type of immediate reply?  
1=no            2=yes
47. How strong was your compliment?  
1=not strong at all  
2=slightly strong  
3=somewhat strong  
4=very strong
48. How strongly motivated were you to give your compliment?
-



- 1=not at all motivated
- 2=slightly motivated
- 3=somewhat motivated 4=very motivated

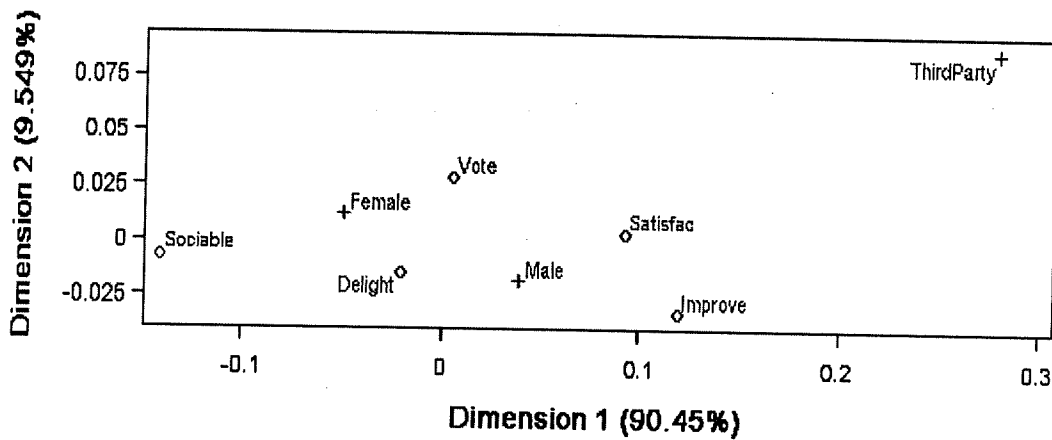
49. Was the focus of your compliment primarily on the business and quality of product/service, primarily on the employee's quality of service, or primarily because your contact person was personal and friendly.
- 1=primarily on the business, quality of product/service
  - 2=primarily on the employee, quality of service
  - 3=primarily on the employee being personal and friendly
  - 4=both business/product and employee/service

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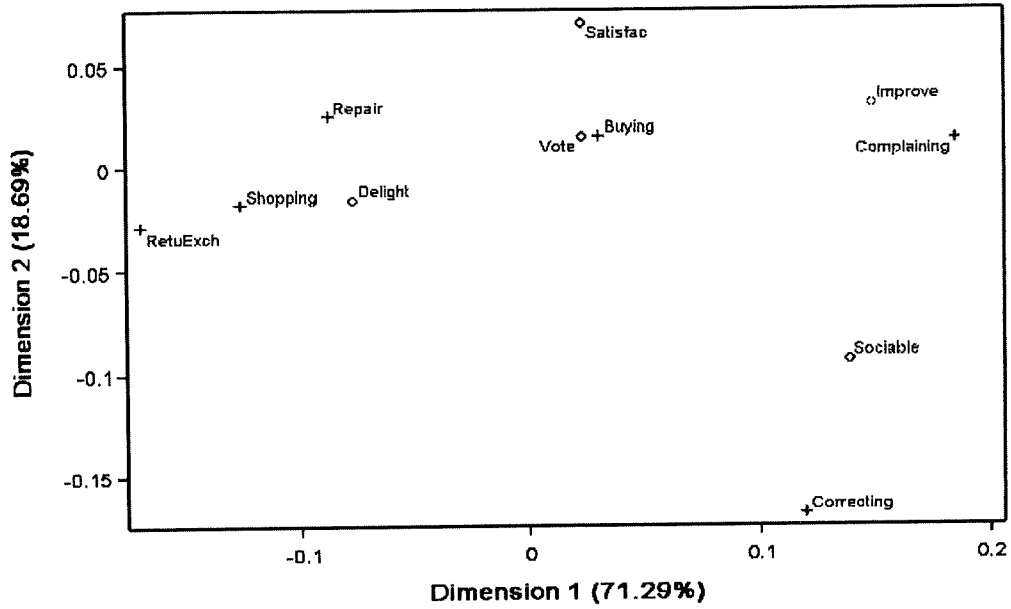
### Appendix III

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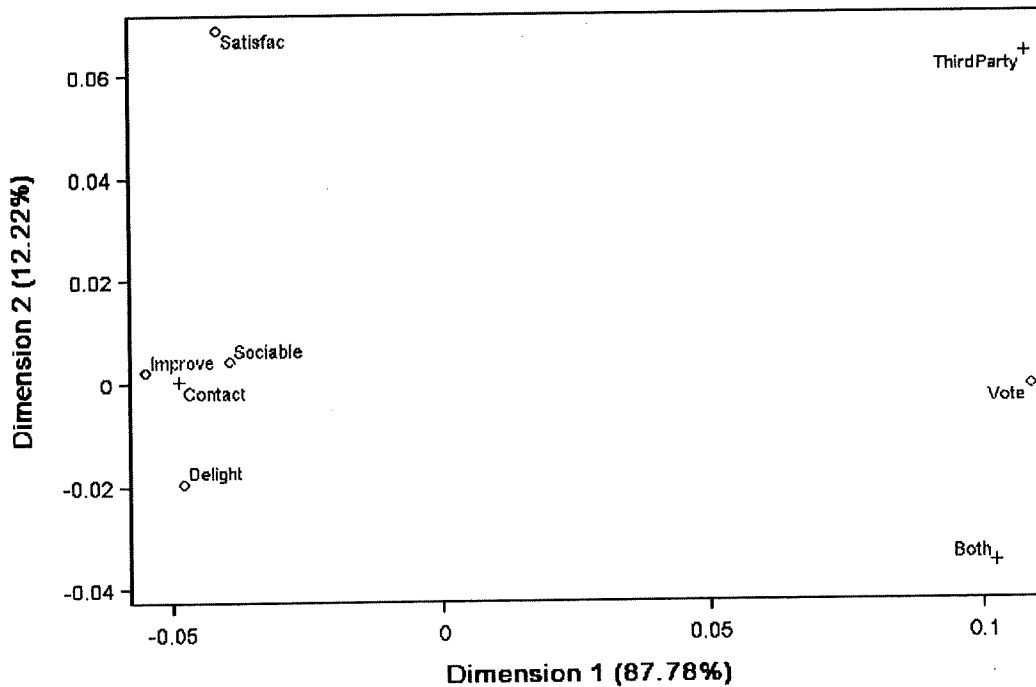
The following graph shows the correspondence analysis for the question, "What sex was the person you complimented?"



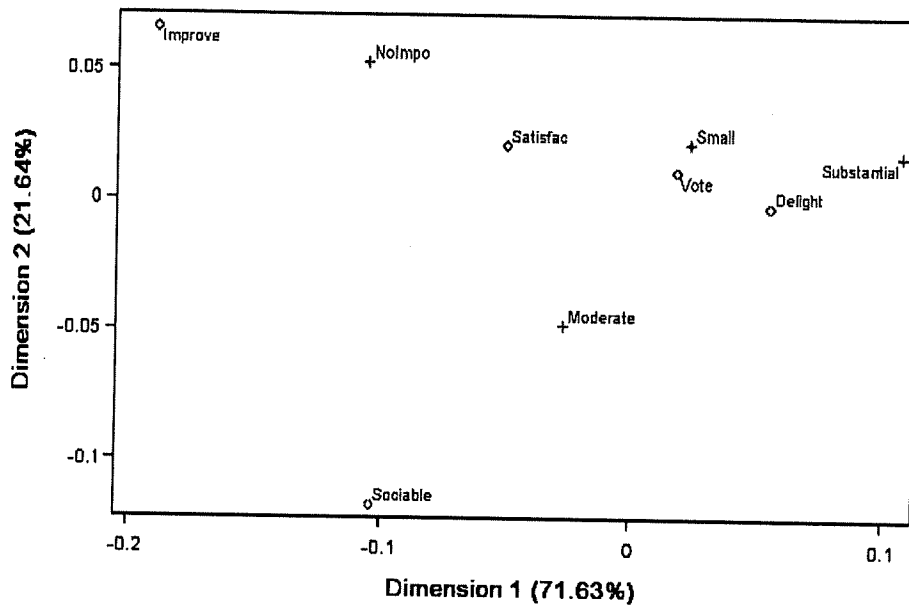
The following graph shows the correspondence analysis for the question, "Why were you interacting with the seller?"



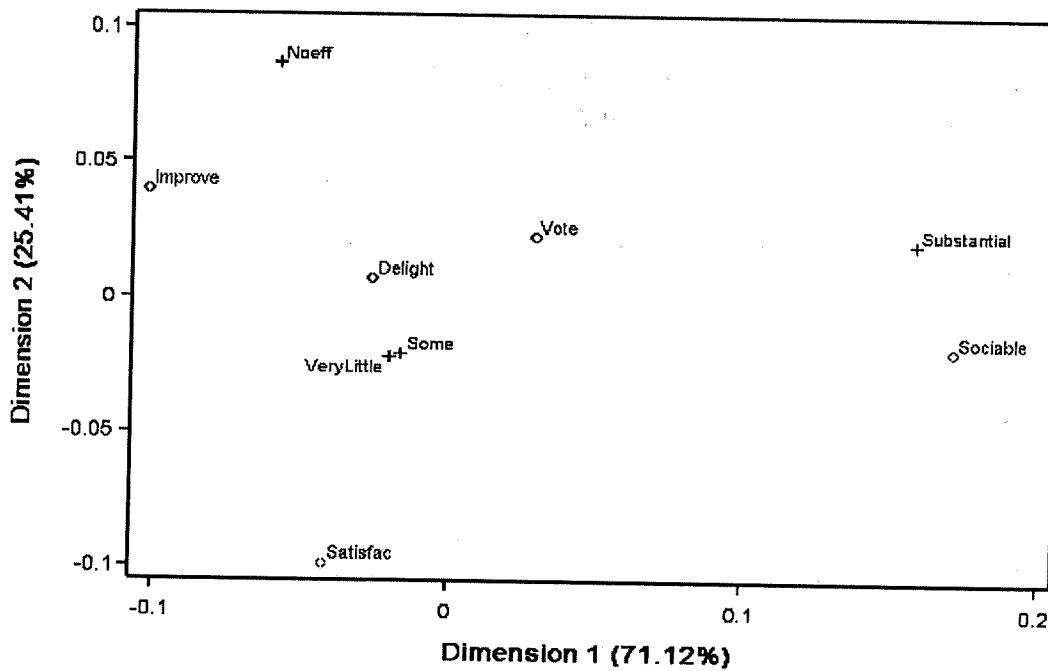
The following graph shows the correspondence analysis for the question, "Was your compliment given to your contact person or to a third party or both."



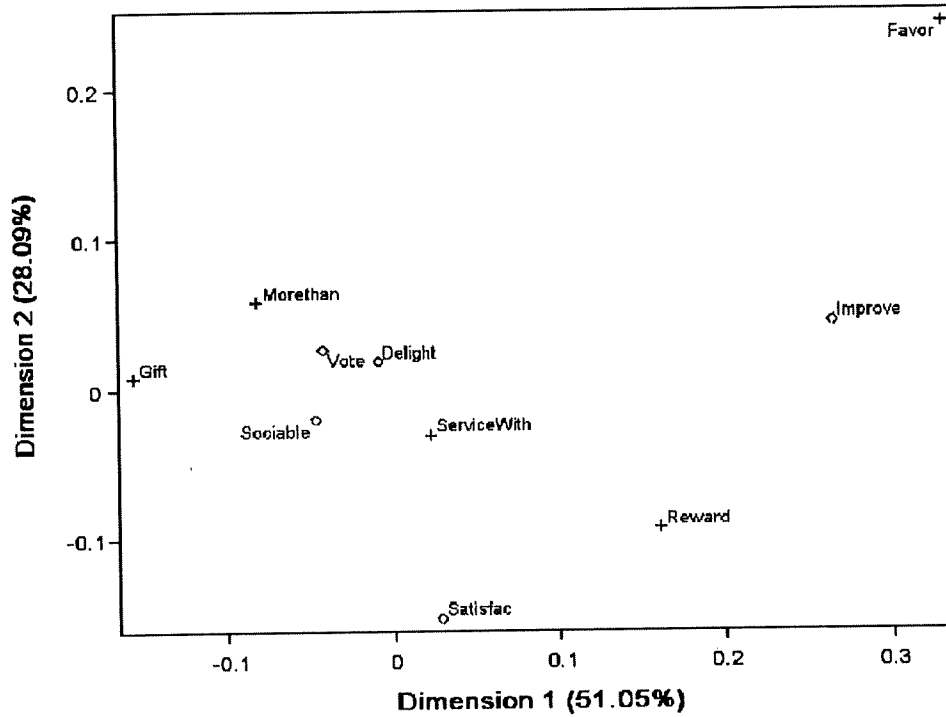
The following graph shows the correspondence analysis for the question, "If your compliment was given because the seller did more than required, how great was the imposition on the seller to which you gave the compliment?"



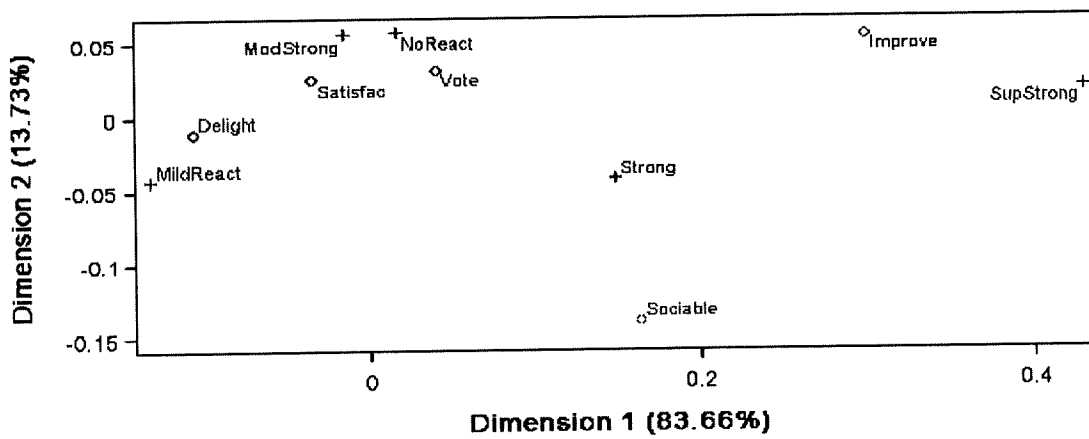
The following graph shows the correspondence analysis for the question, "How much effort did you go to to give the compliment?"



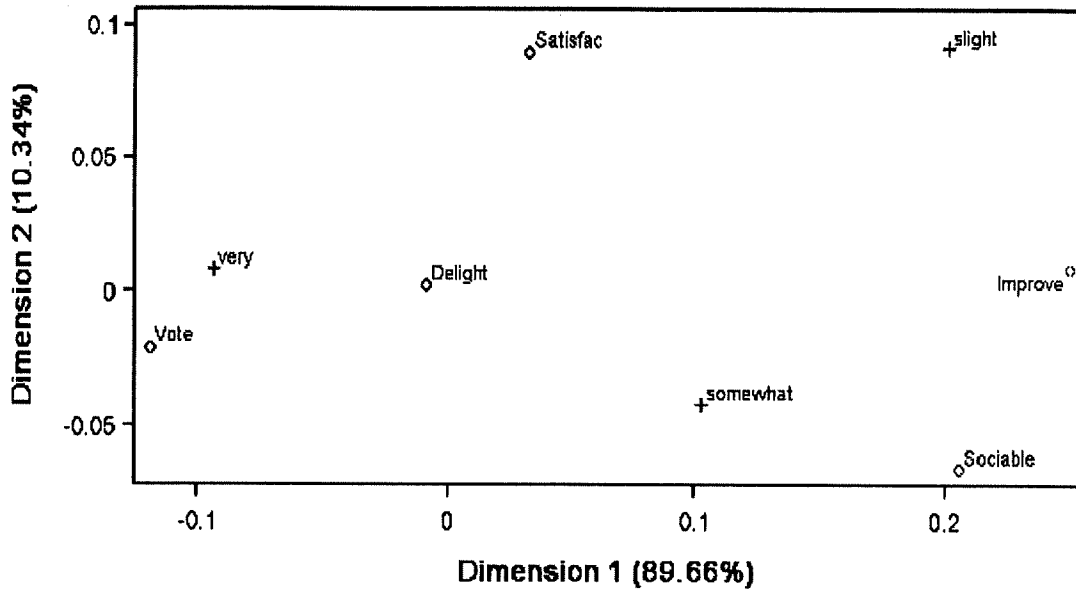
The following graph shows the correspondence analysis for the question, "To what did your compliment refer?"



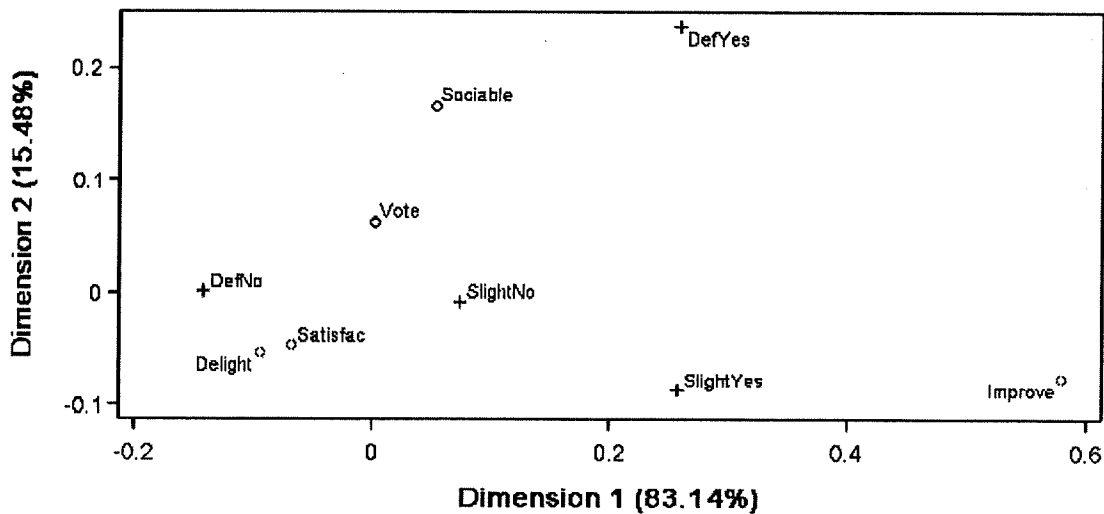
The following graph shows the correspondence analysis for the question, "How strongly did the person or store react to the compliment?"



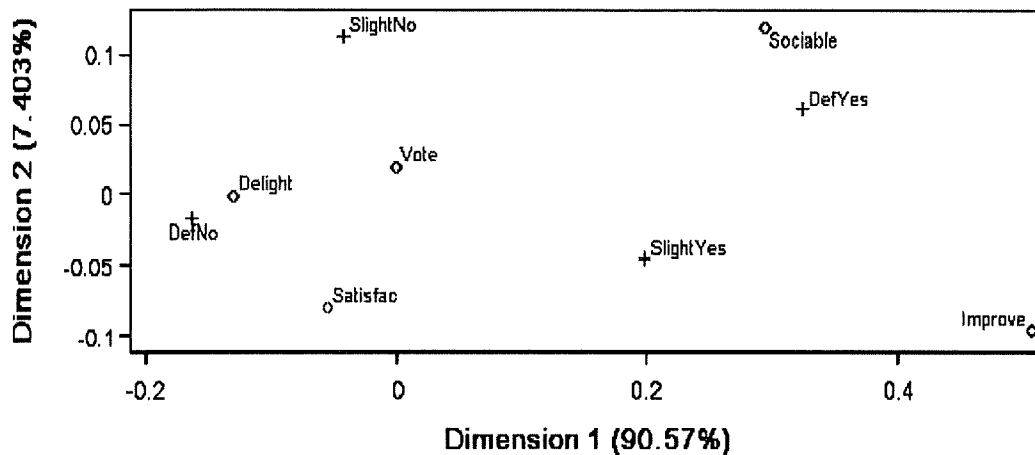
The following graph shows the correspondence analysis for the question, "If you did feel any emotions or feelings while giving the compliment, how strong were they?"



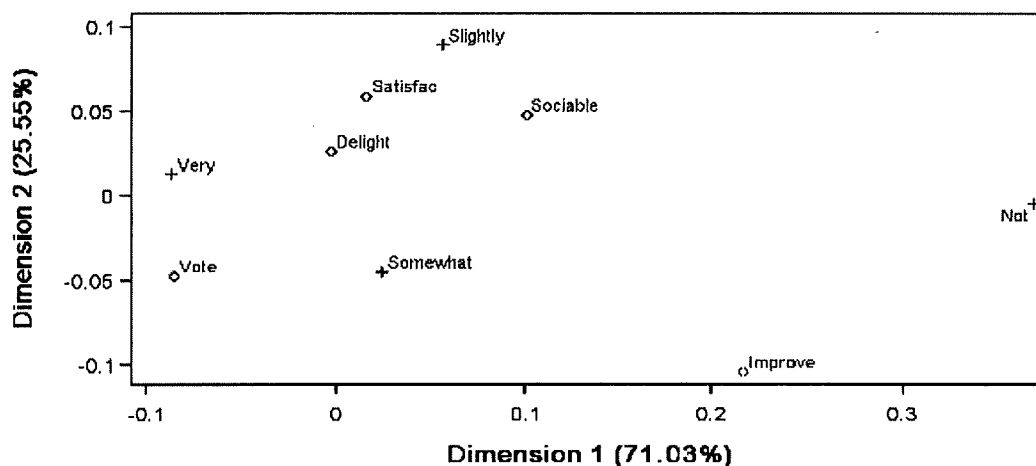
The following graph shows the correspondence analysis for the question, "Sometimes consumers compliment their contact person primarily to encourage them to perform their job better. Was that true for you compliment?"



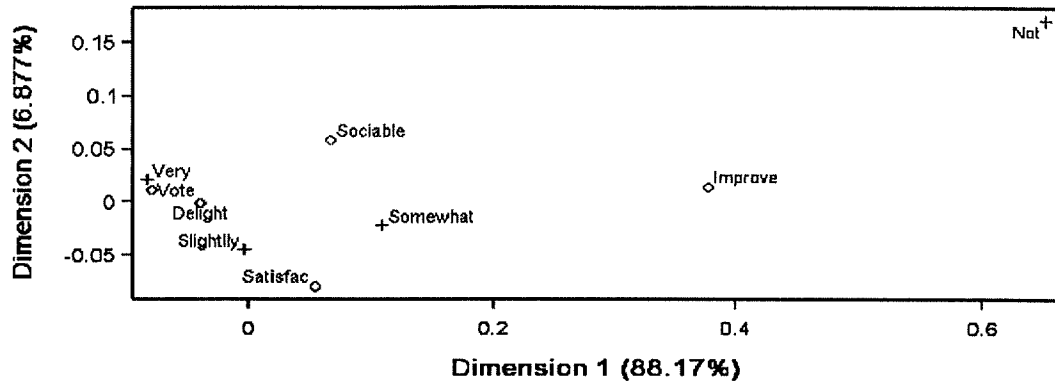
The following graph shows the correspondence analysis for the question, “Sometimes consumers compliment their contact person primarily to ‘make the person’s day a little brighter,’ not because their performance was complimentable. Was that true at all for your compliment?”



The following graph shows the correspondence analysis for the question, “How strong was your compliment?”



The following graph shows the correspondence analysis for the question, "How strongly motivated were you to give your compliment?"



# THE EFFECTS OF SERVICE GUARANTEES ON SERVICE EVALUATIONS DURING A VOICED COMPLAINT AND SERVICE RECOVERY

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## ABSTRACT

Service guarantees are widely used in business and industry. They have been proposed as a device to help reduce perceived risk, to encourage dissatisfied customers to complain, and to improve service evaluations and loyalty after a service recovery. This article reports the findings of an empirical investigation into the effects of service guarantees after a voiced complaint and service recovery. Using a 3 x 2 x 3 factorial, between-subjects experimental design, the study compares two types of guarantee (unconditional and conditional), plus no guarantee in a positive and a negative service recovery across three different services for their effects on likelihood to complain, customer satisfaction, perceived service quality and customer loyalty.

The MANOVA-based findings indicate that service guarantees have no significant effects on encouraging dissatisfied customers to complain after a negative service encounter. After the recovery, a conditional service guarantee is found to improve perceptions of service quality for some services. An unconditional service guarantee has no positive effects on service evaluations, the same result as not offering any guarantee at all. Service guarantees used in isolation would appear to have limited benefits as a customer service tool and may need to be used in conjunction with additional tactics to demonstrate an organization's commitment to service recovery.

## INTRODUCTION

Since Hart (1988) first espoused the power of the unconditional service guarantee, the adoption by industry of all types of service guarantees has been widespread. Examples of service guarantees exist across a broad range of service industries such as retailing, real estate, fast food, airline, telecommunication, transport and leisure (Burch, 1993; Fabien, 1997; Henderson, 1997; Lewis, 1993a; Maher, 1991, 1992), as well as professional services (Hart, Schlesinger & Maher, 1992; Raffio, 1992; Reske, 1995), financial services (Berry, 1995) and education (Lawrence and McCollough, 2001; Magnuson, 1996; Maher, 1991; Ostrom and Iacobucci, 1998).

Service guarantees are said to have three main functions: as a quality tool, a marketing tool and a customer service tool (Wirtz, 1996). In relation to their potential as a customer service device, proponents claim that service guarantees encourage dissatisfied customers to complain to the service provider after experiencing service failure, giving the company an opportunity to restore customer satisfaction and maintain loyalty (Hart, 1988; Spreng, Harrell & Mackoy, 1995; Wirtz, 1998). Additionally, when combined with a strong service recovery, service guarantees are said to improve customers' service evaluations by closing the loop between a company's recovery promises and its delivery. Although many companies offering a service guarantee track the number of customers who invoke it, such as Marquette Bank (Maher, 1991), Massachusetts Dental

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Plan (Raffio, 1992), United Weight Control (Lewis, 1993a), Bugs Berger Bug Killer, Federal Express (Kotler, 2000) and Hampton Inn, (Fojt, 1995; Rust, Zahorik and Keiningham, 1996) the effects of the service guarantee during a complaint and recovery situation do not appear to have been tested empirically other than perhaps at a proprietary level.

If such claims concerning the potential of service guarantees as a customer service tool are supported, they would provide a compelling case for their use because many studies have presented evidence supporting the links that translate positive service evaluations into an organization's profits (Anderson, Fornell and Lehmann, 1994; Banwari and Lassar, 1998; Buzzel and Gale, 1987; Heskett et al., 1994; Rapert and Wren, 1998; Rust and Zahorik, 1993; Rust et. al., 1996; Taylor and Baker, 1994; Zahorik and Rust, 1992; Zeithaml, Berry and Parasuraman, 1996; Zeithaml, 2000).

This study addresses a particular gap in the service guarantee, complaint behavior and recovery literature by reporting the findings of an empirical investigation into the effects of service guarantees during a voiced complaint and service recovery situation. The study compares two typical types of guarantee (unconditional and conditional), plus no guarantee after a positive and negative service recovery, across three different services for their effects on likelihood to complain, customer satisfaction, perceived service quality and customer loyalty. The article begins with a description of different types of service guarantees and a review of previous empirical research. Research hypotheses are then proposed followed by the research methodology and data collection methods. Next, the findings are presented together with a discussion of their implications for researchers and practitioners.

## SERVICE GUARANTEES

Service guarantees have been described as 'one of the most innovative and intriguing customer-retention strategies to be developed in recent years' (Bateson, 1995, p. 462). Two main types of guarantees exist – unconditional and conditional. Unconditional guarantees allow the customer to be the judge of quality by offering compensation if s/he is not totally satisfied, such as Radisson Hotel's guarantee of 100% satisfaction. A conditional or specific guarantee spells out certain elements of the service offering that a company chooses to promote. For example, FedEx guarantees delivery by 9:30 am the following day on premium class deliveries and, if failing, makes no charge as long as the customer initiates the claim.

The characteristics of an effective service guarantee include its being unconditional, easy to understand and communicate, heavily promoted, simple and obvious, meaningful to customers, easy to invoke, easy and fast to collect on and credible (Hart, 1988). Where possible, a service guarantee should also specify the payout, avoid complex or legalistic language, use big print and, when a customer invokes the guarantee, staff should not quibble (McDougall, Levesque and Vanderplaat, 1998).

In addition to elements included in their design, service guarantees are considered more effective when certain market conditions apply (Hart, 1988). These include conditions under which the price of the service is high; the customer's ego is on the line; the customer's expertise is low; consequences of failure are high; there is a poor industry image for quality; businesses depend on repeat purchases; where word-of-mouth is critical, operating standards are not seen to be uniformly high; services are customized; brand name recognition is not easily achieved through conventional means; and where buyer resistance is high (Hart, et. al., 1992).

The findings of an exploratory study of Australian organizations who introduced service guarantees indicate that many firms consider a service guarantee's primary benefit to lie in its role as a customer service device to encourage legitimate complaints (McColl and Mattsson, 2003).

### RESEARCH ON SERVICE GUARANTEES

Despite widespread adoption by industry of service guarantees, published empirical studies on the effects of service guarantees have been rare. Unfortunately, this dearth of empirical research confines any theoretical discussion largely to a reliance on anecdotes and industry-based studies. The following brief review of previous empirical studies reveals that the effects of service guarantees as a customer service tool has been particularly neglected.

In one relevant study, customers' reactions to unconditional versus conditional service guarantees in terms of their effect on risk reduction, preference of guarantee and trust in the service provider were evaluated (McDougall, et. al., 1998). Overall, the researchers concluded that respondents preferred an unconditional guarantee, although conditional guarantees were favoured when subjects considered the ease with which they could get their money back. However, Tucci and Talaga (1997) concluded that the presence of a conditional service guarantee was not uniformly desirable in the selection of a table service restaurant, suggesting that service guarantees may play a varying role in the purchase/consumption process and across different services. For example, for firms in industries where there is a greater variance of service quality, positive pre-purchase evaluations of a service firm can increase service evaluations when offering a service guarantee (Ostrom and Iacobucci 1998).

### DEVELOPMENT OF HYPOTHESES

#### Customer Complaint Behavior

Company interest in the potential of service guarantees as a customer service tool has roots in the many studies that confirm that the relationship between the level of customer dissatisfaction and complaint behaviour is *not* particularly strong (Davidow & Dacin, 1997; Day, 1980; Jacoby and Jaccard, 1981; Oliver, 1986). A dissatisfied customer may even engage in multiple forms of complaint behavior ranging from doing nothing to complaining publicly (Blodgett, Wakefield and Barnes, 1995; Colgate and Norris, 2001; Day et al., 1981; Levesque and McDougall, 1993; Morel, Poiesz and Wilke, 1997; Singh, 1988). Customer complaint behavior (CCB) may therefore be defined as 'a multiple set of behavioral and non-behavioral responses, triggered by a dissatisfactory purchase episode' (Singh, 1988).

Dissatisfied customers who do not complain to the service provider can cause market damage through negative word-of-mouth by telling others of their dissatisfaction, thereby precipitating future declining market share (Blodgett et. al., 1995). These non-complainers feel that it is either not worth the effort, or are unsure of how, or to whom they should complain (TARP, 1986; 1995).

Of the possible responses to a negative service encounter, a 'voiced complaint' to the service provider represents the best managerial outcome because it provides an opportunity for service recovery and diagnostic information about service problems (Davidow and Dacin, 1997; Dolinsky, 1994; Fornell and Wernerfelt, 1987; Kendall and Russ, 1975; Mack et al., 2000; Oliver, 1986; Resnik and Harmon, 1983; Spreng et. al., 1995). A customer's complaining, even by itself, can result in increased satisfaction by allowing a dissatisfied customer a chance to express pent-up anger and frustration (Nyer, 2000).

From a theoretical perspective, the idea that a customer's perceived level of dissatisfaction is not effectively translated into complaining actions implies that other variables such as episode-specific factors may have an influence on behavior such as cost/benefit evaluations, attribution of blame and perceptions of equity. In other words, customer dissatisfaction can act as a trigger that *may* result in CCB, but customer dissatisfaction in itself *does not* play a major role in determining CCB (Singh, 1990).

In terms of a customer's cost/benefit evaluations, a dissatisfied customer seeking redress is influenced by his/her estimation of the likelihood of success in complaining (Blodgett et. al., 1995). A service guarantee potentially improves the cost/benefit equation in favor of the customer as the service provider publicly promises to stand behind its promises irrespective of the source of the problem.

A further dimension of episode-specific factors concerns the attribution of blame for service failure. That is, the extent to which the customer believes that s/he or the service provider is at fault. Individuals are said to become more motivated to attribute causality when a negative event occurs. The direction of attribution appears to affect customer satisfaction. When a negative service event is externally attributed, customers tend to be more dissatisfied than if the problem is caused by chance or an action of the customer (Folkes, Koletsky and Graham, 1987). For highly intangible services such as a computer training course, customers are likely to attribute some dissatisfaction with service failure to their own inability to specify or perform their part of the service (Zeithaml, 1981).

A service guarantee may encourage dissatisfied customers to complain directly to the company by giving customers confidence that the company will stand behind its service promises and by suggesting that the company has in place effective complaint handling mechanisms to

ensure a satisfactory resolution to a complaint. An unconditional service guarantee communicates to customers that the service provider takes full responsibility for any service failure, regardless of the cause, therefore potentially increasing the likelihood of a voiced complaint to the supplier.

These factors lead to a more favourable attitude and intention towards complaining behavior and underlie the following research hypothesis:

- H1** A service guarantee will encourage dissatisfied customers to complain to the service provider after a negative service encounter.

### Service Recovery

When a customer complains to a service provider, the company has an opportunity to recover the situation. Service recovery therefore refers to the actions a service provider takes in response to service failure (Grönroos, 1988) or the process of trying to return a complaining customer to a state of satisfaction (Zemke and Bell, 1990).

Although recoveries are precipitated by service failures, such episodes can have a positive influence on overall satisfaction and loyalty if the service recovery is strong, even compared with the situation where no service problems were encountered (Droge and Halstead, 1991; Feinberg et al., 1990; Hart, Heskett and Sasser 1990; McCollough and Bharadwaj 1992; Spreng et. al., 1995; Liu, Sudharshan and Harmer, 2000). Specifically, a positive service recovery has a greater effect on service evaluations than a negative recovery (Spreng et. al., 1995; TARP, 1996).

Failure to ensure customer satisfaction through service recovery can lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity and the direct cost of re-performing the service (Berry and Parsuraman, 1991; Sheth and Parvatiyar

1995; Swanson and Kelly, 2001). The importance of a poorly-handled complaint is further evidenced in the findings that complainants who are dissatisfied with the way their complaint is handled tell twice as many people about their negative experience than customers who are satisfied with the complaint handling process (TARP, 1996). In addition, demonstration of an effective service recovery projects an image that the service is 'guaranteed' therefore reducing the perceived risk of purchasing a service (Boshoff, 1997).

A focus of recent research into service recovery strategies has been to identify and evaluate important influences on the recovery process. Hypotheses have been presented concerning the impact of a range of variables in recovering a voiced complaint. Some of these include the gender and personality of the complainer and complaint-handling personnel, the influence of the type of explanations and offers, the impact of the level of staff empowerment and staff communication style. Although many of the findings are inconclusive, a number of studies suggest that an organization needs to make a tangible offer of restitution in the recovery process, such as a free ticket, meal or room upgrade in a hotel, in order to demonstrate that the firm is willing to compensate for poor service (Bitner, Booms and Tetreault, 1990; Boshoff and Leong, 1998; Goodwin and Ross, 1990; Zemke and Bell, 1990).

Equity theory may also be applied to a service recovery situation whereby equity is measured against a continuum ranging from negative equity, that is, under-compensation, to positive equity where outcomes are greater than expected (Oliver, 1997). The level of perceived equity by complainers in the service recovery process is considered an important factor influencing repurchase intentions (Palmer, Beggs and Keown-McMullan, 2000).

This discussion leads to a number of interesting, and as yet unanswered questions concerning when a well publicized service

guarantee is in place during a service recovery. For example, if a service guarantee increases the proportion of customers who complain when dissatisfied, are these positive effects further enhanced when the service is recovered and/or guarantee payouts are made as proposed by Wirtz (1996)? Based on the prior discussion, it is hypothesized that:

**H2a** The presence of a service guarantee will improve service evaluations after a positive recovery compared with no guarantee.

Where a company makes a poor service recovery whilst offering a service guarantee, it is proposed that the guarantee will raise customers' expectations resulting in disconfirmation with the complaint recovery process. It is therefore hypothesized that:

**H2b** After a negative recovery, a service guarantee will decrease service evaluations even more than if no guarantee was offered.

### **Service Quality and Customer Satisfaction**

In considering the effects of service guarantees on specific service evaluations, two evaluations are typically considered: perceived service quality and customer satisfaction. There is still academic debate surrounding the definition and measurement of these two key constructs (Iacobucci, Kent and Ostrom, 1994; Olshavsky, Mackenzie and Spreng, 1996). One issue concerns whether customer satisfaction is best considered as an attitude and therefore a relatively short-term, consumption-specific construct, or should instead be seen as an evaluation or outcome (see review by Yi, 1990).

Despite this discussion, there seems to be general support for perceived service quality to be conceptualized as a general

attitude based upon past experiences with a service supplier, and to its being multi-dimensional and varying across industries (Cronin and Taylor, 1992; 1994; Parasuraman, Zeithaml and Berry, 1988, 1991, 1994, 1996). Hence, at the higher level of evaluation, service quality is a function of multiple service encounters over a period of time. Perceptions of service quality are therefore more holistic, not necessarily requiring contact with the service company (Oliver, 1997). On the other hand, customer satisfaction is generally seen to be more situation specific than perceptions of service quality (Bitner, 1990; Bolton and Drew, 1991; Carman, 1990; Cronin and Taylor, 1994), requiring interaction with the service organization. On a micro level, the focus of customer satisfaction is on impressions based on a single encounter or transaction such as in a complaint/recovery situation.

Proponents of service guarantees claim that they improve a customer's service evaluations at the recovery - encounter level and also at the global service quality level. A strong service recovery should result in confirmation of recovery expectations and restore customer satisfaction with the complaint handling procedure, as a service guarantee provides customers with clear standards against which to assess service performances (Hart, 1988; Wirtz, 1996). Equally, service customers might assume that only a company with a solid reputation for quality could offer such a written promise. Therefore, it is hypothesized that:

- H3a** A service guarantee will improve perceptions of customer satisfaction and service quality during a service recovery.

In terms of the relative performance of the two main types of service guarantees (unconditional and conditional), the related findings of McDougall, Levesque and Vanderplaat (1998) lead to the hypothesis

that in a complaint situation:

- H3b** A conditional service guarantee will have a greater effect on evaluations of customer satisfaction and service quality than the unconditional type.

### Customer Loyalty

Another post-complaint service evaluation includes customer loyalty intentions. Customer loyalty is conceptualized in a number of ways; however, the majority of authors define loyalty as an intention to repurchase from the same supplier (Söderlund, 1998). As perceived service quality and customer satisfaction are generally described as antecedents of loyalty, it is hypothesized that in a complaint-recovery situation:

- H4** A service guarantee will improve customer loyalty intentions.

## RESEARCH METHODOLOGY AND DATA COLLECTION

It was an objective of this study to evaluate service guarantees under optimal conditions for them to perform well. Therefore, the situational factors described earlier concerning circumstances in which service guarantees work best were incorporated where possible in the study design. The hypotheses were tested using a 3 x 3 x 2 factorial, between-subjects, experimental design. The independent variables included three types of *services* (computer training, hotel accommodation and motor vehicle insurance), three *guarantee* treatments (conditional, unconditional and none) and two *service recoveries* (positive and negative), resulting in a total of 18 separate treatment cells.

All three services were characteristic of industries where a service guarantee could be expected to do well. The services were also sufficiently different across a number of characteristics (for example, high

and low contact, membership and non-membership relationship and customized services versus standardized services) in order to allow for the generalization of the results beyond a single type of service setting. Hotel accommodation and motor vehicle insurance may be considered examples of low contact services. Hotel accommodation may be customized at the various service encounters, perhaps even more so than training programs and certainly more than for insurance. Both of these services could also be described as being relatively standardized in their delivery. Insurance companies typically have a 'membership' relationship with their customers, as opposed to training programs and accommodation, which often provide their services on a one-off basis. The services were also selected to ensure that respondents would be likely to have had either personal experience or general knowledge of them. Experience with a service improves the validity of the results.

The service guarantees reflected the two main types found in the service sector, *conditional* and *unconditional*, and were modified from examples currently available in industry. These were then pre-tested using a convenience sample of 58 post-graduate students who rated them on a multiple item, Likert-type rating scale to ensure that they met the characteristics of an effective service guarantee as proposed by Kendall and Russ (1975) and Hart (1988). An example of both types of service guarantees used in the study is presented in Appendix 1. The core service breakdowns depicted in the role-plays were written specifically to match the promises made in the conditional guarantees, in order to amplify their potential effects.

The service recoveries were operationalized as one of two levels of atonement. A positive service recovery was simulated through an apology plus compensation to result in a high level of satisfaction. The negative service recovery was operationalized to simulate a low level

of satisfaction through under-benefiting an inadequate apology. The scenarios depicted each complaint as being recovered quickly, as suggested by Droge and Halstead (1991).

The experimental stimuli were operationalized using role-plays of service scenarios. Scenarios were developed around each of the three services, differing only in terms of the two service recovery efforts, resulting in six separate role-play scenarios. Two professional actors were used in all six scenarios to ensure internal consistency between the scenarios. The role plays lasted between 90 and 120 seconds in duration as scenarios of 60 seconds have been found to be adequate for respondents to form views, without them becoming too disinterested (Lemmink and Mattsson, 1998). Filming and editing took place in a professional film studio. A brief pause in the tape was inserted between the depiction of the service complaint and the recovery.

#### **DEVELOPMENT OF SERVICE SCENARIOS**

In operationalizing the independent variables, pilot scripts were prepared around some 'typical' service complaints for each service, based on the typology of a 'voiced' complaint. The scenarios were designed to depict breakdowns in the core service, considered to be the most likely to result in customers feeling aggrieved (Keaveney, 1995). The causes of each of the complaints were clearly attributable to the service provider rather than the customer as attribution of blame is more likely to result in a voiced complaint (Folkes et. al., 1987).

The scripts were pilot tested on a convenience sample of 73 undergraduate students. Survey questions ascertained whether respondents thought the service scenarios were a) believable, b) showed breakdowns in the core service, and c) whether the service recovery was positive or negative. Survey questions were rated on five-point, Likert scales, anchored by 5=strongly agree and 1=strongly disagree. Average scores of at least 4.5 were achieved

for each of the criteria tested which were considered acceptable based on the guidelines for pre-testing suggested by Shamdasini and Sheth (1995).

#### DEVELOPMENT OF MEASUREMENT INSTRUMENT

The dependent variables represent key service evaluations consisting of the four constructs described earlier – intention to complain, customer satisfaction, service quality and intention to re-purchase (a customer loyalty measure). Measurement of the dependent variables was performed using a survey. The specific items were

developed from previously tested scales reported in published empirical studies but were modified for the purposes of this study. These are shown in the last column of Table 1. The scale items measure the ‘intention to complain’ as communication to the organization and the immediate environment of the individual. The ‘service quality’ scale was captured at a global level of evaluation and ‘satisfaction’ at the encounter-specific level. The ‘loyalty’ items were designed to measure ‘re-purchase intentions’. All questions were rated on five-point Likert scales, anchored by 5=strongly agree and 1=strongly disagree.

**Table 1: Summary of constructs, scale items and sources**

Constructs	Scale Items	Source of Scale
<b>Customer Satisfaction</b>	'The customer has the right to be dissatisfied with this service experience.'	Adapted from Bitner (1990); Oliver and Desarbo (1988) and Sparks and Callan (1995)
	'I would be pleased with how this problem was handled by the staff member.'	
	'I would be completely satisfied with the organization's staff behavior in this situation.'	
<b>Perceived Service Quality</b>	'This organization looks after its customers.'	Adapted from Bitner (1990); Oliver and Desarbo (1988) and Sparks and Callan (1995)
	'Employees at this organization provide competent and professional service.'	
	'I could place trust in this organization.'	
	'Service quality seemed high.'	
<b>Re-purchase intentions</b>	'I would continue to use this organization in the future.'	Adapted from Maute and Forrester (1993)
	'I would recommend this organization to friends and associates if they asked my opinion.'	
<b>Complaint Intentions</b>	'I would complain to this organization about this problem.'	Adapted from Blodgett, Granbois & Walters (1993); Sparks & Callan (1995) and Singh (1991)
	'I would tell other people what I know about this organization.'	

Source: Adapted from various sources as shown in last column of the table

## RELIABILITY AND VALIDITY OF THE RESEARCH INSTRUMENT

Since the constructs were modified from previously tested scales, it was decided to purify the measures using the guidelines offered by Churchill (1991) and Coolican (1994). The Cronbach alpha scores ranged between 0.77- 0.95 exceeding the 0.6 limit suggested by Malhotra (1996) as acceptable.

Three types of validity are relevant to this study: internal, external and construct validity. Internal validity was maximized by ensuring that each of the respondents experienced the same stimuli, without distortion, in a manner that was both ethically and practically feasible as proposed by Coolican (1994). External validity refers to the 'generalizability' of the experiment's results. Care has been taken throughout the design process to ensure that the results of the study may be generalized beyond a single service experience. This was enhanced, for example, by choosing a field experiment rather than a laboratory setting, by incorporating more than one type of service as an independent variable and by using actual shoppers as respondents.

Two tests were undertaken for construct validity. Firstly, content validity was conducted and maximized by ensuring face validity through a review of other scales used for the four constructs and through a discussion of the scale items with students in the pre-test exercise. Factor analysis using Principal Axis Factoring was conducted to evaluate the construct validity which confirmed the four factors which emerged from the literature.

## SAMPLING AND EXPERIMENTAL PROCEDURE

A sample of 540 respondents was taken at a shopping mall using convenience sampling and allocated to one of the 18 treatments until a quota of 30 respondents for each cell was attained as suggested by Tabachnik and Fidell (1989). Convenience

samples are frequently used in experiments, but have a drawback that certain members of the population are automatically eliminated from selection resulting in sample selection error (Burns and Busch, 1998). Sample selection error was minimized by instigating a quota based on gender. The sample resulted in 50.6% males and 49.4% females. The age breakdown was as follows. Those aged 18 – 24 years (27%), 25 – 34 (30%), 35 – 44 (20%), 45 – 54 (12%) and those 55 years plus accounted for 11% of the sample. In terms of the age distribution, the sample did not match the general population as indicated by the high chi-square value of 65.42 ( $\chi^2_{(4)} = 65.42, p < 0.001$ ). Specifically, the younger age group (18-24) and those in the 45-54 age group were over-sampled. As demographics are generally weak predictors of service evaluations, particularly of complaint behavior (Söderlund, 1998), demographic information was subsequently excluded from any further analysis and discussion.

Respondents were recruited at a major metropolitan shopping mall by professionally trained market research interviewers. Potential respondents were asked if they would participate in a small study but without revealing the true nature of the experiment. Respondents were then randomly allocated to one of the 18 treatments until the quota of 30 respondents (15 males and 15 females) for that treatment was reached.

After obtaining their verbal consent to participate in the study, respondents were handed a folder to read before viewing the video-tape. The folder contained a brief outline of the company depicted in the scenario, plus one type of service guarantee (other than the 'no guarantee' treatments). Based on earlier pre-tests, respondents would have clearly understood which companies in the role-plays were offering a service guarantee. When viewing the service scenarios, respondents were asked to imagine that they were the customer depicted in the role play. This statement was



also printed in the introduction to the questionnaire. Then, one of the scenarios was presented, combining one of the options of *service type* (computer training, hotel accommodation and motor vehicle insurance), *guarantee type* (conditional, unconditional and none) and *recovery type* (good and poor).

The video-tape was paused at the end of the service breakdown, before the recovery to enable respondents to complete the first section of the questionnaire relating to complaint intentions. Each of the two components of the scenarios (complaint and recovery) were shown twice to respondents.

The impact of the experimental manipulations on responses to the questionnaire was investigated using Multivariate Analysis of Variance (MANOVA) available in SPSS Version 10. Prior to running the MANOVA procedure four assumptions were tested. These included adequate cell size, univariate and multivariate normality, linearity and homogeneity of variance-covariance matrices.

Tests conducted for establishing univariate and multivariate normality indicated that the data set had some outliers. Although these outliers amounted to just six cases, they were deleted from the data set for subsequent analysis. Despite the removal of outliers, the assumption of adequate cell size wasn't violated. Linearity was confirmed using a correlation matrix, which showed each of the dependent variables to be significantly correlated at a Type I alpha level of  $< 0.01$  on a two-tailed test. Levene's test for homogeneity for each of the dependent measures indicated that homogeneity of variance had also not been violated.

## FINDINGS

Overall, the results indicate that the type of *recovery* and the type of *service* significantly influence service evaluations, but that the type of *guarantee* on its own

does not. The two-way interaction between the type of service and the type of guarantee almost achieved a significant multivariate effect. There were significant univariate effects between the type of service when the guarantee was *conditional*. The relative effects of these three independent variables on the service evaluations indicate that the type of recovery had the largest influence on service evaluation scores. Specifically, 61% of the variation in the service evaluation scores was explained by the type of recovery, 2.4% by the type of service and 1.2% by the two-way interaction between the type of service and guarantee. The results for Wilks' Lambda, Pillai's and Hotelling's Trace, and Roy's Largest Root were also calculated and gave similar results.

## Effects of Service Guarantees

The main effect of the service guarantee was not statistically significant ( $F_{[8, 1028]} = 1.52, p = 0.146$ ). In particular, there were no significant differences on the 'intention to complain' scores when a service guarantee was in place, compared with no guarantee. There is therefore no support for H1, that service guarantees encourage dissatisfied customers to complain after a service breakdown. The interaction between type of service and type of guarantee just failed to attain statistical significance ( $F_{[8, 1026]} = 1.56, p = 0.07$ ). However, it did demonstrate a significant univariate effect on evaluations of *service quality* ( $F_{[2, 179]} = 3.17, p = 0.014$ ) for the *training* service with a *conditional* service guarantee ( $F_{[2, 177]} = 5.77, p < 0.01$ ) providing partial support for H3a, concerning the effects of service guarantees on perceptions of customer satisfaction and service quality and H3b concerning the relative performance of conditional guarantees. There was no support for H4, that a service guarantee increases loyalty intentions after a customer complaint.

Table 2: Multivariate tests(c)

Effect	Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	0.013	9505.946(a)	4.000	513.000	.000	.987
SERVICE	.952	3.218(a)	8.000	1026.000	.001	.024
GUARANTEE	.977	1.519(a)	8.000	1026.000	.146	.012
RECOVERY	.387	203.469(a)	4.000	513.000	.000	.613
SERVICE*GUARANTEE	.953	1.555	16.000	1567.879	.073	.012
SERVICE*RECOVERY	.959	2.695(a)	8.000	1026.000	.006	.021
GUARANTEE*RECOVERY	.991	.550(a)	8.000	1026.000	.819	.004
SERVICE*GUARANTEE*RECOVERY	.969	1.028	16.000	1567.879	.423	.008

a Exact statistic

b The statistic is an upper bound on F that yields a lower bound on the significance level.

c Design: Intercept+SERVICE+GUARAN+RECOVERY+SERVICE \* GUARAN+SERVICE \* RECOVERY+GUARAN \* RECOVERY+SERVICE \* GUARAN \* RECOVERY

### Effects of Service Recovery

As hypothesized, the findings revealed significant multivariate effects for the type of recovery ( $F_{[4, 513]} = 203.47, p < 0.001$ ) for all four evaluations. A simple main effects analysis indicated differences between the services when the recoveries were *positive* ( $F_{[2, 266]} = 8.66, p = 0.001$ ), but no differences for *negative* recoveries ( $F_{[2, 262]} = 0.32, p = 0.724$ ). There was also a significant interaction between the type of service and the type of recovery at the multivariate level ( $F_{[16, 1028]} = 2.67, p < 0.01$ ). The scores for the *training* service after a good recovery were significantly higher than those obtained for both *accommodation* ( $p < 0.01$ ) and *insurance* ( $p < 0.01$ ). Therefore, there is support for H2a that a service guarantee can improve some service after a good recovery. On the other hand, there was no support for H2b which posits that having a service guarantee in place during a poor recovery will reduce evaluations compared with no guarantee.

The descriptive statistics showed a mean average score for 'intention to complain' of 3.28 on the 5-point scale, supporting previous studies that indicate that customers are generally not strongly motivated to complain to a company after experiencing poor service. The higher mean average of 3.96 for the scale item 'intention to tell others,' also reinforces findings from similar studies which suggest that disgruntled customers prefer to spread negative word-of mouth rather than complain to the company.

### Effects of Service Type

Differential effects of different service types were not stated as a specific research hypothesis. However, an examination of the univariate F-tests indicated that the type of service had a significant impact on service quality and loyalty intentions. The results of a post-hoc LSD test indicated that the scores on the *service quality* scale for *computer training*

were significantly higher than those for both accommodation ( $p < 0.01$ ) and insurance ( $p < 0.01$ ). These findings suggest that in high-contact services at least, even if the service recovery and subsequent customer satisfaction is unsatisfactory, perceptions of service quality may still be reasonable.

## DISCUSSION

Based on the views of practitioners and researchers, service guarantees were expected to perform well in this experiment. It is intuitively appealing to imagine that a well-publicized service guarantee provides confidence to complainers that a company will stand behind its service promises, resulting in increased legitimate complaints after a service breakdown. It also seems reasonable to expect that service guarantees improve service evaluations after a complaint and a subsequent strong, positive company reaction.

The poor showing of both types of service guarantees was disappointing, particularly as the conditions were conducive for a strong showing. Service guarantees do not appear to be the powerful customer service tool that was expected. Certainly, this appears to be the case when it is used in isolation of other supporting evidence concerning the company's commitment to service recovery. Awareness only of the existence of a service guarantee appears to be inadequate. In summary our findings are unable to validate the propositions of Hart (1993), Ostrom and Iacobucci (1998) and Wirtz (1998), who each argued that service guarantees encourage dissatisfied customers to complain.

A conditional service guarantee seems to be preferred in a complaint situation as it is more specific about which service promises the company is prepared to honour and in that sense perhaps is more credible than the broader, unconditional guarantee. This study supports the conclusions of McDougall, Levesque &

Vanderplaat (1998) in which they stated that *any* guarantee is better than *no* guarantee, as this study indicates that a *conditional* guarantee performs better than no guarantee. However, it should be remembered that the service breakdowns depicted in this experimental study revolved around the specific promises enshrined in the conditional service guarantees. It is doubtful that the results would have been as positive if the promises in the guarantee did not match the conditions depicted in the service breakdowns.

A strong conditional guarantee may contain few promises; however, care needs to be taken in designing such a guarantee to include appropriate promises. These might include service aspects which are valued by customers or frequently result in service errors. Companies might alternatively be encouraged to consider the introduction of a more detailed list of service promises such as that one Australian insurance company does with its Customer Service Charter where 18 service promises are spelled out. Each promise is publicly audited with the annual results communicated to all of its customers.

As expected, the findings demonstrate that for each of the three services, a positive recovery had a significantly greater effect on service evaluations than a negative recovery, supporting the findings of Spreng, Harrell & Mackoy (1995) and TARP (1996). Even in circumstances where a customer has experienced a service problem, a strong service recovery can restore perceptions at the service encounter, perceived quality and loyalty levels.

The findings also confirmed that customers who are dissatisfied with a service experience are more likely to vent their frustrations by taking their business elsewhere (reduced loyalty) than by complaining. This reinforces the challenges facing organizations in encouraging dissatisfied customers to voice complaints directly to the company.

The results for the different service types were interesting. After a positive service recovery, the evaluation scores for computer training were higher on all measures than those achieved for both accommodation and insurance at the 1% type I error level of significance. The extant literature suggests that service failures are more likely to occur in high-contact services where there are a greater number of encounters (Boulding et al., 1993; Palmer, Beggs and Keown-McMullan, 2000). However, it appears that when a company makes a strong service recovery in a high-contact service it will have a greater effect on evaluations of the service than for the other types of services in the study. Customers of high-contact services appear to be both more forgiving of service failure and more delighted when it leads to a strong attempt at recovery than for other service types.

### CONCLUSIONS

Results from this study lead to the conclusion that a service guarantee is not an effective customer-service management tool that will encourage dissatisfied customers to complain to the service provider after a negative service encounter, particularly when used in isolation of other supporting cues about a company's commitment to its customers. In this context, a service provider might provide tangible evidence to communicate how its service guarantee makes it easier for customers to complain and obtain satisfaction in the recovery. For some customers a service guarantee without supporting tangible cues may raise the prospect that total service failure is a real possibility.

A service guarantee presented in isolation of additional supporting evidence appears to be more closely linked to a company's advertising efforts rather than its attitude about customer service. It may be that a service guarantee would be more powerful if it were linked to

communications from the service provider as to how its service guarantee is related to the company's performance, or vice versa, that as a result of service improvements the company can now offer a guarantee of superior service quality. It appears that customers do not naturally make the connection between the service guarantee and superior performance in the absence of other supporting cues.

Characteristics of an effective service guarantee should now include not simply awareness of its existence but an understanding of how it fits with the company's position on quality and customer service.

### LIMITATIONS OF THE STUDY

As with most empirical studies, there are several limitations that warrant consideration and threaten the generalizability of the results. There is always a risk in using a video-taped role-play to operationalize a service scenario that it may not produce the same emotions as a real-life service choice or decision. As service guarantees seem to be more effective at a global level of evaluation rather than at the encounter-specific level, the service guarantee may play a different role in real life where a service complaint is usually played out over a longer timeframe. This reduction in external validity is a disadvantage of virtually all one-shot experimental designs. Accordingly, a repeated measures design might be worthy of consideration. A second limitation concerns the matching of the service breakdowns to the exact promises made in the conditional service guarantees. This would have had the effect of improving their relative performance. A question remains concerning their effectiveness when the conditions do not match the service breakdown.

A final limitation of the study is that it considers only three services. Although care was taken to allow for these services to represent broader service types, caution is

advised in extrapolating the results beyond the sectors that were studied. Whilst these limitations are acknowledged, they do not detract from the importance of the findings but hopefully provide a platform for future research.

#### **SUGGESTIONS FOR FURTHER RESEARCH**

In relation to the study of service guarantees, the authors have identified a number of potential issues that might warrant further investigation. If successful service guarantees are closely linked to overall perceptions about the company, testing different guarantees with varying types of company information would be worthwhile. Such studies might also consider additional types of service providers to those selected in this study to build on our understanding of the effects of different service types on service evaluations.

Whilst recent academic interest has been focused on implementing an effective service recovery, the area of encouraging complaints represents a substantial deficiency in the academic and professional literature and deserves further investigation.

In summary, the literature suggests that service guarantees positively affect service evaluations and in a complaint situation increase the likelihood of a customer complaining to the service provider. This study found that service guarantees appear to have no significant effects on encouraging dissatisfied customers to complain after experiencing a negative service encounter. A conditional service guarantee, however, may improve perceptions of service quality but not evaluations of satisfaction, intentions to complain or intentions to re-purchase and when the service breakdown matches the conditions of the guarantee. An unconditional service guarantee appears to have no positive effects on service evaluations in a complaint situation. The type of service has a significant effect on service evaluations and service guarantees appear to be generally more effective in computer training, as an example of a high-contact service.

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## APPENDIX 1

### The Conditional Guarantee

# *Hotel Service Guarantee*

15 minutes. The maximum amount of time we give ourselves to offer you a solution to any problems you have which is our responsibility. Contact us directly, at any hour of the day or night and our team will be at your service to ensure that you are entirely satisfied. If we are unable to fulfill this contract within the allotted 15 minutes you will be our guest.

### The Unconditional Guarantee



**100% Customer Satisfaction Guarantee!**

**Our goal is 100% customer satisfaction.**

**If you aren't satisfied with something, please let us know, and we'll make it right or you won't pay.**

**Call our head office at xxx xxx xxxx.**

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# CONSUMER LOYALTY TO SERVICE PROVIDERS: AN INTEGRATED CONCEPTUAL MODEL

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## ABSTRACT

Published research on customer loyalty to a service provider remains underrepresented in the marketing literature compared to publications dealing with brand loyalty. In an effort to encourage more research on the former, this article integrates the present body of knowledge regarding the concept of service loyalty, defined herein as the loyalty of a household consumer to a service provider.

A unified definition of service loyalty is proposed, together with a conceptual model that represents the relationships among the antecedent constructs of loyalty as discussed in the research literature. The article concludes with a discussion of the implications of the model, along with possible directions for future research in this area.

## INTRODUCTION

In recent years, increasing numbers and types of organizations have recognized the importance of customer loyalty as companies strive to improve quality and achieve high levels of buyer satisfaction. Indeed, customer loyalty might be characterized as one of the new "holy grails" of organizations, as increased buyer loyalty has been cited as one of the most important predictors of long-term profitability (e.g., Deming 1986; McCaslin 2001).

The research on service loyalty has been underrepresented in the literature, compared to brand loyalty (Bloemer, De Ruyter, and Wetzels 1999). **By using the term service loyalty, the reference point of focus in this article is to the loyalty a household consumer has towards a service provider.** 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, retail services, sports/arts/entertainment services, telecommunications services, rental/leasing services, personal services (e.g., hairstyling), 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). This is in contrast to the concept of brand loyalty which typically refers to the loyalty a consumer displays towards a particular brand (e.g., Colgate Total toothpaste), regardless of where that brand is purchased (e.g., Kroger or Safeway). A consumer can have brand loyalty without having loyalty towards a particular service provider. For example, consumers may be loyal to the Toyota brand, but not to a particular Toyota dealership.

The term "loyalty" does not have a universally accepted definition among scholars in publications either pertaining to brand or service loyalty. In fact, there appears to be little consensus on what the definition and constructs of loyalty are in customer loyalty research or how to measure loyalty (e.g., Grisaffe 2001). According to Oliver (1999, p. 43), "Past researchers had assumed that loyalty could be described sufficiently by patterns of repeat purchasing. This notion was put to rest when multibrand and attitude-based models were proposed, which lead to the now popular cognitive-affective-conative representation of brand commitment." In a widely quoted definition of brand loyalty by Jacoby and Chestnut (1978, p. 80-81) they state that there are six conditions that 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.”

While some authors have acknowledged the attitudinal dimension of loyalty (e.g., Jacoby and Kyner 1973; Oliver 1999), the term loyalty has been defined and operationalized in many studies as repeat purchase intent only. Still others have viewed loyalty simply as a function of past buying behavior: the higher the brand repeat purchase ratio in a given period of time, the higher the loyalty. The importance of emotions on loyalty has been alluded to in the literature since the 1960s. It has not been until fairly recently though that some researchers have incorporated the attitudinal constructs of loyalty, including the cognitive and affective processes, into research studies on service loyalty (Bloemer et al. 1999). McMullan and Gilmore (2003) also state that there has been considerable mention given to the attitudinal and behavioral dimensions of loyalty, but that there exists little published, non-proprietary research exploring relationships between them.

The concepts of service and brand loyalty can be seen to have evolved into a multidimensional construct that includes behavioral, cognitive, and affective processes. However, when scholars have broadened the construct of brand to include service characteristics, absent from most discussions of brand loyalty in the service sector is the area of emotional commitment resulting from relationship involvement. This is problematic if for no other reason than one can have brand loyalty per se in the absence of any emotional commitment to a seller, and therefore not have “service loyalty.” In addition, service 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. For example, service loyalty would measure the extent to which a consumer exhibits loyalty towards a particular Wendy’s, as opposed to brand loyalty, which would measure a customer’s loyalty to the Wendys’ brand.

The remainder of this article provides a review of the research on customer (household consumer) loyalty to service providers and integrates current research findings regarding constructs related to service loyalty. A unified definition for customer loyalty to service providers is presented based on the research literature, and a conceptual model is presented for service loyalty. Not surprisingly, the model for customer loyalty towards a service provider emerges as conceptually different from a model for brand loyalty. While there are some points of similarity between these two fields of loyalty-based research, the differences are significant enough to warrant an individual treatment of service loyalty, which has been lacking in the research literature on customer loyalty. Based on this conceptual model, the expectation is that service organizations can take proactive steps to better measure and manage customer loyalty.

### **SERVICE LOYALTY DEFINED**

Certainly, there are examples in the literature of classification systems for customer loyalty toward a service provider. Perhaps the most popular is that developed by Dick and Basu (1994) in which they state that loyalty has two dimensions: relative attitude and repeat patronage behavior. They identified four loyalty categories: loyalty (positive relative attitude, high repeat patronage), latent loyalty (positive relative attitude, but low repeat patronage), spurious loyalty (high repeat patronage, low relative attitude), and no loyalty (low on both dimensions). The high patronage of spurious loyal customers may be explained by factors

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such as habitual buying, financial incentives, convenience, and lack of alternatives (Baloglu, 2002).

Within the Dick and Basu matrix, three of the four cells imply some degree of customer loyalty. If customer attitude is generally poor within an industry, then an organization that is just better than "poor" could elicit a positive customer "relative attitude" score and high repeat patronage. Even a dissatisfied customer who is a repeat customer would be classified as loyal using a behavioral-based definition of loyalty. This may occur whenever choices are few, and the customer has little alternative but to tolerate mediocre or poor service (e.g., local phone; airlines; health care). Indeed, this is the case with Hirschman's (1970) definition of loyalty with poor train service. In addition, a customer who patronizes an organization out of convenience may also be classified as "loyal" (or spurious loyal) using the common definition of this term from the literature. Other situations cited from the literature involving high repeat patronage without high satisfaction include habitual buying, avoiding risk, loyalty programs, unique product or service solution, high switching barriers, and financial incentives (e.g., Craig 2000; Khatibi, Ali, Ismail, and Thyagarajan 2002). In all of these cases, there is not a strong emotional (affective) commitment between the customer and the organization. Therefore, there is a high risk that customers will leave, and possibly not return if a superior alternative is presented.

The attitudinal dimensions (including the cognitive, affective, and conative processes; Fishbein and Ajzen 1975) could strongly impact current and more importantly future consumer behavior, which may be impossible to understand and difficult to predict without knowledge of these processes. In addition, assuming that service loyalty implies more than just the intent to do future business with an organization, it is reasonable

to expect the existence of a psychological dimension of loyalty that includes satisfaction and emotional commitment to an organization (Yu and Dean 2001). True loyalty, as it is defined in this paper, does not exist unless satisfaction and relationship (emotional) commitment are present. This implies that two people who frequent an establishment with the same level of exclusivity can have different loyalty towards that organization.

The term loyalty, as traditionally used, also implies that the efforts of one party are enough to maintain a relationship, when in fact, a relationship resulting from a social transaction (leading to a social bond; Oliver 1999), requires both parties to work at maintaining the relationship. If businesses perceive loyalty as one-way (customer to organization), then they may not focus on important customer relationship management activities, believing that these activities and programs are unnecessary. For example, many salespeople do not make an intentional effort to build customer relationships that extend beyond the business transaction. While this type of organizational behavior may occur in part due to ignorance about what is believed to drive customer "loyalty" and profits, organizations may suffer negative consequences (e.g., forgone profits; lost market share) due to this ignorance regarding the nature of customer loyalty. Reichheld and Sasser (1990) found that when a company retained just 5% more of its customers, profits increased from 25 to 125%.

Even those customers considered loyal due to their level of relationship commitment, may eventually leave an organization if they perceive a competitor to offer more value. If customers try the competitor, and their level of satisfaction declines with the former organization, then emotional commitment is likely to be affected as well; and may eventually result in reduced purchase frequency, or even defection. Therefore, it is important to understand that loyalty really

implies “conditional loyalty,” and puts an obligation on the relationship partner to keep the relationship together. Because most service encounters involve some type of personal contact, what differentiates truly loyal customers from the rest is their degree of emotional attachment to the service provider. Illustrative of this point in the business-to-business sector were results from the study by Perrien, Paradis, and Banting (1995) where it was 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.

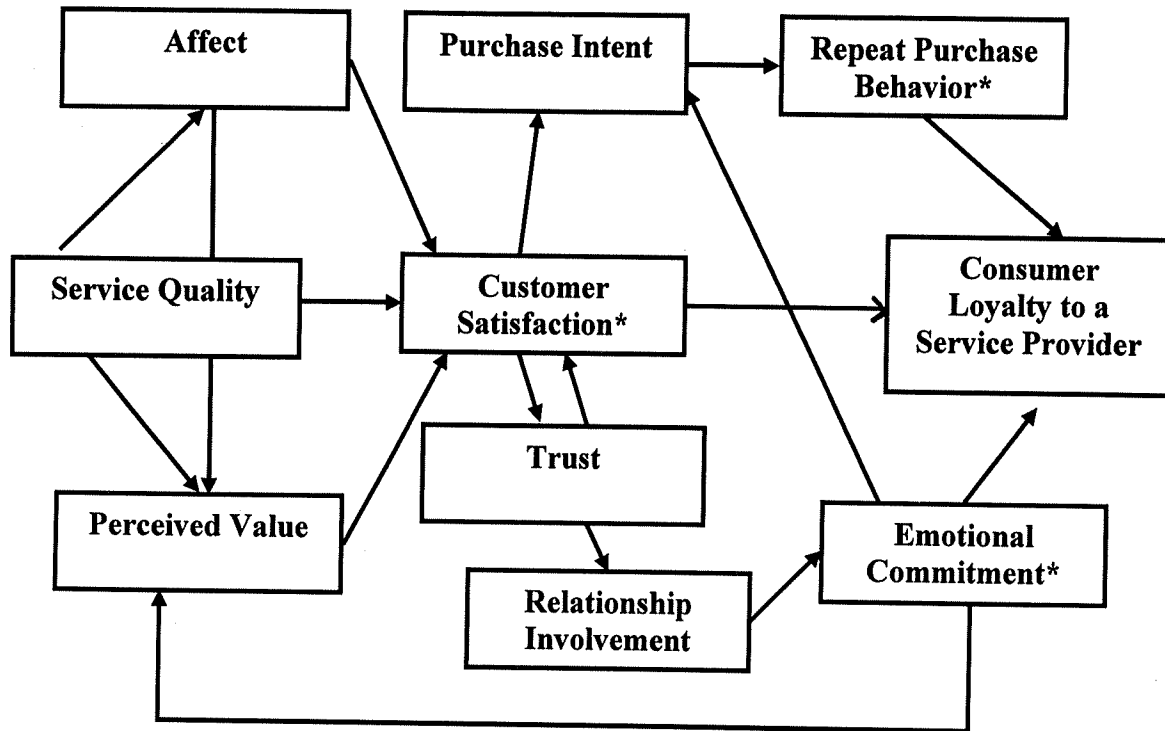
The conceptual model presented in this article is based on defining service loyalty, or household consumer loyalty towards service providers. In this effort, a

focused definition for service loyalty is hereby proposed: **True service loyalty is the consumer’s desire to frequent a particular service provider, resulting from high customer satisfaction, high emotional commitment, and sustained repeat purchase behavior.**

The conceptual model, which includes the relationships among the constructs of service loyalty, is shown in Figure 1. This model is based on a synthesis of the research findings on the constructs of customer loyalty. This model also aligns with the research literature on the phases of loyalty: cognitive-affective-conative-action (Oliver 1999). It should be noted that this model includes only paths that could be substantiated by the research literature, or supported based on clear logical inference. Other possible paths were not included where research evidence was deemed to be weak or contradictory, or where scholars continue to agree to disagree.

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Figure 1

**Relationships among the Constructs of Service Loyalty: A Conceptual Model**

\*Note: Collectively, repeat purchase behavior, customer satisfaction, and emotional commitment are all necessary conditions in order for customer loyalty to be present.

**ANTECEDENTS OF SATISFACTION****Service Quality**

Service quality has been defined as the extent to which a service meets or exceeds expectations (Parasuraman, Zeithaml, and Berry 1985). Parasuraman et al. (1985) defined service quality along five dimensions: tangibles, reliability, responsiveness, assurance and empathy. The use of confirmation/disconfirmation analysis to measure service quality using SERVQUAL has been widely accepted and documented in

the literature. Cronin and Taylor (1992) found a positive correlation between service quality and satisfaction. However, they argued that service quality should be viewed as a performance based construct, involving only perceptions of the service and not expectations. Their assertion is also supported by another study (Martensen, Gronholdt, and Kristensen 2000) that indicated expectations had no or very little impact on satisfaction and loyalty.

Tse and Wilton (1988) also found that perceived performance might outweigh expectation in determining consumer satisfaction/dissatisfaction. Similarly, Olshavsky and Kumar (2001) used desires,

not expectations minus perceptions, to determine satisfaction with goods and services. They argue their point using the example that a student can expect a B, but desire an A, and if the student receives a B, s/he may not be satisfied, even though expectations have been met. Zeithaml and Parasuraman (2004) address this issue, and suggest that the measurement of service quality that is most appropriate should be based on the intent of the investigation. They suggest that if the purpose is to uncover service shortcomings, then the perceptions minus expectations score is more appropriate, and provides richer information.

The literature on service quality and loyalty is not in agreement as to any direct connection between these constructs. In a study by Zeithaml, Berry, and Parasuraman (1996) a relationship was found between service quality and loyalty, where loyalty was measured using the following dimensions: word of mouth, recommend to someone seeking advice, encourage friends, consider XYZ your first choice, and do more business in the future. They found a diminished sensitivity to quality improvements beyond a desired service level. This finding was in agreement with the previous findings of Coyne (1989).

Cronin and Taylor (1992) did not find a direct relationship between service quality and loyalty. Cronin and Taylor used repurchase intentions as the measure of loyalty in their study. In another major study of customers across four industries (Bloemer et al. 1999), no clear relationship was found between service quality and loyalty.

So, while studies have confirmed that customer satisfaction is a function of service quality and is considered an important antecedent of loyalty (e.g., Dick and Basu 1994), empirical studies sometimes do and sometimes do not reveal a direct relationship between service quality and loyalty.

## **Value**

While there may be no one agreed upon definition of perceived value (e.g., Day 2002; Day and Crask 2000; Woodruff 1997), perhaps the most popular one defines value as consisting of all transactional benefits minus all transactional costs (Day 2002). The costs or "sacrifices" include a customer's value perceptions over a variety of factors, including price, reliability, product knowledge, time, convenience, effort and the helpfulness of the service provider's representative (Durvasula, Lysonski, Mehta, and Tang 2004). Interestingly, some researchers have reported that low prices can adversely affect a customer's perception of value because they may suggest poor quality or service (Leisen and Prosser 2004). Because "sacrifices" is part of the definition of value (Day 2002), it is not treated in this article as a separate construct leading to value. Studies have found that the most important determinant of perceived service value was perceived service quality (e.g., Bolton and Drew 1991; Cronin, Brady, and Hult 2000).

While there is general agreement that value has a strong impact on satisfaction (e.g., Cronin et al. 2000; Day and Crask 2000; Patterson and Spreng 1997; Woodruff 1997), the relationship between value and loyalty is not as clear. Sirdeshmukh, Singh, and Sabol (2002) found that value was a dominant determinant of customer loyalty, and Cronin et al. (2000) found a significant relationship between service value and behavioral intentions. On the other hand, Patterson and Spreng (1997) found that satisfaction completely mediated the relationship between value and purchase intent. Other researchers have argued that satisfaction also leads to value, a relationship that is not indicated or implied in the majority of studies on customer loyalty (Day 2002).

Szymanski and Henard (2001) also found that equity was an important factor in

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determining customer satisfaction. Equity is the perceived fairness of how one is treated by an organization compared to other customers, or by other organizations concerning a similar transaction. Note that the concept of equity is different from "brand equity," which can be defined as the price premium associated with a given brand name across a range of product categories (Chaudhuri and Holbrook 2001). Although equity is an important consideration, it is unlikely that the presence of equity alone will result in high customer satisfaction. For instance, all customers of an organization may be treated with a lack of respect (high equity), but it is unlikely that customer satisfaction would be high in this situation. This may also be the case when the majority of companies within an industry are known for delivering substandard customer service.

Satisfaction may be positively impacted when positive inequity occurs, or a customer perceives their treatment to be higher than a referent group. However, researchers have found that a service provider's overgenerosity (positive inequity) may actually lower the level of trust in the service provider, and lead to other cognitive processes that bring into question the motives of the service provider (Estelami and De Maeyer 2002). Because equity is a factor that relates to perceptions of price fairness and fairness of the treatment a customer receives by a service provider compared to other customers and organizations, it is treated here as being a dimension of perceived customer value.

### **Affect**

Some researchers have argued that overall customer satisfaction includes a cognitive as well as an affective component (e.g., Fournier and Mick 1999; Yu and Dean 2001). Value has been shown to mediate the relationship between service quality and

cognitive satisfaction, while psychological impressions/feelings, or affect, has been found to mediate the relationship between quality and affective satisfaction, resulting in positive and negative moods (e.g., happiness; anger). In studies examining this issue it has been found that affect (emotions) and service quality explain more of satisfaction than just service quality (e.g., Oliver 1989; Liljander and Strandvik 1997; Westbrook 1987). These findings are supported by a study, which found a positive relationship between emotions arising from seeing a movie and the level of satisfaction with a movie (Evrard and Aurier 1994). In addition, Mattila and Enz (2002) found that a consumer's evaluation with a service encounter was highly correlated with his/her mood during and after the encounter.

Seybold (2001) states that customer experience is extremely important, and the feelings customers have when they interact with an organization determines their loyalty. However, the relationship between emotions and satisfaction is not always that clear. Westbrook and Oliver (1991) found that lacking strong positive or negative emotions was also linked to moderately high levels of satisfaction. In addition, moderate negative emotions were tolerated to a certain degree, and did not necessarily result in dissatisfaction. Therefore, while emotions do have an influence on satisfaction level, the relationship is apparently neither linear nor simple.

## **ANTECEDENTS OF SERVICE LOYALTY**

### **Customer Satisfaction**

Satisfaction has been defined in a couple of different ways. For example, Oliver (1999) defined satisfaction as pleasurable fulfillment, and Day (1984) defined satisfaction as a postchoice evaluative

judgment concerning a specific purchase selection. Because numerous studies have found a relationship between satisfaction and repeat purchase intent and behavior, this literature will not be summarized in this section. Suffice it to say that researchers who have defined loyalty simply as repeat purchase behavior have found that the relationship between loyalty and satisfaction is different from the relationship uncovered when loyalty is defined in terms of repeat purchase behavior plus attitude toward the service and/or service provider.

The majority of the research studies examining the link between satisfaction and loyalty, which included attitudinal dimensions of loyalty, surfaced in the 1990s. One obvious reason for the popularity of these studies during this time period was the increased interest in total quality management issues and their relationship to customer satisfaction and profitability. It was reported in a Harvard Business Review article (Jones and Sasser 1995) that totally satisfied customers were six times more likely to be repeat customers, compared to merely satisfied customers. This has important implications for organizations, namely that organizations should strive for totally satisfied customers because the payoff to the bottom line can be enormous.

While many studies have found a positive relationship between satisfaction and loyalty (e.g., Bloemer and De Ruyter 1998; Bolton and Drew 1991; Fornell, Johnson, Anderson, Cha, and Bryant 1996; Gronholdt, Martensen, and Kristensen 2000; Hoisington and Naumann 2003), other researchers have not found a significant relationship (e.g., Bowen and Chen 2001; Cronin and Taylor 1992; Khatibi et al. 2002). So what some thought to be a rather simple relationship: service quality leads to satisfaction, which in turn leads to loyalty, has turned out to be anything but simple. One study showed that at the highest satisfaction rating, as many as 19.5 percent of

consumers in health care, and 32.4 percent of consumers for car repair services were willing to switch (Mittal and Lassar 1998).

Reichheld (1996) studied different types of businesses and found that 60 to 80 percent of customers who defected had stated on a survey that they were satisfied or very satisfied just prior to defecting. Therefore, while dissatisfaction may lead to switching behavior, satisfaction may well contribute to customer loyalty, but does not guarantee loyalty even at high levels of satisfaction. Satisfaction is more like an order-qualifier for loyalty, one important piece of the puzzle, but satisfaction alone does not sufficiently explain customer loyalty. Bennet and Rundle-Thiele (2004) also report that high satisfaction does not equate with high loyalty, and conclude that this relationship is moderated by relationship involvement and personal characteristics.

### **Trust**

Trust has been found to be a necessary mediating variable between satisfaction and loyalty. Morgan and Hunt (1994) reported that trust and commitment are key mediating constructs in successful relationships. Interestingly, several researchers have also found a positive relationship between trust and satisfaction (e.g., Anderson and Narus 1991; Gummerus, Liljander, Pura, and Riel 2004; Hocutt 1998; Taylor and Hunter 2003). This finding can also be explained by other research on value, where trust in a service provider reduced the perceived level of risk, leading to an increase in perceived value, which leads to increased satisfaction.

In a study by Locander and Hermann (1979), customers with less expertise were found to be more prone to reduce their risk by developing loyalty to a particular brand or service provider. Chiou, Droge, and Hanvanich (2002) also found that for low-knowledge customers the relationship of trust

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to loyalty is indirect, through satisfaction. However, for high knowledge consumers the relationship from trust to loyalty was found to be both direct and indirect through satisfaction. Singh and Sirdeshmukh (2000) proposed a model of agency theory where trust leads to satisfaction due to the actions of agents, which build consumer confidence. They also contend that the "signaling investments" (e.g., buildings; advertising; logos) help to shape the performance expectations of consumers, which in turn may result in higher consumer trust (and satisfaction) if the organization's actions are consistent with such signals.

Trust has also been found to be a precondition for increased relationship commitment (Miettala and Moller 1990), but most researchers have reported that trust is not directly related to loyalty (e.g., Hennig-Thurau, Gwinner, and Gremler 2002; Sirdeshmukh et al. 2002; Taylor and Hunter 2003). High satisfaction can lead to high trust in a service provider, but there may not be any emotional commitment involved. While trust is necessary for increased relationship commitment, trust by itself is no guarantee of repeat business or loyalty. This implies that just trusting a service provider is not enough to increase one's commitment to a particular organization. There must be something that mediates the relationship between trust and relationship commitment. A consumer can trust that an organization will do what they say, but still may not be loyal to that particular organization.

### Relationship Involvement

The missing link appears to be the degree of "relationship involvement" present. The literature defines "involvement" as reflecting personal relevance or importance of the decision (Mittal and Lee 1989). The term "relationship involvement" implies an interest in building/maintaining relationships, which

is moderated in part due to the proneness of a buyer to engage in relationships with sellers (Wulf, Odekerken-Schroder, and Iacobucci 2001). Bendapudi and Berry (1997) state that more frequent interactions can strengthen the social bonds, assuming that these interactions are satisfying. Varki and Wong (2003) found that more involved customers expressed a greater desire to have a continued relationship with the service provider, along with a greater need to be treated fairly. In addition, Hocutt (1988) suggests that relationship investment (consisting of time, energy, and possibly emotions), mediates the relationship between the closeness of the relationship and the level of emotional commitment.

Increased relationship involvement, which includes continued relationship investments, is necessary for the existence of a high level of emotional commitment, which is discussed in more detail next. Oliver (1999) found that loyalty occurs through a combination of product superiority, personal fortitude, social bonding, and the interaction of these factors. Even for relatively low contact services, such as car repair, the way a customer is treated is important in determining loyalty beyond satisfaction (Mittal and Lassar 1998). Furthermore, the only way to build customer loyalty is through first developing employee loyalty, for without employee loyalty, customer loyalty is not possible (Reichheld 1996). The following two cases are based on actual customer experiences, and illustrate the importance of building lasting and strong relationships with customers, which might be the only sure way to earn true customer loyalty in the services sector.

**Case 1.** A consumer switched from a VISA Advantage card, which accrues miles on an airline that could be reimbursed for free airline tickets, to a Discover card with which he could get 1% cash back on all purchases. He switched, even though he had

been a faithful user of the VISA Advantage card, and very satisfied with the program. This consumer would have been judged to be extremely loyal to the Advantage card for years (based only on exclusivity and satisfaction), but nevertheless he switched. By definition, if one is truly loyal, he/she is not supposed to do this! Switching occurred because there was no personal relationship that created an emotional attachment or psychological bond to the organization. So presented with an apparent better value, and lacking any emotional commitment, satisfaction decreased with the result being a customer defection.

**Case 2.** State Farm Insurance Companies stresses personal customer intimacy through their agency relationship with customers. The key difference in this case is that there exists a personal bond that occurs between the agent and customer. For example, there was a situation where a person's house burned down and the State Farm agent immediately "comforted" the customer and assured him that he would get a check very quickly. The customer received a check for over \$200,000 and shortly afterward invested a large sum of money in other investment vehicles with the agent because he said that the agent had been very good to him and he trusted his advice. Thus, an emotional bond had developed between this agent and the customer.

The research findings regarding relationship involvement do not apply solely to the household or end consumer. Erikson and Vaghult (2000) found a positive correlation between buying more and developing more deepened relationships in a business-to-business context. The bottom line is that relationships matter, and organizations that cultivate deep relationships with their customers should expect to be rewarded with

increased numbers of truly loyal customers in the long run.

### **Emotional Commitment**

Morgan and Hunt (1994, p. 23) defined relationship commitment as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely." Bloemer and Odekerken-Schroder (2002) used Morgan and Hunt's definition of commitment, and found that satisfaction leads to trust, which leads to commitment, which results in loyalty. They also found that commitment "had the strongest impact on purchase intentions, followed by the impact of commitment on price-sensitivity, and word of mouth."

When relationship commitment is defined as including desires or emotions, this construct has been referred to as "emotional commitment" (Yu and Dean 2001). Work in this area, borrowed from the area of organizational behavior, has differentiated between affective (emotional) and continuance commitment (e.g., Allen and Meyer 1996; Meyer and Allen 2001). Affective commitment, as this concept is related to consumers, is the desire to do business with an organization. Continuance commitment occurs when the costs to switch are greater than the costs to stay. As previously mentioned, a customer's outward display of commitment to a relationship based on behavior, considered in past studies to represent loyalty, can occur for various reasons (e.g., high switching costs; few choices), and satisfaction in such a relationship can be negative. Emotional commitment is only likely to occur if satisfaction is present. For example, studies have shown that high switching costs may lead to commitment (behavioral outcome),

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but high switching costs would not result in increased emotional commitment, and in fact, the opposite would likely occur.

Yu and Dean (2001) also found that emotional commitment, which they refer to as the emotional component of satisfaction, had a stronger impact on loyalty than the cognitive component of satisfaction. In addition, Hansen, Sandvik, and Selnes (2003) found that emotional commitment to an employee has a positive effect on the consumer's commitment to the service provider. Emotional commitment, or relationship commitment, is different from affect (emotions) or satisfaction in that it is a higher order emotion, resulting from satisfaction, trust, and relationship involvement. Emotional commitment also occurs over time, unlike the construct of satisfaction, which may occur at any given service encounter. Therefore, emotional commitment is not treated as being embedded within the constructs of affect or satisfaction. Indeed, it appears that the social bond created by increased emotional commitment is the basis for the consumer buying exclusively from a particular service provider (Butz and Goodstein 1996).

Allen and Meyer (1996) also defined a third component of commitment called normative commitment, which represents an obligation to stay in an organization. Similarly, Bansal, Irving, and Taylor (2004) found support for the existence of affective, continuance and normative commitment to service providers. Fullerton (2003) also found that committed customers were less likely to switch than consumers who lacked commitment to the service provider. In addition, affective commitment was found to be a more important determinant of customer retention than continuance commitment. Gounaris (2003) also found that affective commitment increases intent to stay and invest in a relationship in a business-to-business context, which was not the case

found for "calculative" (continuance) commitment.

## DISCUSSION AND IMPLICATIONS

Organizations need to be able to identify truly loyal customers and use this information proactively to maintain/nurture customer loyalty. In some cases, organizations may be assuming the existence of an attitudinal dimension based on observed behavior that in fact was never present. The point not to be lost here is that customers, who were considered to have "high loyalty" based only on repeat purchase behavior or measured satisfaction, may never have actually been truly loyal, and their continued patronage should not be taken for granted. We believe that organizations need to use revised metrics for measuring customer loyalty and customer worth. Organizations that understand the importance of building customer relationships are using metrics such as customer retention, customer satisfaction, growth in number of customers, growth in customer spending, customer lifetime value and predictors of customer defection to determine the value of customers to their business (Seybold 2001). For example, Schwab tracks customer asset accumulation, customer satisfaction, customer retention, and employee retention. These are also the measures upon which incentives to employees and managers are based (Seybold 2001).

If not already started, we would urge organizations to develop a customer relationship management (CRM) framework that integrates marketing and operations strategies that move customers from being satisfied or retained to becoming truly loyal. In the long run, buying into this paradigm shift should yield a significant increase in the bottom line. Even companies perceived as being product-focused, such as IBM, General Electric, 3M, Caterpillar and Intel are

implementing CRM strategies that focus on building and deepening relationships with customers (Seybold 2001). Gone should be the days in which firms can just focus on R&D, innovation, and operational excellence to guarantee their future success. Successful CRM strategies need to emphasize ways for an organization to deepen existing relationships with customers. Also, it is important to mention that an organization cannot just focus on their truly loyal customers. Over time, they would have no more customers if they adopt this strategy. While there is little debate that organizations will need to develop strategies for increasing the number of truly loyal customers, the form that these programs will take is going to be different across industries and companies. Research has noted that the attributes that are important to one customer segment, may be of little interest to another (Mittal and Katrichis 2000).

When developing customer loyalty programs, organizations need to determine the lifetime value of their customers. It has been noted that customers who frequent an organization on a regular basis, and have been with a service provider the longest do not necessarily represent the greatest profit to an organization. These customers may be bargain seekers, and only frequent the organization due to price promotions. These are the same customers that will leave at a moments notice if offered a better price incentive by a competitor (Reichheld 1996). In these cases, the continuation of such programs may be encouraging bargain hunter shopping, rather than creating true loyalty.

Because the goal of many of these loyalty development programs is ostensibly to create true customer loyalty, it would have to be concluded that the majority of these programs have failed (e.g., Bhatti, Skinkle, and Spalding 2001). Ironically, Craig (2000) reports that firms in the airline industry, which have among the best structured loyalty

development programs, also have the most dissatisfied customers. The primary reason why many loyalty programs (e.g., frequent flier miles; cards offering free meals) do not work is because they do not create a strong emotional bond or relationship between the customer and organization. Given that a lot of current loyalty development programs miss their mark, it is possible that organizations could save money by strategically demarketing such programs. The lesson to be learned is that rewards do not always need to be tangible; a personalized approach to customer service may mean a lot more to customers than monetary incentives.

Still, not all customers want the same relationship with a service provider. For instance, Garbarino and Johnson (1999) found that satisfaction had an influence on future purchase intent of transactions customers, but this relationship was not significant for relational customers. Selnes and Hansen (2001) also concluded that self-service without personal attention may erode customer loyalty in the long run. Anderson and Narus (1991) suggest that organizations should categorize their customers on a continuum from transactional to collaborative exchanges. Bhatti et al. (2001) add that loyalty drivers must be customized, and will differ from industry to industry. This also means that "loyalty" reward programs focusing on monetary incentives may be important to some customers, and may increase continued patronage and profitability of the organization, even in the absence of creating true customer loyalty.

Other authors have even suggested that true loyalty is an elusive and unobtainable goal for many organizations, and they should be content with achieving "satisfied" customers (e.g., Oliver 1999). Still others hold opinions contrary to this way of thinking. For example, Reichheld (1996) argues that it is important for service providers even in quasi-monopolistic markets

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(e.g., cable television; local phone service) not to assume that customer relationships are irrelevant. Few monopolies last forever, and the only way to guarantee long-term customer loyalty is to build relationships with customers. Evidence of the fragility of "monopolistic" industries is apparent in the current market shift from local cable providers to satellite; and many consumers are electing to do without local phone service, opting instead to use their cellular phones.

Organizations also need to have recovery plans for different customer groups in the case of service failure. Some studies have indicated that a good recovery plan, after service failure, may actually improve customer loyalty (Zeithaml et al. 1996). However, in the same study, it was found that the customers with the highest loyalty intentions were the ones that did not experience any service problems. Keaveney (1995) found that the two major reasons why customers switched were problems associated with service failure, followed by poor service treatment. And Mattila (2001) found that high-relational customers, indicating higher relationship involvement, were more likely to forgive service failures. These findings reinforce the importance of the need for organizations to implement processes to assure a high level of service quality, including service recovery plans.

### **CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH**

This article examines the construct of consumer loyalty to service providers, and a conceptual model is proposed that integrates the literature in this area. The model shows that the household consumer's service loyalty is a function of repeat purchase behavior, satisfaction, and emotional commitment. At the heart of this model is the contention that relationships matter, and the depth of the

relationships that organizations build with customers determines customer loyalty, as well as their future lifetime profit potential. Trust is essential for developing lasting, substantive relationships. Without trust, emotional commitment is impossible to obtain and maintain. And using the definition of service loyalty provided in this paper, only satisfied and emotionally committed customers are truly loyal. For organizations to adopt this definition of service loyalty, it will require improved measurements of customer loyalty, further market segmentation of customers, and more customized loyalty development and recovery strategies.

It has been assumed in this article that the degree of customer loyalty can be measured. In actuality, a customer's loyalty can only be determined if the customer's commitment is put to the test: if the relationship dissolves, then the argument can be made that true loyalty never existed. This brings into question whether there is such a construct as degree of loyalty. For all practical purposes, future predictions of relationship dissolution are very difficult to make with any sense of confidence. Therefore, for the construct of loyalty to have any practical implications for purposes of strategic planning and operationalization of marketing tactics, loyalty must be defined as occurring over a continuum.

Loyalty is an elusive concept, and the proposed conceptual model presented in this paper attempts to add some structure to the issues associated with this concept. Defining loyalty as a multidimensional construct, consisting of behavior, attitude and emotions, opens the door to many more questions than any one article can address. Empirical research needs to be conducted to test the relationships in this model, as well as to more fully explore the relationship between emotional commitment and loyalty to service providers. It is not enough to know that the

stronger the emotional bond, the smaller the chance a customer is likely to dissolve the relationship in the future (Hocutt 1998).

The synergistic effect of various loyalty development programs on customer loyalty, as defined in this article, is also an area ripe for further research. In addition, the linkages among relationship involvement, emotional commitment and service loyalty may have important implications for increasing brand loyalty; and further research should be conducted to more fully explore these relationships. Finally, cultivating meaningful customer relationships that lead to customer loyalty is not unique to organizations for which the household consumer is their customer; it is also important in the business-to-business sector, and future research should focus more on such connections in the supply chain.

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# AN EXAMINATION OF MEASUREMENT CONTEXT AND REPRESENTATIONAL EFFECTS OF CONSUMER EXPECTATIONS

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## ABSTRACT

The authors report the results of an experiment in which the disconfirmed expectations theory of consumer satisfaction is tested under conditions that facilitate the separation of empirical effects involving the consumer satisfaction model (i.e., theoretically meaningful effects) from empirical effects resulting from the measurement context. The experiment was designed to examine predictors and consequences of consumer satisfaction and to examine the degree to which expectations produce effects independent of measurement context effects. The findings extend previous research, providing further strong support for the strategic implications of the disconfirmed expectations theory, particularly with respect to the complex processes that link consumer expectations with product choice behavior.

## INTRODUCTION

The disconfirmed expectations theory of consumer satisfaction (hereafter referred to as the disconfirmed expectations theory) is a frequently studied theory with commonly accepted managerial implications (for a review see Teas and Palan, 2003). For example, some managers may choose to decrease consumers' expectations in order to increase their satisfaction, assuming that doing so will result in increased purchases. Until recently, however, very little research has examined whether or not the effects of consumers' expectations on the disconfirmation process was the result of representational effects, wherein the consumers' actual opinions about objects are affected by the comparison of expectations to performance, or the result of the measurement context response language effects, wherein the process of measurement inflates the associative variation among the measures of

concepts specified in a model. More specifically, response language effects involve "...how context-invariant representations are mapped onto response scales provided by researchers..." (Lynch, Chakravarti and Mitra, 1991, p. 285). To the degree to which associative variation among variables specified in a theoretical model is produced by response language effects, misleading empirical support for the theory is produced. This is an important question because the managerial implications derived from the theory are based on the assumption of representational effects—that is, the consumers' actual opinions resulting from the comparison process correspond to parallel changes in their purchase behavior (Lynch et al., 1991). In contrast, if the comparative process is the result of response language effects resulting from the process of measuring expectations, then consumers' ratings of disconfirmation and satisfaction would not be expected to carry over to purchase behaviors, in effect nullifying the value of the theory.

In a test of the disconfirmed expectations theory, Teas and Palan (2003) designed an experiment making it possible to separate results that provided empirical support for the theory from results that were artifacts of the measurement processes. Specifically, the controlled experiment focused on the effects of expectation level and measurement manipulations on choice variables less susceptible to response language effects (product part-worth, product choice probability, and price part-worth) than the purchase intention variable used in most research. The result provided evidence of representational effects of expectancy level on satisfaction, product choice, and product utility. An important limitation of the study, however, is that it represented only a partial test of the disconfirmed expectations theory because the extensive examination of

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measurement context effect issues precluded a comprehensive test of the disconfirmed expectations model of satisfaction. That is, linkages in the disconfirmed expectations model involving performance and disconfirmed expectations were not examined in the study.

This paper builds on Teas and Palan's (2003) research findings by addressing additional issues. First, this study examines not only the effects of expectation level manipulations, but also the presence or absence of differential effects related to the timing of the measurement of expectations. Whereas Teas and Palan (2003) administered the expectations measurement manipulation (i.e., measured/not measured) in all experimental cells *after* exposure to the expectations treatment and a taste test, this study includes four different measurement of expectations timing treatments. By examining the measurement timing of expectations, information is provided concerning the degree to which the magnitude of response language measurement varies across different measurement procedures. This information is useful in the identification of methods that potentially reduce the impact of response language effects in tests of theoretical models. Second, this study examines measurement context effects issues in conjunction with a comprehensive test of the disconfirmed expectations model of satisfaction by testing hypotheses focusing on linkages among all of the variables specified in the model—performance, expectations, disconfirmed expectations, satisfaction, and product choice—in contrast to the previous study which focused strictly on expectations variables.

## **JUDGMENTAL CONTRAST AND ASSIMILATION EFFECTS IN THE DISCONFIRMED EXPECTATIONS THEORY OF CONSUMER SATISFACTION/DISSATISFACTION**

In the disconfirmed expectations theory, consumer expectations provide a point of reference for judgments of performance, disconfirmation, and satisfaction. Salient to this study is that most prior research has assumed that the comparison of expectations to performance affects consumers' actual opinions and subsequent behaviors—a representational effect. As such, it is helpful to briefly review the empirical relationships between the theory variables on which this assumption is based.

### **The Expectations–Perceived Disconfirmation Relationship**

In the disconfirmed expectations model, consumers' satisfaction is predicted to be a function of the perceived difference between a perceived performance outcome and forecasted or expected performance (Oliver, 1980a; Woodruff, Cadotte, and Jenkins, 1983). In general, expectations are predicted to be negatively related to disconfirmed expectations. Since the disconfirmed expectations theory specifies disconfirmed expectations as an antecedent of satisfaction (Oliver, 1993; 1994; 1977; 1979; 1980b; Oliver, Balakrishnan, and Barry, 1994), this negative expectations–disconfirmation linkage suggests that perceived satisfaction might be positively affected by reducing consumer expectations (Parasuraman, Zeithaml, and Berry, 1985; 1988).

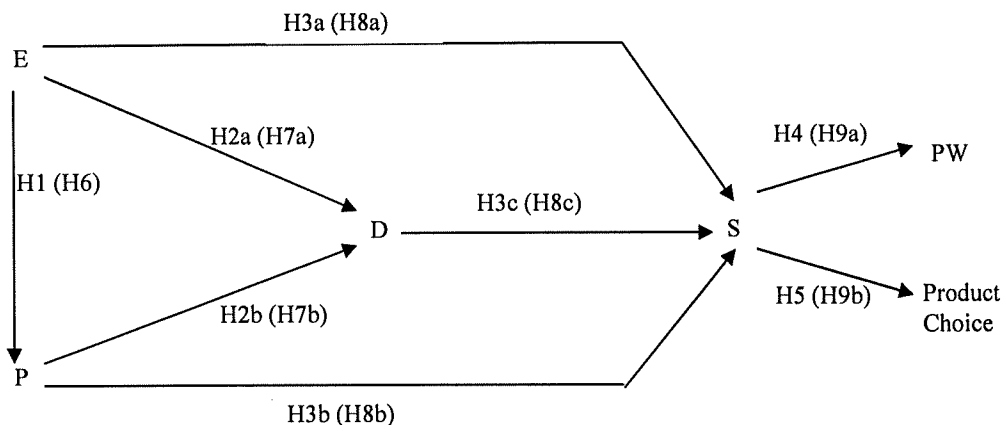
### **The Expectations–Perceived Performance Relationship**

Some empirical evidence suggests expectations may be directly related to perceived performance, which could reflect

either contrast or assimilation processes (Oliver, 1997). If the process is that of assimilation, then consumers' judgments of performance are likely to assimilate toward their expectations in situations where consumers a) are reluctant to acknowledge that expectations and performance are different (Hart, 1995), b) have difficulty judging performance because the performance dimensions are ambiguous (Herr, 1989; Herr, Sherman and Fazio, 1982; Schwarz and Bless, 1992), or c) are not highly involved with the performance dimensions (Oliver, 1997; Feldman and

Lynch, 1988). The result would be a positive correlation between expectations and performance, which is supported by empirical evidence (Boulding, Kalra, Staelin, and Zeithaml, 1993; Oliver et al. 1994; Churchill and Suprenant, 1982). Specifically, as indicated in Figure 1, expectations may positively affect satisfaction indirectly through a performance-satisfaction linkage (H1, H3b), a positive performance-disconfirmation-satisfaction linkage (H1, H2b, H3c), and a positive disconfirmation-satisfaction linkage (H2a, H3b).

**Figure 1**  
**Comprehensive Test Model**



If, however, the relationship between expectations and performance is reflective of a contrast effect, then the consumer focuses on discrepancies between expectations and performance, which results in an exaggeration of a perceived difference. Thus, when performance is perceived to be below (above) the expected level, consumers will perceive performance to be below (above) the objective performance level (Oliver, 1997). This contrast effect scenario suggests that increasing expectations may negatively affect perceived performance which, in turn, will

negatively affect satisfaction indirectly through the linkages noted above.

### **The Expectations–Satisfaction Relationship**

Satisfaction ratings usually are found to be positively related to respondents' prior expectations (see, for example, Bone, Shimp, and Sharma, 1990; Szajna and Scamell, 1993; Tse and Wilton, 1988; Oliver and DeSarbo, 1988) implying that increasing consumer expectations may result in a direct positive impact on consumer satisfaction.

### CONTEXT EFFECTS INTERPRETATIONS OF EXPECTATIONS EFFECTS

When empirically testing models, such as the disconfirmed expectations model of consumer satisfaction, researchers generally assume they are examining representational effects, which are defined by Lynch et al. (1991, p. 285) to involve "...the underlying mental representations of judged objects." This is an important assumption because it involves a necessary condition underlying empirical tests of models that are based upon subjects' responses to psychological measures. For example, when empirically testing a model, if statistically significant relationships among variables specified in a model are caused by something other than true "mental representations" of the measured concepts, false support (or non-support) for the model may be generated. Considerable research evidence suggests empirical measurement processes used in tests of consumer behavior models can produce non-representational effects that result from response language measurement context effects (Feldman and Lynch, 1988; Lynch et al., 1991; Simmons, Bickart, and Lynch, 1993). Based upon this evidence, Lynch et al. (1991) argue that empirical research in consumer satisfaction needs to be re-examined because researchers "...cannot rule out the possibility that expectations change how subjects label satisfaction or quality-scale categories without changing true perceptions of satisfaction or quality...other measures are needed to document that empirically examined changes in ratings of satisfaction or quality truly reflect changes in the satisfaction or quality experience."

### TESTING FOR REPRESENTATIONAL AND RESPONSE LANGUAGE EFFECTS

Because the use of measurement scales can result in response language effects, clearly discerning whether empirically estimated relationships in the disconfirmed expectations model are the result of representational or response language effects rests on observations collected without measurement scales or with maximally different measurement methods. Three such methods are used in this study: decompositional utility measurement, a product choice task, and a measurement manipulation.

#### **Decompositional Utility Measurement**

Response language effects can be distinguished from representational effects in studies that require respondents to judge multidimensional stimuli (rather than unidimensional stimuli) "...in which contextual stimulus sets differ in their ranges on only one dimension" (Lynch et al., 1991, pp. 286-287). Thus, having a respondent judge the desirability or preference for a set of offers comprised of various pairs of product and price combinations (i.e., "cookie" versus "candy bar" and "low price" versus "high price") would enable a researcher to evaluate the utility of different stimulus sets. For example, a conjoint measurement procedure could be used in which a set of four stimulus offers would be created based upon a 2 x 2 factorial design resulting in a set of four product/price offerings (i.e., conjoint stimuli) described on two dimensions (price and product) with each dimension consisting of two levels.

Representational effects. In a situation where the cookie chocolate chip content expectations are manipulated experimentally via a product description and these

manipulations produce representational effects, only the cookie product expectations should be affected—the candy product and price expectations should be unaffected since they are not related to the experimental treatment. If the conjoint stimuli are evaluated under these expectations treatment conditions, a contrast effect situation would affect the utility associated with the cookie product. Under the high (low) expectations conditions (i.e., eight versus four chips in a cookie) the chocolate chip cookie utility part-worth would be lower (higher). The cookie

part-worth estimates are different across the treatment conditions because of the differences across experimental groups induced by the expectations context; the price-part worth utilities, however, are not affected. This conjoint measurement scenario suggests a method of detecting response language and/or representational context effects by linking the product and price part-worth functions. An index can then be calculated that links the focal (i.e., cookie) product part-worth with the price part-worths as described in the following:

$$(1) \quad R = \frac{PW_x}{PW_{LP} - PW_{HP}}$$

where:

R	=	Product part-worth/Price part-worth range ratio
$PW_x$	=	Part-worth of the cookie product
$PW_{LP}$	=	Part-worth of the low price
$PW_{HP}$	=	Part-worth of the high price

Under the representational effects situation, the part-worth functions associated with the products and prices are not expected to change proportionally. Therefore, the R value under the high and low expectations conditions is not the same. Let us illustrate. Assume the part-worth for the cookie product is 6 and the part-worth range corresponding to the high and low prices is 8 [i.e.,  $PW_{LP} - PW_{HP} = 4 - (-4) = 8$ ]. Therefore, using Equation (1):

$$(2) \quad R = 6/8 = .75$$

However, under the high expectations conditions, the part-worth for the cookie is reduced to 3 because of the representational effects of the expectations manipulation. The part-worth range corresponding to the high and low prices is the same as the range under low expectations conditions [i.e.,  $PW_{LP} - PW_{HP} = 4 - (-4) = 8$ ] because the utility

associated with prices are not linked to the expectations manipulation. Therefore, under high expectations:

$$(3) \quad R = 3/8 = .375$$

The implication is that under representational effects the expectations context effects influence the R index.

Moreover, in this situation, the R is lower under high expectations than under low expectations.

Response language effects. In the response language effects situation, the experimental subjects' responses to the expectations measurement scales are higher (lower) because of the high (low) chocolate chip content treatments. The experimental subjects' perceived chocolate chip content of the actual cookie product is not affected by the high versus low expectations experimental treatments. Therefore, the perceived chip content is identical across the two experimental groups. However, the overt



cookie ratings are different across the experimental groups because of response language contrast effects. The high (low) expectations conditions and the process of measuring those expectations create high (low) scale anchors that cause the chocolate chip content ratings, disconfirmation ratings, and satisfaction ratings to be different across the two experimental groups because of response language contrast effects. Additionally, under the response language effect situation the expectations treatment causes differences across the two experimental groups in terms of the way they anchor their ratings of the four conjoint stimuli—the total set of four conjoint stimuli are contrasted or displaced for those high (low) expectations ratings. The entire set of conjoint stimuli receives more (less) favorable ratings under the low (high) chocolate chip content expectations conditions. This results in the part-worth utilities associated with both the product and price conjoint treatments to be different across the groups by a common multiplier (Lynch et al., 1991, p. 287).

Under this response language effects situation, the part-worth functions associated with the product and prices can be expected to change proportionately. Therefore, the R value under the high and low expectations conditions is the same. Again let us illustrate. Under low expectations, the R is .75 as calculated in (2). Under the high expectations condition, response language effects cause the utility of the products and prices to be reduced by a common multiplier: the part-worth for the cookie product is reduced to 3 and the part-worth range corresponding to the high and low prices is 4 [e.g., 2 - (-2)]. Therefore, using Equation (1):

$$(4) \quad R = \frac{3}{4} = .75$$

The implication is that, under response language effects, the R index is unaffected by the expectations context effect treatment.

### Product Choice

Similar to the expected effects on the cookie relative part-worths, response language effects are less likely to affect respondents' product choice behavior than their rating of the product on a scale because a rating scale is not used to indicate product choice. So, in a product choice situation where expectations have been manipulated, if the cookie choice percentage is unaffected even though the expectations manipulation affected the expectations ratings, then there would be evidence of a response language effect. In contrast, when the cookie choice percentage among respondents is affected, representational effects are more likely present, consistent with the prediction that the relative part-worth of the cookie is affected by the chocolate chip content manipulation. That is, the expectation manipulation affected the respondents' perceptions of the cookie and, subsequently, their ultimate behavior.

### Associative Variation Among Constructs

Response language effects resulting from the measurement of expectations can inflate the association among variables specified in a causal model. Feldman and Lynch (1988) refer to this measurement context effect as "self-generated validity" and argue that self-generated validity is produced by a process in which the act of measurement alters the phenomena being investigated, which, in turn, results in thought processes predicted by the causal theory. This type of measurement context effect can produce distorted empirical results. Teas and Palan (2003) did not find evidence of self-generated validity in a previous limited test of the disconfirmed model. One of the purposes of this study is to examine this issue more comprehensively by estimating a more completely specified model.

### **Experimental Measurement Manipulation**

The process of measuring expectations can produce response language effects on other variables. Consequently, a third method for examining the response language versus representational effects question is to experimentally manipulate the expectations measurement process. An example of an approach is to experimentally manipulate the expectations level (e.g., high versus low) and to experimentally manipulate expectations measurement (e.g., before versus after the performance, disconfirmation, satisfaction, conjoint measurement task, and product choice task measurements). Manipulation of the measurement sequence is an accepted method used in measurement context effects research (for examples, see Simmons et al., 1993 and Bickart, 1993). Findings that indicate statistically significant expectations measurement treatment main effects or interaction effects on components of the disconfirmed expectations model, conjoint results, or respondent choice would be evidence that response language effects resulting from the measurement process distort the results of empirical tests of the disconfirmed expectations model. On the other hand, a representational effects interpretation would be indicated if the findings show no statistically significant main effects or interaction effects involving the measurement treatment while, at the same time, indicating linkages between (a) expectations and (b) cookie part-worths and choices that are mediated by variables comprising the disconfirmed expectations model.

Thus, with respect to experimental measurement manipulations, the following simultaneous conditions would produce strong evidence of representational effects which, in turn, would produce empirical support for the theoretical model:

1. The findings indicate statistically significant direct or indirect paths linking expectations with satisfaction.
2. Satisfaction is a statistically significant predictor of the respondents' product part-worth and product choice behavior.
3. The findings indicate statistically insignificant main and interaction effects of the expectation measurement manipulation in equations predicting performance, disconfirmation, satisfaction, product part-worths, and product choice.

### **Hypotheses Focusing on Response Language versus Representational Effects**

Because one purpose of this study included examining whether or not experimental manipulations of expectations level and measurement timing affect part-worth utilities and choice probabilities associated with the test product, i.e., chocolate chip cookies, research hypotheses are posited related to this issue. In addition, we specify hypotheses suggested by the theoretical and empirical literature for linkages between expectations, performance, disconfirmed expectations, and satisfaction.

- H1:** Perceived performance is related to expectations.
- H2:** Perceived disconfirmation is:
- a. negatively related to expectations.
  - b. positively related to perceived performance.
- H3:** Satisfaction is:
- a. positively related to expectations.
  - b. positively related to perceived performance.
  - c. positively related to perceived disconfirmation.
-

H4 and H5 concern the degree to which consumer satisfaction is a mediator variable linking the antecedents (particularly the expectations level manipulation) of satisfaction with the potential consequences of satisfaction (i.e., cookie part-worths and choice). Support for the hypotheses would indicate that at least a portion of the antecedents' direct and indirect linkages with satisfaction involve representational effects.

**H4:** The test cookie conjoint measurement part-worth is positively related to satisfaction.

**H5:** The propensity to choose the test cookie from a product choice set is positively related to satisfaction.

Hypotheses 6 through 8 are based upon the Feldman and Lynch (1988) self-generated validity concept, which predicts measurement-induced alterations of the associative variation among variables specified in a psychological model. The specific issue examined concerns the degree to which the measurement order manipulation moderates the strengths of the linkages among variables in the disconfirmed expectations model. Support for the hypotheses would suggest that at least a portion of the empirical association among the variables is the result of the measurement process, which would be indicative of possible response language effects:

**H6:** When compared to the  $M_0$  control situation, the measurement of expectations prior to the measurement of perceived performance ( $M_1$ ,  $M_2$ , and  $M_3$  conditions) positively moderates the linkage between expectations and perceived performance, as predicted in H1.

**H7:** When compared to the  $M_0$  control situation, the measurement of expectations prior to the measurement of perceived performance ( $M_1$ ,  $M_2$ , and  $M_3$  conditions):

- a. negatively moderates the linkage between expectations and perceived disconfirmation as predicted in H2a.
- b. positively moderates the linkage between perceived disconfirmation and performance as predicted in H2b.

**H8:** When compared to the  $M_0$  control situation, the measurement of expectations prior to the measurement of perceived performance ( $M_1$ ,  $M_2$ , and  $M_3$  conditions) positively moderates the linkage between satisfaction and:

- a. expectations as predicted in H3a.
- b. perceived performance as predicted in H3b.
- c. perceived disconfirmation as predicted in H3c.

Finally, H9 and H10 examine the question of measurement processes affecting the respondents' cookie part-worth scores and behavior. If these hypotheses are supported, evidence would be produced that the process associated with the measurement of expectations affected the decompositional cookie part-worths and consumer choice, a finding that would be indicative of response language effects.

**H9:** When compared to the  $M_0$  control situation, the measurement of expectations prior to the measurement of perceived performance ( $M_1$ ,  $M_2$ , and  $M_3$  conditions) positively moderates the

linkage between the cookie conjoint measurement part-worth and satisfaction hypothesized in H4.

**H10:** When compared to the  $M_0$  control situation, the measurement of expectations prior to the measurement of perceived performance ( $M_1$ ,  $M_2$ , and  $M_3$  conditions) positively moderates the linkage between the respondent's propensity to choose the test cookie from the product choice set and satisfaction hypothesized in H5.

A comprehensive model showing the relationships being tested is provided in Figure 1 (depicted earlier). Hypotheses H1-H5 are hypothesized direct linkages specified based upon the disconfirmed expectations model. Hypotheses H6-H9b, which are in parentheses, are the hypothesized moderator variable effects of the experimental expectations measurement manipulation. For example, hypothesis H6 specifies the expected moderator variable effect on the predicted (H1) linkage between expectations (E) and performance (P).

#### **AN EXPERIMENTAL TEST OF EXPECTATIONS EFFECTS**

##### **Subjects, Design, and Procedure**

One hundred eighty-two undergrad business students participating for course credit were exposed to the cells of a 2 (expectations: high versus low) x 4 (expectations measurement: time 1 through time 4) between-subjects experimental design. In addition to the measurement of expectations, measurements were also obtained for perceived performance (P), perceived disconfirmation (D), satisfaction (S), and a set of (Y) measures (intentions, conjoint measures, and product choice).

The experiment, which is summarized in Exhibit 1, was conducted over two

sessions, separated by one week. Over the two sessions, subjects completed a set of tasks in the following sequence--exposure to an ad for a fictitious brand of chocolate chip cookie, a taste test of a chocolate chip cookie, and measurement of the P, D, S, and Y variables. In addition, expectations were measured at four different times—in Session 1, immediately following ad exposure (cells 2 and 6); at the beginning of Session 2, prior to the taste test (cells 3 and 7); in Session 2, immediately following the taste test (cells 4 and 8); or at the end of Session 2, after P, D, S, and Y had been measured (cells 1 and 5).

##### **Ad Stimuli**

The stimuli for the expectations treatments were ads for two fictitious brands of chocolate chip cookies. The high expectations ad highlighted Windsor Chips R' Us brand cookie, a cookie with lots of chocolate chips ("50% of cookie covered with chips, GUARANTEED!" and "big chocolate taste"); a picture of a cookie covered with chocolate chips was shown in this ad. The low expectations ad featured the Windsor Chocolight brand cookie, a cookie light on chocolate ("40% less chocolate than our classic Windsor Chips R' Us Cookie" and "light chocolate taste"), and was portrayed by a picture of a cookie with very few chocolate chips.

## EXHIBIT 1

## The Experimental Design

Cell	Session 1		Session 2					
	Treatment <sup>a</sup>	Measurements	Taste Tests & Measurements <sup>b</sup>					
1	(E <sub>0</sub> ) Low		T	P	D	S	Y	(M <sub>0</sub> )
2	(E <sub>0</sub> ) Low	(M <sub>1</sub> )	T	P	D	S	Y	
3	(E <sub>0</sub> ) Low		(M <sub>2</sub> ) T	P	D	S	Y	
4	(E <sub>0</sub> ) Low		T	(M <sub>3</sub> ) P	D	S	Y	
5	(E <sub>1</sub> ) High		T	P	D	S	Y	(M <sub>0</sub> )
6	(E <sub>1</sub> ) High	(M <sub>1</sub> )	T	P	D	S	Y	
7	(E <sub>1</sub> ) High		(M <sub>2</sub> ) T	P	D	S	Y	
8	(E <sub>1</sub> ) High		T	(M <sub>3</sub> ) P	D	S	Y	

<sup>a</sup> Expectations Treatments(E<sub>0</sub>) – Low expectations(E<sub>1</sub>) – High expectationsExpectations Measurement Treatments(M<sub>0</sub>) – Expectations measured last(M<sub>1</sub>) – Expectations measured in session 1 following exposure to the expectations treatment(M<sub>2</sub>) – Expectations measured at the beginning of session 2(M<sub>3</sub>) – Expectations measured in session 2 after the taste-test

<sup>b</sup> Session 2 occurred one week after session 1. The taste-test (T) and expectations measurement treatments (M<sub>0</sub>), (M<sub>2</sub>), and (M<sub>3</sub>) were administered during session 2. Additionally, the following measurements were obtained in sequence: Perceived Performance (P), Perceived Disconfirmation (D), Satisfaction (S), and a set of (Y) measures – Intentions, Conjoint Measures, and Product Choice.

The two ads contained identical claims for taste (“mom’s homemade taste”) and texture (“extra large cookie for a bigger crunch”). The ad layout also was similar for both ads—the cookies portrayed in both ads were the same size (four inches in diameter) and differed only in the number of chips. Subjects in Cells 1, 2, 3, and 4 were exposed to the low expectations ad, while subjects in Cells 5, 6, 7, and 8 were exposed to the high expectations ad.

**Product Performance**

In order to hold performance constant, the chocolate chip cookies used in the taste test were uniformly made with respect to size (four inches in diameter), texture (soft), taste (buttery), and number of chocolate chips (seven). A pretest of chocolate chip cookies was conducted to determine the appropriate number of chocolate chips. The cookies, which varied

only in the number of chocolate chips, having 4, 7, or 12 chocolate chips, were randomly distributed to 52 undergraduate marketing students who rated the cookies with respect to P, D, S, intentions, and product choice. Based on these results, cookies with seven chocolate chips were used in the experiment.

### Measures

Expectations, performance, and disconfirmed expectations were measured via summated scales. One seven-point bipolar scale (small number of chocolate chips—large number of chocolate chips) was used in each of the expectations, performance, and disconfirmed expectations measures. To protect against methods variance, two steps were taken. First, the remaining scale items used for the three measures were not the same across scales to reduce the likelihood of methods variance. Second, since the expectation manipulation involved only one attribute—chocolate chip—we created additional global and attribute specific measurement items to include with the chocolate chip content measures. We designed items that we expected would be influenced by chocolate chip perceptions but that were not directly measuring chocolate chip quantity.

Expectations. Expectations were measured with three items specified by Teas and Palan (2003). One item consisted of a difference score calculated as the absolute value of the difference between the expected chocolate chip content and the ideal chocolate content. The theoretical rationale is discussed by Teas and Palan (2003) and by Teas (1993). Both measures consisted of a 7-point bipolar scale, where 1 = “small number of chocolate chips” and 7 = “large number of chocolate chips.” The other two items consisted of bipolar 7-point scales anchored with 1 = “low (high) level of richness” and 7 = “poor

(good) taste.” Prior to creating the summated scale, the items were normalized by subtracting the item mean and dividing by the item standard deviation; coefficient alpha for the scale was .81.

Performance. Performance was measured with three items designed specifically for the cookie product in this study. One item consisted of a difference score calculated as the absolute value of the difference between the perceived chocolate chip content and the ideal chocolate chip content (the procedure was the same as that used for the ideal point expectancy scale). The other two measures were: “This is a high quality cookie” and “This cookie is similar to my ideal chocolate chip cookie” (11 point agree/disagree scale; Strongly Disagree = 0; Strongly Agree = 11). The items were normalized by subtracting the item mean and dividing by the item standard deviation prior to creating the summated scale; coefficient alpha for the scale was .74.

Disconfirmation. A three-item summated scale, designed and successfully implemented by Teas and Palan (2003), was used to measure disconfirmed expectations. The items were: A) “The number of chocolate chips in this cookie is...” where 0 = “smaller than I anticipated”; 5 = “exactly what I anticipated”; 10 = “larger than I anticipated”; B) “The richness of the cookie is...” where 0 = “less rich than I anticipated”; 5 = “exactly what I anticipated”; 10 = “richer than I anticipated”; and C) “The taste of the cookie is...” where 0 = “not as good as I anticipated”; 5 = “exactly what I anticipated”; 10 = “better than I anticipated.” Coefficient alpha for the scale was .74.

Satisfaction. Satisfaction was measured with a three-item summated bipolar scale designed by Crosby and Stephens (1987) anchored with the following pairs:

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“dissatisfied” (coded 1) and “satisfied” (coded 7); “displeased” (coded 1) and “pleased” (coded 7); “unfavorable” (coded 1) and “favorable” (coded 7). Coefficient alpha for the scale was .94.

**Conjoint measurement.** The conjoint measurement exercise was based upon stimuli created by a 3 x 3 full factorial design (see Appendix A). Subjects indicated their preferences for nine product-price stimuli created with three different products (12-ounce can of Classic Coke, 2-ounce Snicker candy bar, or two Windsor test cookies) at three different prices (40¢, 50¢, or 60¢).

**Product choice.** Product choice was measured by asking subjects to indicate which of two products they wished to receive when the study was completed. Subjects chose between a 2-ounce Snicker candy bar or two Windsor test cookies. One month after the study ended, the subjects were given the product they had chosen.

## ANALYSES AND FINDINGS

The hypotheses were tested via hierarchical regression procedures by estimating equations corresponding to five dependent variables: perceived performance (P), disconfirmed expectations (D), satisfaction (S), product part-worth/price part-worth range variable (R), and product choice (PC). A detailed discussion of the specification of the regression equations based upon the hypotheses is presented in Appendix B.

### Disconfirmed Expectations Model Relationships

**Perceived performance.** The following regression equation was estimated to test

hypotheses H1 and H6 (as indicated in parentheses above the appropriate term) involving perceived performance as a dependent variable:

(5)

$$P = \beta_1^{(1)} E + \beta_2^{(6)} M_1 E + \beta_3^{(6)} M_2 E + \beta_4^{(6)} M_3 E + \varepsilon$$

where:

P = perceived performance  
E = expectations  
M<sub>i</sub> = a dummy variable indicating the experimental expectation measurement treatment M<sub>i</sub>

and where:

M<sub>1</sub> = 1 if the respondent was exposed to the M<sub>1</sub> treatment; 0 otherwise.

M<sub>2</sub> = 1 if the respondent was exposed to the M<sub>2</sub> treatment; 0 otherwise.

M<sub>3</sub> = 1 if the respondent was exposed to the M<sub>3</sub> treatment; 0 otherwise; and

ε = error term.

The expected signs for β<sub>1</sub> – β<sub>4</sub> are positive.

Hierarchical multiple regression was used to test expression (5) by entering variable sets in the following order: 1) expectations, 2) the three measurement treatment dummy variables, and 3) the cross-product variables comprised of the expectations cross-multiplied by the dummy variable set. As indicated in Table 1, none of the variable sets was statistically significant; consequently, hypotheses 1 and 6 were not supported by the results. Neither the expectations treatment nor the expectations-by-measurement treatment cross-product variables were statistically significantly related to perceived performance.

TABLE 1

**Regression Estimate of Equation (5)**  
**Dependent Variable = Performance**  
**(n = 181)**

Explanatory Variable Set <sup>a</sup>	R <sup>2</sup> Change	F	Degrees of Freedom	Significance of F
Set 1: E	.004	.68	1	.41
Set 2: M1 M2 M3	.009	.52	3	.67
Set 3: EM1 EM2 EM3	.033	2.05	3	.11

<sup>a</sup> Variable sets 1 and 3 correspond to *a priori* hypotheses (H1 and H6). Variable set 2 is included in the analysis so that the M<sub>i</sub> main effects are controlled when estimating the set 3 interaction effects.

Disconfirmed expectations. The equation specified to test the hypotheses involving disconfirmed expectations as a dependent variable (H2 and H7) is:

(6)

$$D = \beta_1^{(2.a)} E + \beta_2^{(2.b)} P + \beta_3^{(7.a)} M_1 E + \beta_4^{(7.a)} M_2 E + \beta_5^{(7.a)} M_3 E + \beta_6^{(7.b)} M_1 P + \beta_7^{(7.b)} M_2 P + \beta_8^{(7.b)} M_3 P + \varepsilon$$

where D = disconfirmed expectations and where the remaining terms are defined in equation (5). The expected signs for  $\beta_1$ ,  $\beta_3$ ,  $\beta_4$ , and  $\beta_5$  are negative and the expected signs for  $\beta_2$ ,  $\beta_6$ ,  $\beta_7$ , and  $\beta_8$  are positive.

Similar to the estimate of Equation (5), Equation (6) was estimated by sequentially entering four variable sets into the equation. The results, in Table 2a, show that the only statistically significant variable set was set 1, which included the expectations and performance variables. The follow-up estimate reported in Table 2b, which includes the expectations and performance variables as predictors of disconfirmed expectations, indicates that both expectations and performance were statistically significant ( $p < .01$ ). Thus, expectations were negatively related to disconfirmed expectations, and performance was positively related to disconfirmed expectations as hypothesized in H2. The R<sup>2</sup> for the estimate is .24. These findings support the disconfirmed expectations model; further, there was no indication of response language effects.



**TABLE 2**  
**Regression Estimate of Equation (6)**  
**Dependent Variable = Disconfirmation**  
**(*n* = 181)**

**2a. Hierarchical Regression Results**

Explanatory Variable Set <sup>a</sup>	R <sup>2</sup> Change	F	Degrees of Freedom	Significance of <i>F</i>
Set 1: E P	.247	29.60	2/180	.00
Set 2: M1 M2 M3	.011	.79	3/5	.49
Set 3: EM1 EM2 EM3	.019	1.51	3/8	.21
Set 4: PM1 PM2 PM3	.002	.14	3/11	.94

**2b. Estimate of Equation (6) Using the Significant Variable Sets Reported in Panel a.**

Explanatory Variable	Expected Sign for B	Unstandardized B	Standardized B	<i>T</i>
E	-	-.20	-.36	-5.50 <sup>b</sup>
P	+	.19	.33	5.03 <sup>b</sup>
Constant		-.01		-.11
R <sup>2</sup> = .25 <sup>c</sup>				

<sup>a</sup> The set 1, 3, and 4 variables are related to *a priori* hypotheses (H2 and H7). Variable set 2 is included in the equation to control for the measurement treatment main effects.

<sup>b</sup> *p* < .01 for a one-tailed *t*-test.

<sup>c</sup> *p* < .01 for an *F*-test.

Satisfaction. The equation corresponding to the H3 and H8, which involve satisfaction as a dependent variable, is:

(7)

$$S = \beta_1^{(3.a)} E + \beta_2^{(3.b)} P + \beta_3^{(3.c)} D + \beta_4^{(8.a)} M_1 E + \beta_5^{(8.a)} M_2 E + \beta_6^{(8.a)} M_3 E + \\ \beta_7^{(8.b)} M_1 P + \beta_8^{(8.b)} M_2 P + \beta_9^{(8.b)} M_3 P + \beta_{10}^{(8.c)} M_1 D + \\ \beta_{11}^{(8.c)} M_2 D + \beta_{12}^{(8.c)} M_3 D + \varepsilon$$

where S = satisfaction and where the remaining terms are defined in equations (5) and (6), above. The expected signs for  $\beta_1$ – $\beta_{12}$  are positive.

As indicated in Table 3.a, the only statistically significant variable set was set 1. The results of the follow-up estimate, including the set 1 variables, are reported in

Table 3.b. Expectations, performance, and disconfirmed expectations are each statistically significantly positively related to satisfaction ( $p < .05$ ,  $p < .01$ ,  $p < .01$ , respectively) as hypothesized in H<sub>3.a</sub>, H<sub>3.b</sub>, and H<sub>3.c</sub>. The findings, therefore, support the disconfirmed expectations theory; there was no indication of response language effects.

**TABLE 3**

**Regression Estimate of Equation (7)**  
**Dependent Variable = Satisfaction**  
**(n = 181)**

**3a. Hierarchical Regression Results**

Explanatory Variable Set <sup>a</sup>	R <sup>2</sup> Change	F	Degrees of Freedom	Significance of F
Set 1: E P D	.505	60.98	3/180	.00
Set 2: M1 M2 M3	.019	2.22	3/6	.09
Set 3: EM1 EM2 EM3	.002	.19	3/9	.90
Set 4: PM1 PM2 PM3	.003	.38	3/12	.77

TABLE 3 (Continued)

## 3b. Estimate of Equation (7) Using the Significant Variable Sets Reported in Panel a.

Explanatory Variable	Expected Sign for B	Unstandardized B	Standardized B	t
E	+	.07	.11	1.91 <sup>c</sup>
P	+	.13	.19	3.36 <sup>b</sup>
D	+	.77	.65	10.79 <sup>b</sup>
Constant		.02		.24
R <sup>2</sup> = .49 <sup>d</sup>				

<sup>a</sup> Variable sets 1, 3, and 4 are related to *a priori* hypotheses (H3 and H8). Variable set 2 is included in the equation to control for the measurement treatment main effects.

<sup>b</sup>  $p < .01$  for a one-tailed *t*-test.

<sup>c</sup>  $p < .05$  for a one-tailed *t*-test.

<sup>d</sup>  $p < .01$ .

### Prediction of Part-Worth Estimates and Choice

Conjoint ratio variable. H4 and H9 examine the representational vs. response language effects issue with the cookie part-worth/price part-worth range ratio variable (R) as the dependent variable. The corresponding equation is:

(8)

$$R = \beta_1^{(4)} S + \beta_2^{(9)} M_1 S + \beta_3^{(9)} M_2 S + \beta_4^{(9)} M_3 S$$

where R = the cookie part-worth/price part-worth ratio and the remaining terms are

defined in equation (5). The expected signs for  $\beta_1$ – $\beta_4$  are positive.

Table 4a, which summarizes the results, shows the only variable that was statistically significant was satisfaction. Each of the other four sets of variables was statistically insignificant when entered into the equation. The follow-up estimate, which is reported in Table 4b, indicates satisfaction explains approximately 18% of the variance of the conjoint ratio dependent variable; consumer satisfaction is positively related to the ratio variable ( $p < .01$ ). H4 is supported.

**TABLE 4**  
**Regression Estimate of Equation (8)**  
**Dependent Variable = Cookie Part-worth/Price Part-worth Ratio**  
**(*n* = 181)**

**4a. Hierarchical Regression Results**

Explanatory Variable Set <sup>a</sup>	R <sup>2</sup> Change	F	Degrees of Freedom	Significance of <i>F</i>
Set 1: S	.182	40.25	1/180	.00
Set 2: E P D	.013	.95	3/4	.42
Set 3: M1 M2 M3	.010	.75	3/7	.52
Set 4: EM1 EM2 EM3	.007	.50	3/10	.69
Set 5: PM1 PM2 PM3	.030	2.01	3/13	.12

**4b. Estimate of Equation (8) Using the Significant Variable Sets Reported in Panel a.**

Explanatory Variable	Expected Sign for B	Unstandardized B	Standardized B	<i>t</i>
S	+	.14	.42	6.35 <sup>b</sup>
Constant		.80		24.03 <sup>c</sup>
R <sup>2</sup> = .18 <sup>d</sup>				

<sup>a</sup> Variable sets 1, 2, 4, and 5 are related to *a priori* hypotheses (H4 and H9). Variable set 3 is included in the equation to control for the measurement treatment main effects.

<sup>b</sup> *p* < .01 for a one-tailed *t*-test.

<sup>c</sup> *p* < .01 for a two-tailed *t*-test.

<sup>d</sup> *p* < .05.

**Product choice.** The following equation was estimated to test hypotheses 5 and 10 involving product choice:

(9)

$$PC = \frac{1}{1 + EXP(\beta_0 + \beta_1 S + \beta_2 M_1 S + \beta_3 M_2 S + \beta_4 M_3 S) + \varepsilon}$$

where PC = the probability of choosing the test cookie and where the remaining terms are defined in equations (5)–(7). The hierarchical LOGIT model estimation results, which are presented in Table 5, indicate that only variable set 1 is statistically significant,

which includes consumer satisfaction as a single predictor variable. As indicated in Table 5, the follow-up estimate indicates that the satisfaction variable is statistically significantly positive in the estimate as hypothesized in H5. Moreover, there is no indication of response language effects.

**TABLE 5**

**LOGIT Estimates: Hierarchical Estimation of Equation (9)**  
**Dependent Variable = Product Choice**  
**(n = 181)**

<b>5a. Hierarchical LOGIT Results</b>				
Predictor Variables Added <sup>a</sup>	-2 Log Likelihood	Improvement $\chi^2$	Degrees of Freedom	Significance Level
Set 1: S	160.20	28.63	1	.00
Set 2: E, P, D	158.23	1.98	3	.58
Set 3: M1, M2, M3	157.44	.79	3	.85
Set 4: EM1, EM2, EM3	156.83	.61	3	.89
Set 5: PM1, PM2, PM3	151.12	1.71	3	.12

**5b. Estimate of Equation (9) Using the Significant Variable Sets Reported in Panel 9a**

Variable	Expected sign for $\beta$	$\beta$	Wald	Degrees of Freedom	Significance Level
S	+	.71	22.43	1	.00
Constant		-.84	17.76	1	.00

## DISCUSSION

The primary purpose of this study was to extend and test the disconfirmed expectations theory of consumer satisfaction under conditions that would enable the separation of theoretically meaningful effects from measurement context effects; this study partially re-examined some of the same issues reported by Teas and Palan (2003), but also extended the previous work by utilizing a more complex experimental design. The results produced several significant findings. First, while the empirical results generally support the theoretical linkages specified in the disconfirmed expectations theory of consumer satisfaction, the findings also provide further evidence of statistically significant relationships between a) consumer satisfaction and b) product utility and choice behavior. Specifically, both the focal product's part-worth values and choice probabilities were significantly related to the respondents' satisfaction ratings, as hypothesized. Further, there was no evidence of a direct expectations effect on part-worth values or choice behaviors. Rather, the expectations effect was fully mediated by consumer satisfaction.

Second, the findings provide strong evidence that the linkages among the variables are the result of theoretically meaningful effects and not measurement context effects. That is, the results suggest that disconfirmed expectations have the effect on consumers' product choice behaviors. Indeed, the criteria identified as evidence of representational effects were met:

1. The expectations level treatment was negatively related to disconfirmation and positively related to consumer satisfaction. Interestingly, the expectations treatment did not affect perceived performance.
2. Consumer satisfaction was a statistically significant predictor of the respondents'

cookie product part-worth estimates and choice probabilities. These results suggest the expectations treatment not only affected the classic variables of the disconfirmed expectations model of consumer satisfaction, but also carried over to decompositional product part-worth values and to product choice.

3. The expectations measurement manipulations were statistically insignificant in equations predicting performance, disconfirmation, satisfaction, focal product part-worths, and choice. If the measurement process had created response language effects, the location of the expectations measurement in the measurement sequence would be expected to create significant moderating effects, but no evidence of moderating effects was detected.

### Limitations and Future Research.

This study does have limitations which should be noted. The ability to generalize results is limited by the student sample. However, the use of a sample of homogeneous respondents, such as students, is ideal for theory falsification procedures (Calder, Phillips, and Tybout, 1981), which was the focus of this study. Another impediment to generalization of results is the employment of a nondurable consumer product (cookie) as the product stimulus. Churchill and Surprenant (1982) have noted different variable relationships in the disconfirmed expectations theory when durable products are involved than when nondurable products are involved. Therefore, future research should examine the relationships in this study under conditions in which durable products are the focal stimuli. An unanticipated finding in this study offers another area for future research. The performance of the chocolate chip cookie was held constant—that is, even though the cookies were individually baked, they were

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baked to identified specifications. However, although objective performance was held constant, perceived performance varied across informants. That is, perceived performance was found to have a statistically significant linkage with disconfirmation and with consumer satisfaction, but this impact of performance was not the result of the expectations treatment. These findings suggest that, although the objective product performance of the product was held constant, perceived performance varied across the subjects and was found to be linked to choice behavior via linkages with disconfirmation and satisfaction as predicted by the disconfirmed expectations theory of consumer satisfaction.

### **Contributions of the Study**

This study makes three major contributions to the satisfaction literature:

- 1) it extends the empirical literature on the disconfirmed expectations theory of consumer satisfaction by including decompositional utility and choice behavior variables;
- 2) it offers strong support for the strategic implications of the disconfirmed expectations theory; and
- 3) it further clarifies the roles of expectations, performance, disconfirmation, and satisfaction.

### Extension of the disconfirmed expectations theory of consumer satisfaction.

An important contribution of this research is that it provides a thorough empirical test of the linkages between consumer satisfaction and choice behavior. Only a limited number of previous studies have included choice variables in tests of the disconfirmed expectations theory of

consumer satisfaction, despite the fact that to fully understand the expectancy-disconfirmation paradigm, the transactional circumstances associated with the satisfaction formation process needs to be examined (Tse, Nicosia, and Wilton, 1990).

Moreover, this study also allows us to examine whether consumers' mental representations change when comparing performance to expectations or whether contextual comparative factors are responsible for changing how consumers map their mental representations onto rating scales, in support of previous research by Teas and Palan (2003). If the disconfirmed expectations theory is to have practical value, then it is critically important to demonstrate that statistically significant linkages among the variables are the result of representational effects and not response language effects. If the empirical support for the theory were merely the result of response language, the support would be the result of measurement artifact; and the managerial implications associated with the theory would be meaningless. The use of conjoint measurement procedures and a product choice exercise in this study enabled a detailed examination of this response language versus representational effects issue.

### Strong support for the strategic implications of the disconfirmed expectations theory.

Because this study included three methods for detecting response language effects, one of which had not been previously used, and because the results support a representational effects interpretation of significant linkages among the disconfirmed expectations theory variables and not a response language effects interpretation, a second major contribution of this study is that the strategic implications of the disconfirmed expectations theory are even more strongly supported than previously. That is, the findings suggest that marketing strategies

focused on influencing consumer expectations and disconfirmation can be expected to produce effects that go beyond the core variables of the consumer satisfaction model. Therefore, marketing managers who use strategies to influence consumers' expectations can expect that these strategies also will impact choice behavior—indeed, expectations may well produce a positive effect on choice behavior through a direct linkage with satisfaction and a negative effect on choice behavior through an indirect linkage with satisfaction that is mediated by disconfirmed expectations.

Further clarification of the roles of expectations, performance, disconfirmation, and satisfaction.

Testing the disconfirmed expectations theory under conditions that enabled the separation of representational effects from response language effects (i.e., by including conjoint measurement and choice variables and by manipulating expectation level and measurement timing) also helps to further explicate the roles of expectations, performance, disconfirmation, and satisfaction. Previous research has shown that expectations are significantly linked to

perceived disconfirmation (Churchill and Surprenant, 1982), performance (Churchill and Surprenant, 1982; Oliver et al., 1994), and to satisfaction (see, e.g., Churchill and Surprenant, 1982 and Oliver, 1977; 1979; and 1980a). The empirical findings of this study confirm the significant linkages of expectations to perceived disconfirmation and to satisfaction. However, a significant linkage between expectations and performance was not found even though performance was found to have a statistically significant linkage with disconfirmation and with consumer satisfaction, suggesting that perceived performance varied across respondents.

Thus, consumer expectations play a crucial role not only in determining satisfaction, but also in determining choice behavior. Strong support was found that disconfirmation and satisfaction mediate the linkage between consumer expectations and choice behavior. Consumer satisfaction, in fact, was identified as a key determinant of choice behavior—the consumer expectations effect on choice was completely mediated by consumer satisfaction. These findings confirm that there is an intricate web of relationships that determine consumers' choice behavior.

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APPENDIX A

Directions. The following are nine product choice options. Each consists of a product and a price to be paid for the product. Please scan all of the options so that you are familiar with the entire set of nine product/price options. After briefly scanning the set, use the scale at the bottom of each box containing each option to indicate your preference for each option. Use larger numbers for stronger preferences and smaller numbers for smaller preferences.

One 12-ounce can of Classic Coke																				
Price = \$.60																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

Two Windsor Test Cookies																				
Price = \$.40																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

One 2-ounce Snicker																				
Price = \$.60																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

One 12-ounce can of Classic Coke																				
Price = \$.40																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

Two Windsor Test Cookies																				
Price = \$.50																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

One 2-ounce Snicker																				
Price = \$.40																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

One 12-ounce can of Classic Coke																				
Price = \$.50																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

Two Windsor Test Cookies																				
Price = \$.60																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

One 2-ounce Snicker																				
Price = \$.50																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	

## APPENDIX B

### Specification of the Multiple Regression Equations

Hypotheses H1–H3, suggest the following multiple regression equations (hypotheses are noted in parentheses above the appropriate regression term):

$$(B1) \quad P = \beta_1^{(1)} E + \varepsilon$$

$$(B2) \quad D = \beta_1^{(2,a)} E + \beta_2^{(2,b)} P + \varepsilon$$

$$(B3) \quad S = \beta_1^{(3,a)} E + \beta_2^{(3,b)} P + \beta_3^{(3,c)} D + \varepsilon$$

where:

E	=	Expectations
P	=	Perceived performance
D	=	Disconfirmed expectations
S	=	Satisfaction
$\varepsilon$ s	=	Error terms
$\beta$ s	=	Standardized partial regression coefficients

The expected sign for  $\beta_1$  in (B1) is positive. The expected signs for  $\beta_1$  and  $\beta_2$  in (B2) are negative and positive respectively. The expected signs for  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  in (B3) are positive.

Hypothesis H4, which predicts a positive relationship between satisfaction with the test cookie and the cookie conjoint part-worth estimate, suggests the following multiple regression equation:

$$(B4) \quad CPW = \beta_1^{(4)} S + \varepsilon$$

where CPW= Dollar Metric Cookie Part-Worth dependent variable and where the remaining terms are defined in expressions (B1), (B2), and (B3). The expected sign for  $\beta_1$  is positive.

Hypothesis H5, which predicts a positive relationship between satisfaction with the test cookie and cookie choice propensity, suggests the following LOGIT model:

$$(B5) \quad PC = \frac{1}{1 + \exp(\beta_1 S + \varepsilon)}$$

where PC = the cookie choice probability and the remaining terms are defined in (B5). The expected sign for  $\beta_1$  is positive.

Hypothesis H6, which predicts that the measurement treatment conditions will moderate the perceived performance–expectations linkage, suggests the following expansion of equation (B1):

$$(B6) \quad P = \beta_1^{(1)} E + \beta_2^{(6)} M_1 E + \beta_3^{(6)} M_2 E + \beta_4^{(6)} M_3 E + \varepsilon$$

where P and E are defined in equation (B3) and where:

## APPENDIX B (Continued)

$M$  = a Dummy variable for the experimental expectation measurement treatment  $M_i$ , where:

$M_1$  = 1 if the respondent was exposed to the  $M_1$  treatment condition; 0 otherwise.

$M_2$  = 1 if the respondent was exposed to the  $M_2$  treatment condition; 0 otherwise.

$M_3$  = 1 if the respondent was exposed to the  $M_3$  treatment condition; 0 otherwise.

Hypotheses H7a-c, which predict that the measurement treatment will moderate the disconfirmation–expectations linkage and the disconfirmation–performance linkage, suggest the following expansion of equation (B2):

(B7)

$$D = \beta_1^{(2.a)} E + \beta_2^{(2.b)} P + \beta_3^{(7.c)} M_1 E + \beta_4^{(7.a)} M_2 E + \beta_5^{(7.a)} M_3 E + \beta_6^{(7.b)} M_1 P + \beta_7^{(7.b)} M_2 P + \beta_8^{(7.b)} M_3 P + \varepsilon$$

where all the terms are defined as in equations (B1)–(B6). The expected signs for  $\beta_4$ – $\beta_6$  and for  $\beta_7$ – $\beta_9$  are negative and positive, respectively.

Hypotheses H8a-c, which predicts the measurement treatment will moderate the linkages between (a) satisfaction and (b) expectations, performance, and disconfirmation, suggest the following expansion of equation (B3):

(B8)

$$S = \beta_1^{(3.a)} E + \beta_2^{(3.b)} P + \beta_3^{(3.c)} D + \beta_4^{(8.a)} M_1 E + \beta_5^{(8.a)} M_2 E + \beta_6^{(8.a)} M_3 E + \beta_7^{(8.b)} M_1 P + \beta_8^{(8.b)} M_2 P + \beta_9^{(8.b)} M_3 P \\ + \beta_{10}^{(8.c)} M_1 D + \beta_{11}^{(8.c)} M_2 D + \beta_{12}^{(8.c)} M_3 D + \varepsilon$$

where all the terms are defined as in equations (B1)–(B6). The expected signs for  $\beta_5$ – $\beta_{12}$  are positive.

Hypothesis H9, which predicts the measurement treatment will moderate the linkage between satisfaction and the cookie conjoint measurement part-worth estimate, suggests the following expansion of equation (B4):

(B9)

$$R = \beta_1^{(4)} S + \beta_2^{(9)} M_1 S + \beta_3^{(9)} M_2 S + \beta_4^{(9)} M_3 S + \varepsilon$$

where all of the terms are defined as in equations (B1)–(B6). The expected signs for  $\beta_2$ – $\beta_4$  are positive.

Hypothesis H10, which predicts the measurement treatment will moderate the linkage between the respondents' satisfaction with the test cookie and their propensity to choose the cookie in the product choice exercise, suggests the following expansion of equation (B5):

(B10)

$$PC = \frac{1}{\exp(\beta_1 S + \beta_2 M_1 S + \beta_3 M_2 S + \beta_4 M_3 S + \varepsilon)}$$

where all of the terms are defined as in Equations (B1)–(B6). The expected signs for  $\beta_2$ – $\beta_4$  are positive.

# **DELIGHTED CONSUMERS BUY AGAIN**

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## **ABSTRACT**

This article extends current research on the role of moderating variables in satisfaction research by examining the role of prior knowledge on repurchase intention. Knowledge level is proposed to be a moderating variable of the relationship between satisfaction and repurchase intention as well as delight and repurchase intention. An Internet survey was conducted to examine an actual purchase experience, in this case the initial purchase and the perceived performance of a flowering plant following purchase. The results revealed that knowledge level did not have a moderating effect on the delight to repurchase intention path, nor did it moderate the satisfaction to repurchase intention path. The delight to repurchase intention path, however, reveals a significant impact on repurchase intention. The satisfaction to repurchase intention path is not significant in any model. Results are consistent with existing literature, indicating that greater emphasis should be placed on delighting consumers, rather than merely satisfying them.

## **INTRODUCTION**

The consumption cycle has been studied in detail by various researchers, from prepurchase deliberation, to choice, consumption, and finally post-consumption evaluation. Several researchers have suggested that knowledge about a particular product or product category affects specific decision

processes that in turn influence the amount of information that is searched for in prepurchase deliberations (Alba and Hutchinson, 1987; Brucks, 1985; Huffman and Houston, 1993). Knowledge level has also been proposed to affect decision-making behaviors (Brucks, 1985), the formation of loyalty (Chiou, Droge and Hanvanich, 2002), the evaluation of alternatives through information-processing (Bettman, 1979; Fishbein and Ajzen, 1975), and the level or likelihood of customer defection (Capraro, Broniarczyk and Srivastava, 2003). Knowledge about a specific product may also play a role in the formation of satisfaction, specifically when expectancy disconfirmation is used to measure satisfaction level. Mittal and Kamakura (2001) argue that a link between satisfaction and repurchase intention exists, but this link varies according to consumer characteristics and is based on satisfaction thresholds and response bias. Although empirical research has been conducted on the link between satisfaction and repurchase intention on durable goods (Mittal and Kamakura, 2001; Reichheld and Teal, 1996) and the moderating role of knowledge on these constructs (Capraro et al., 2003), research is still lacking with regard to the role that these constructs play in the consumption cycle of non-durable goods. The link between delight and behavioral intention has been studied primarily in the service context rather than in a product consumption context because the moderating role of services can be measured more easily based on consumer patronization (Oliver, Rust and Varki, 1997).

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In this article, a model is developed and tested that examines the level of knowledge (high or low) of the consumer, and its possible moderating effect on satisfaction, delight, and repurchase intention. Capraro et. al. (2003) posit in their study of the moderating role of knowledge that the level of knowledge directly affects defection rates above that of satisfaction. We hypothesize, similarly, that the level of knowledge the consumer possesses, when coupled with feelings of satisfaction and delight, moderates further repurchase intention. In short, this article attempts to further our understanding of the moderating role of knowledge in the consumption cycle and its impact on postpurchase deliberations.

### **Satisfaction and Delight**

Satisfaction has been found to be a basic foundation for customer retention, but recently researchers have begun to address the importance of delighting the customer in addition to satisfying them (Oliver et. al., 1997; Williams and Anderson, 1999). Research in the area of consumer satisfaction has long focused on the relationship with service quality (Bolton and Drew, 1991). Through the studies of the interrelationships between customer satisfaction and service quality, behavioral results emerged indicating the existence of "higher levels" of satisfaction known as "customer delight" (Oliver et. al., 1997). Customer delight has been defined as "the reaction of customers when they receive a service or product that not only satisfies, but provides unexpected value or unanticipated satisfaction" (Chandler, 1989), the combination of joy and surprise (Plutchik, 1980), a sense of relatedness between the customer and the firm that evokes feelings of joy (Kumar, Olshavsky and King, 2001), and the key to customer loyalty (Schlossberg, 1990). The formation of delight as theorized by Oliver et. al. (1997) occurs through the

following sequence: high levels of performance initiate arousal, which leads to pleasure, and ultimately delight. These findings, based upon Plutchik's (1980) "psycho-evolutionary" framework, indicate that the highest levels of joy and surprise led to scores that corresponded with the label "delighted" in the study. Kumar et. al. (2001), however, suggest that delight may occur under two different circumstances. Delight may occur as a result of joy and surprise (arousal) as suggested by Plutchik (1980) and Oliver et. al. (1997), or simply as a result of joy (Kumar et. al. 2001).

The study of delight is primarily rooted in the study of consumer loyalty. Satisfaction has often been considered the antecedent to consumer loyalty. However, Reichheld (1996) showed that while consumers may state that they are satisfied, they might not be loyal. Loyalty in Reichheld's study occurred only when consumers were completely satisfied; these consumers were labeled "delighted consumers." Varying levels of satisfaction occur, indicating that only when satisfaction is complete does delight occur. Delight as studied by Oliver et. al. (1997) was shown to be a function of surprising consumption, arousal and positive affect. Delight in this study was strongly correlated with positive affect; however, the authors suggest that while delight and satisfaction are correlated, they are in fact separate conceptual entities.

### **Repurchase intention**

The occurrence of delight is directly related to positive affect in relation to consumption-based experiences on the part of the consumer. Oliver et. al. (1997) suggest that the occurrence of delight within the consumption process may cause the consumer to strive for reoccurrences of this affective state. Thus, if delight and/or satisfaction are achieved, the consumer will be more likely to

repurchase the product. We hypothesize from these studies that the satisfaction and delight constructs will both have a positive impact on repurchase intention; however, delight will have a greater impact than satisfaction because it is an emotion, which is more strongly held by the consumer than the feeling of satisfaction.

### **Product Knowledge**

Early research into the area of consumer knowledge indicated that the knowledge construct was composed of a single independent measure. However, as researchers began investigating the knowledge construct, it became apparent that knowledge was comprised of several independent measures, which led researchers to hypothesize that multi-dimensional accounts of the knowledge variable are needed (Alba and Hutchinson, 1987; Bettman, 1986; Brucks, 1985). Alba and Hutchinson (1987) proposed, based on work by Jacoby, Troutman, Kuss and Mazursky (1986), that knowledge is comprised of two components: familiarity and expertise. Familiarity is commonly defined as the number of experiences the consumer has undergone within a purchase situation, while expertise is the ability to execute these product-related experiences effectively. For the purpose of brevity, we will look primarily at familiarity and its impact upon satisfaction and future intentions.

It is commonly asserted by researchers that as familiarity increases, so too does consumer expertise (Söderlund, 2002). This assertion becomes important when we begin to look at postpurchase responses concerning evaluation and behavioral intentions such as repurchase intent. Measurement of consumer evaluation with regard to postpurchase criteria is critical because of the positive relationship between postpurchase evaluations and future behavior. Consumers who purchase durable

goods have an extended period in which they form postpurchase evaluations based on the long-term performance of the product. Non-durable or perishable goods, however, have a shorter period in which judgments and evaluations can be based. Several researchers suggest that as the number of purchase-related experiences or familiarity with a product increases, knowledge does as well. This would indicate that consumers who purchase non-durable goods might in fact have comparable amounts of time in which to form their evaluations and judgments (Söderlund, 2002). When looking at postpurchase evaluations, researchers naturally move to the impact of high or low knowledge on these evaluations. Knowledge has been assessed primarily by the correspondence between subjective (self-reported expertise) and objective (factual tests) knowledge (Park, Mothersbaugh and Feick, 1994; Capraro et al., 2003).

### **RESEARCH HYPOTHESES**

In this study, it is hypothesized that in relation to a plant product, consumers use objective knowledge that they possess to guide prepurchase search. Upon purchase, a cognitive evaluation process occurs in which post-consumption beliefs about attributes or outcomes realized are measured against the preconceived notions or expectations held by the consumer. The appraisal of the belief structure prior to and after consumption yields expectancy disconfirmation. If the performance of the plant product exceeds expectation, satisfaction may result, yielding a positive expectancy disconfirmation. From a sales standpoint, it is important for management to understand the integral role of knowledge on postpurchase evaluation made by the consumer. The information that is disseminated to the consumer can influence

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knowledge levels, and in turn, impact repurchase intention.

**H1:** Satisfaction and delight will both have a positive effect on repurchase intention for both high and low knowledge consumers.

**H2:** Delight will have a greater impact on repurchase intention than will satisfaction for both high and low knowledge consumers.

All businesses are, or should be interested in the consumers' evaluation, and in turn retention of their customer base. While businesses are intrinsically interested in consumer retention, there is often a gap between the perception of consumer satisfaction on the part of long-term consumers, and their actual level of satisfaction. A study conducted by Reinartz and Kumar (2000) indicates that, in contradiction to Bolton (1998), long-term consumers do not pay higher prices for products than do short-term consumers. Söderlund (2002) suggests that high familiarity may lead to a more demanding consumer who does not react to stimuli in the same manner as that of a low familiarity consumer. It is hypothesized, therefore, that consumers who are more knowledgeable about plant products prior to purchase will have higher expectations and beliefs concerning performance levels. This higher level of knowledge will make them more difficult to satisfy, resulting in lower intention to repurchase.

**H3a:** Satisfaction will have a greater effect on repurchase intention for consumers with a low level of knowledge compared to those with a high level of knowledge.

**H3b:** Delight will have a greater effect on repurchase intention for consumers with

a low level of knowledge compared to those with a high level of knowledge.

## MATERIALS AND METHODS

### Data Collection

In July 2004, an Internet study was conducted by Survey Sampling, International. (Fairfield, CT.), a professional survey company specializing in Internet survey procedures. Survey Sampling, International. randomly selected 15,000 individuals from their eLITE database that is composed of thousands of individual respondents who are collected through a variety of permission-based marketing sources. Potential respondents were screened prior to survey implementation through a series of questions regarding their plant purchases and usage characteristics of those plants in the past year. Respondents who qualified were invited to participate in the survey if they had (a) purchased at least one indoor flowering potted plant for their home or office, and if they were (b) at least 18 years of age. Survey Sampling using a FilemakerPro database monitored qualified respondents. Individuals meeting the qualifying criteria were automatically sent an email invitation with an active link to a web site to complete the survey. To ensure survey validity, cookies were placed on the respondent's browser that inhibited multiple submissions by qualified respondents, as well as resubmissions by respondents who received qualification denials. A \$5 gift certificate from Amazon.com Inc., was used as an incentive for those qualified individuals to fully complete the survey. If multiple sections were left blank within the survey, an error message appeared, indicating that the respondent gave insufficient information. Upon completion of the survey, a text box appeared asking respondents to supply a valid email account to which the honorarium could

be sent. Respondents were assured that the email address supplied would be secure, and that correspondence would pertain to the honorarium only.

On the predetermined date, 15,000 invitations were sent out to prescreened members of the eLITE database. In a seven-hour period, 659 qualified respondents completed the survey that exhausted the number of Amazon.com certificates available for distribution as incentives. Incomplete and unusable surveys were removed, yielding a total of 629 acceptable surveys.

Respondents ranged in age from 19 to 87 years, with a mean age of 40 years (2.9%) and a mode of 39 years (4.0%). Respondents were primarily female (79%), approximately 82% had completed some form of formal education beyond that of high school, 36% held a Bachelor's degree or higher; 73% of respondents had a 2003 household income level ranging from \$25,001-\$100,000. The mode household income level ranged from \$25,001-\$50,000 (34%). Among the participating households surveyed, 63% were comprised of two adults and 45% of the participants had no dependents. Participants represented a significant cross section of the U.S. population: while 44 states were represented in the survey, a majority of respondents was from the Midwest region (54%).

### **Measurement**

Measures were acquired for each of the following constructs: satisfaction, delight, knowledge level, and repurchase intention. Knowledge level was used as a moderating variable to determine whether or not satisfaction and/or delight have a significant impact on repurchase intention. All constructs were measured using multiple-item scales.

### **Overall satisfaction measures**

The satisfaction construct was measured using two seven-point multi-item scales adapted from a prior study (Spreng, MacKenzie and Olshavsky, 1996). The measures created by Spreng et. al. (1996) reflect the valence characteristics as suggested by Oliver (1989). Satisfaction measures were introduced to the respondents in the following manner: "Choose a number that most closely reflects how you felt about the performance of the indoor flowering plant." Two questions ensued, with scales anchored as "Very satisfied/Very dissatisfied," and "Very pleased/Very displeased."

### **Delight measures**

The delight construct was measured using two seven-point scales asking respondents to, "Please answer the following questions based on the outcome of your purchase." The first question asked, "I am content with the purchase of my indoor flowering potted plant" followed by a scale anchored by "Strongly disagree/Strongly agree." Desirability of the outcome was measured with a scale anchored by "Very undesirable/Very desirable," and feelings toward the product were measured using a set of descriptors that represent the range of emotions commonly experienced in consumption situations. Our scale included descriptors from Richins (1997) Consumption Emotion Set. Richins (1997) included delight as a component of joy. Plutchik (1980) used both joy and delight constructs, indicating that delight was also an emotion felt within a consumption experience.

### **Knowledge Level**

Knowledge level was measured using three seven-point scales based on consumer's perceived knowledge of plants. Knowledge

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level was measured by asking respondents to “Choose a number that most closely reflects how you feel about your knowledge pertaining to plants.” The first question asked, “How would you rate your knowledge about caring for flowering shrubs?” The question was anchored by a “Very little/Very much” scale. The second question asked, “In comparison to the average person, how would you rate your level of knowledge with flowering plants?” The third measure of knowledge level asked the respondent to indicate “No prior plant knowledge/Large amount of plant knowledge” on a 7-pt scale.

**Repurchase Intention**

Repurchase intentions were measured based upon the probability that the consumer would buy the same or similar plant product again when their prior experiences with a similar plant product were taken into account. Repurchase intentions were measured with two seven-point scales determining the probability and likelihood of repurchase intent.

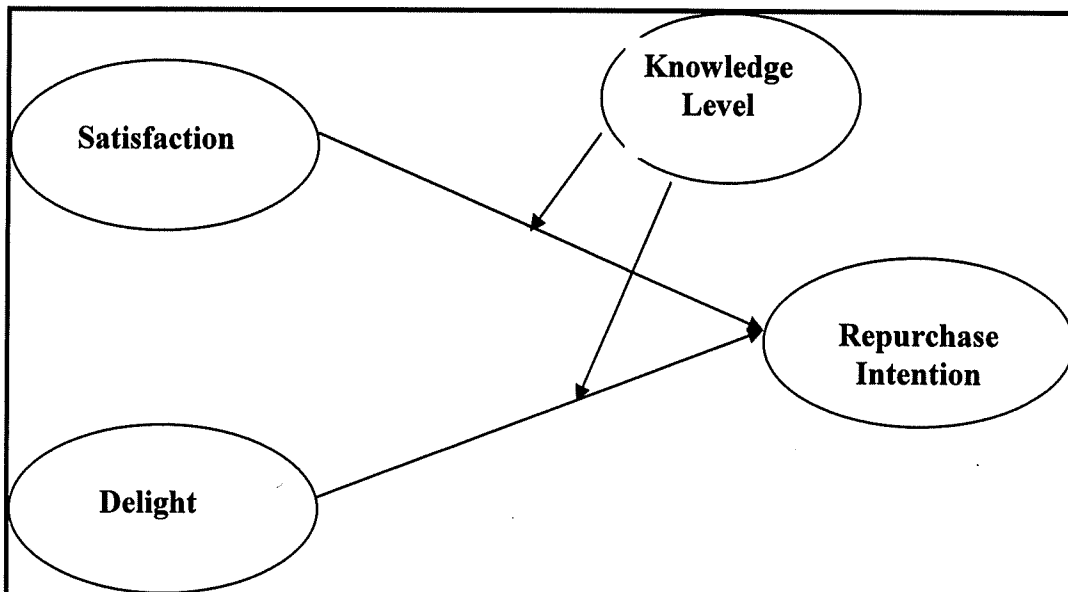
The likelihood of repurchase of a specific plant and probability of repurchase of a similar plant scales were anchored by “Very low/Very high” categories, with a neutral response as the midpoint. The definitive statement, “I will purchase a flowering potted plant the next time I need a gift/something for myself” was anchored with a Disagree/Agree scale.

**RESULTS**

The hypotheses were tested by estimating a two-group structural equations model (Jöreskog and Sörbom, 2003) for satisfaction, delight, and repurchase intention (see Figure 1). The groups were defined by the respondent’s answer concerning their perceived knowledge of plants. Knowledge of plants was used as a moderating variable. Those below the median were classified as low in knowledge ( $\leq 3$  on a 7-point scale) (Group 1), while those above the median were classified as high in knowledge ( $\geq 5$  on a 7-point scale) (Group 2).

**Figure 1**

**Proposed Repurchase Intention Model with Knowledge as a Moderating Variable**



The remaining subjects (n= 211) at the median (4) were dropped from each analysis to more clearly differentiate subjects with low and high knowledge. Satisfaction, delight, and repurchase intention were all operationalized as multi-item latent constructs.

Reliability of the measures for all three constructs was assessed using coefficient alpha. These values range from 0.78 for repurchase intention to 0.97 for delight, all of which exceed the lower limit of acceptable reliability set by Nunnally (1978).

### Tests of Hypotheses

Hypothesis 1 stated that repurchase intention will be positively impacted by satisfaction and delight. Table 1 shows that satisfaction does not influence repurchase intention, since the path is not significant in either group. Conversely, delight has a significant positive impact on repurchase intention in both groups. These results show partial support for hypothesis 1.

**Table 1**

#### **Standardized Effects (t Values) of Satisfaction and Delight on Repurchase Intention**

Path	Unconstrained Model	Group Scores	
		Group 1	Group 2
Satisfaction → repurchase intention		0.13 (0.87)	0.08 (0.86)
Delight → repurchase intention		0.66 (4.85)	0.89 (9.81)
Chi-square	34.98	14.35	20.63
Degrees-of-freedom	22	11	11
p-values	0.04	0.04	0.21
NFI	0.99	0.99	0.99
CFI	1.00	1.00	1.00
GFI	0.98	0.98	0.98
SRMR	0.035	0.022	0.022
RMSEA	0.053	0.035	0.035

Hypothesis 2 stated that delight would have a greater impact on repurchase intention than will satisfaction in both groups. As shown in Table 2, delight had a significant impact on repurchase intention in both the high and low knowledge groups, while the satisfaction to repurchase intention path was not significant in either group. Further

evidence of this is shown by the fact that the Chi-square difference for both groups was significant, with the path coefficient for delight to repurchase intention being larger than the coefficient for satisfaction to repurchase intention. Thus, hypothesis 2 is supported.

Table 2

Within Group Estimates of the Constructs Based on the Proposed Knowledge Level of the Consumer (Group 1 = Low Knowledge; Group 2 = High Knowledge)

	$\chi^2$	df		$\chi^2$	df
Group 1 Constrained	17.58	12	Group 2 Constrained	38.19	12
Group 1 Unconstrained	14.35	11	Group 2 Unconstrained	20.63	11
Difference	3.23	1	Difference	17.56	1

Hypothesis 3a predicted that the effect of satisfaction on repurchase intention would be greater for those with low levels of knowledge than those with high levels of knowledge. Table 3 shows the differences in Chi-square and the degrees-of-freedom when the path from satisfaction to repurchase intention is constrained to be equal across both knowledge levels. The path from satisfaction to repurchase intention is not significant in either the high or the low knowledge level, and the chi-square difference test shows that the paths are equal in both groups. Thus, hypothesis 3a is not supported.

Hypothesis 3b predicted that the effect of delight on repurchase intentions would be greater for those with low levels of knowledge compared to those with high levels of knowledge. The path from delight to repurchase intention is significant in both groups as shown in Table 1. When the path from delight to repurchase intention is constrained to be equal across both knowledge levels, the Chi-square difference is not significant as shown in Table 3. Thus, hypothesis 3b is not supported.

Table 3

Between Group Constraints

	Chi-square	Chi-square Difference	df
2 Group Constrained Satisfaction → Repurchase Intention	34.98		
<b>Constrained</b>	35.04	0.06	1
Delight → Repurchase Intention <b>Unconstrained</b>	36.81	1.83	1

## DISCUSSION

Overall, there is support for the hypothesis that delight influences the formation of repurchase intent. Various authors have suggested that satisfaction research would be furthered if moderating variables were studied in greater detail (Oliver and Bearden, 1983). Spreng and Page (2001) suggested that consumer knowledge might be one such moderating variable that should be studied in greater detail. Prior studies have examined the satisfaction-knowledge likelihood of defection link (Capraro et. al., 2003) as well as the moderating effect of high and low levels of knowledge between satisfaction and loyalty formation (Chiou et. al., 2002). In the case of the former (Capraro et. al., 2003), little of the effect of satisfaction on likelihood of defection was mediated by level of knowledge concerning alternatives. Findings from this study show similar results, specifically that the moderating role of knowledge level does not have a significant impact on either the satisfaction-repurchase intention path or the delight-repurchase intention path. Findings from this study do indicate that delight plays an integral role in repurchase intention. These results are similar to those described in Oliver et. al. (1997) in that satisfaction and delight are shown to be separate conceptual entities.

Clearly, businesses need to focus on more than customer satisfaction. While satisfaction metrics are important in decisions for products and services, customer retention and loyalty need additional metrics. For plants, delight did significantly influence repurchase intentions. This means that for businesses selling plants, they need to go beyond ordinary customer satisfaction and create a "wow" effect in customer delight.

In this manner, they may be more able or better prepared to retain customers. It also implies that businesses may need additional metrics beyond customer satisfaction.

### Directions for future research

The relationships between satisfaction, delight, and repurchase intention have been explored with knowledge level as a moderator of the effects. This study investigated a limited component of the knowledge framework and its role as a moderating variable. Future researchers may want to explore the moderating effect of knowledge on a single, specific plant, rather than on a general houseplant category. While a consumer may possess considerable knowledge about a specific plant or plant categories, it can be argued that this knowledge is not homogeneous across all plant categories. Therefore, the moderating effect of plant knowledge on satisfaction and repurchase intention may not represent the true impact of knowledge on post-consumption responses.

The price of the plant product may also have an impact on post-consumptive processes. A certain level of risk is associated with any consumption experience. This level of risk can be compounded when price sensitivity becomes an issue. Zaichkowsky (1985) demonstrated the integration between information search and product involvement. The more involved the consumer is with a product, the greater their propensity to search for information across product groups. Thus, the level of involvement determines how concerned a consumer is with price. Future research into the impact of cost on the post-consumptive processes a consumer undergoes while purchasing plant products would also be merited.

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