

CHOOSING BY SELECTING OR REJECTING: HOW DECISION STRATEGY INFLUENCES CONSUMER SATISFACTION

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ABSTRACT

Three experimental studies demonstrate that differences in *how* consumers reach a decision can influence satisfaction with the subsequent consumption experience. Relative to consumers who select liked options, consumers who decide by rejecting disliked options attend more to undesirable features of the options they discard. Rejecters can use this negative information to imagine worse possible alternative outcomes, mitigating potential dissatisfaction in the event of service or product failure. The moderating roles of experience valence (favorable or unfavorable) and salience of the foregone alternatives (present or absent) are examined, and two mediating processes are identified. The findings deepen our understanding of the antecedents to satisfaction and offer novel opportunities for marketing practitioners to influence and manage consumer satisfaction.

INTRODUCTION

Imagine Steve and Ross need to fly from Chicago to New York. Spirit Airlines and Delta each offer a daily nonstop service. Independently, Steve and Ross both decide on the Delta flight but they reach this choice very differently. Steve chooses by *selecting* Delta: “I love Delta. They are on time, the seats are spacious, and the air stewards are attentive. I want to fly with Delta.” Ross, on the other hand, flies Delta by eliminating, *or rejecting*, Spirit Airlines: “I loathe Spirit Airlines. They run late, the cabins are dirty, the seats are cramped and the air stewards

are neglectful. I do not want to fly with Spirit Airlines.” After the flight lands in New York, how satisfied is each passenger with the travel experience?

Decision strategy refers to the process used to make a choice (Shafir 1993)ⁱ. A rejection-based decision strategy occurs when the primary focus of the decision is on rejecting undesired option(s) and/or attribute(s). In the opening vignette, Ross uses a rejection-based decision strategy to eliminate Spirit Airlines. In contrast, Steve uses a selection-based decision strategy, focusing primarily on the attributes and/or option(s) that he desires. Given the positive relationship between consumer satisfaction and firm performance, identifying antecedents to satisfaction, dissatisfaction and complaining behavior (hereafter simply satisfaction) remains an important research priority (Powers and Valentine 2008; Curtis et al 2011; Dahl and Peltier 2015). That decision strategy might determine satisfaction with a product or service is a novel proposition that warrants investigation. If *how* consumers make choices can influence perceptions of the consumption experience, novel opportunities to manage satisfaction emerge. In the sections that follow, I connect for the first time three literature streams – decision strategy, counterfactual thinking and satisfaction – to theoretically support the proposition that how a decision is reached can influence satisfaction with the consumption experience. Results from three experiments are presented that test this conceptual framework.

Implications of the research for marketing practitioners as well as satisfaction researchers are outlined in the general discussion.

CONCEPTUAL FRAMEWORK

Decision Strategy. Decision strategy refers to the process used to make a choice (Shafir 1993). Consistent with past research, selection and rejection are used to describe dichotomous decision strategies (e.g. Shafir 1993; Meloy and Russo 2004). It is acknowledged, however, that decision strategy more likely reflects a continuum anchored at either end by selection and rejection. Inasmuch as both strategies change the status quo, rejection-based and selection-based decision strategies are considered equally dynamic (Ritov and Baron 1995). They are not, however, mirror images of each other, and can result in materially different outcomes (Shafir 1993). Of particular relevance here is research showing that selectors and rejecters attend to different information while making their choices (e.g. Shafir 1993; Meloy and Russo 2004; Laran and Wilcox 2011). First, decision strategy determines the *general valence* of information that is evaluated. Selectors give greater weight to all information that is positive, while rejecters prioritize all negative information (Meloy and Russo 2004). Second, decision strategy changes which *options* consumers scrutinize. Deciding between alternatives changes the status quo and decision makers feel accountable for that change (Ritov and Baron 1992). Since selectors change the status quo by electing liked items, they direct attention to the option(s) they might ultimately choose (Yaniv & Schul 2000; Mitsuda and Glaholt 2014). Rejecters, however, feel more accountable for the alternatives they will eliminate and thus attend more to the options that are ultimately discarded (Yaniv and Schul 2000; Mitsuda

and Glaholt 2014). Combining these separate findings for the first time, I hypothesize that, relative to a selection-based decision strategy, using a rejection-based decision strategy will direct attention specifically on *negative details about the ultimately foregone alternatives* (i.e. not just negative information in general). This has not been tested in extant literature and, if true, has important consequences for the generation and direction of counterfactual thoughts and, ultimately, satisfaction, discussed next.

Counterfactual thinking. Counterfactuals are thoughts about alternatives to past events. Counterfactual thinking acknowledges that events are not evaluated in isolation but are compared to alternative events that could, should, or might have happened (Epstude and Roese 2008; Byrne 2016). Counterfactual thinking can be characterized in various ways (Epstude and Roese 2008; Byrne 2016). Of particular relevance to the current research is the characteristic of counterfactual direction (Epstude and Roese 2008). In the case of upward counterfactuals, imagined alternative outcomes are better than the actual outcome. “If only” declarations typically characterize upward counterfactuals (e.g., “if only I had studied harder I would have gotten an A”). Downward counterfactuals, by contrast, often begin with “at least.” The imagined alternative outcomes are worse than the actual outcome (e.g., “at least I got a B without much effort”). I propose that counterfactual direction (upward or downward) will depend on *how* the decision was made. Specifically, I propose that compared to selectors, rejecters will generate more downward counterfactuals. That is, rejecters will be better able to imagine the worse possible outcomes, had they chosen the rejected item(s). This hypothesis follows from the argument that information focus will differ as a function of decision strategy.

To the extent that a rejection-based decision strategy leads the consumer to specifically consider the negative aspects of foregone alternatives, these thoughts will be more readily available to rejecters, favoring the generation of downward counterfactuals. By focusing on the disliked aspects of the ultimately eliminated alternative(s) during the decision making stage, rejecters should find it easier to imagine how a consumption experience could have been worse, had they consumed a rejected option. Returning to the travelers in the opening vignette, Ross, retrieving the negative thoughts he used to reject Spirit Airlines, should be better positioned than Steve to imagine worse alternative outcomes.

Satisfaction. Extant research on satisfaction is dominated by the expectation-disconfirmation paradigm (Powers and Valentine 2008; Diehl and Poynor 2010; Dahl and Peltier 2015). Under this model, consumers evaluate the experienced performance against a comparison standard (Halstead 1999; Niedrich, Kiryanova and Black 2005). Performance that exceeds expectations is satisfying while performance that fails expectations is dissatisfying (Oliver 1989; Diehl and Poynor 2010). A variety of comparison standards have been proposed, including the ideal (what “can be”) and the deserved (what “should be”), but predictive expectations (what “will be”) remain the most commonly used (Halstead 1999; Niedrich, Kiryanova and Black 2005; Diehl and Poynor 2010). In general, the comparison standard concerns the expected performance of the *chosen* option. For the most part, the expectation-disconfirmation paradigm pays little attention to the expected performance of the *non-chosen* options considered prior to finalizing the choice. Some research suggests, however, that foregone product attributes (Taylor and Burns 1999) or options (Taylor 1997; Mattson, Franco-Watkins & Cunningham

2012; Gu Botti and Faro 2015) continue to be relevant in satisfaction formation. For example, higher expected quality of foregone movies lowered satisfaction with the chosen movie (Taylor 1997) while the presence of a more attractive alternative partner elicited regrets about the current partner and a greater intention to switch (Mattson, Franco-Watkins and Cunningham 2012). More recently, Gu Botti and Faro (2015) found choice closure increased consumption satisfaction because the consumer ceased comparing the chosen item with the with the foregone alternative. The counterfactual literature provides additional support for the idea that outcomes *not* experienced might influence happiness (Epstude and Roese 2008; Byrne 2016). For example, students’ happiness with their letter grade depends not just on the grade they receive, but also on the grades they did *not* receive.

Extant research illustrates how attending to foregone alternatives can induce *upward* counterfactual thinking, where the imagined alternative outcome is better than the experienced outcome (Walchli and Landman 2003; Epstude and Roese 2008; Byrne 2016). Through affective contrast (Epstude and Roese 2008), imagining better alternative outcomes can induce feelings of regret which in turn decrease satisfaction with the product or service actually consumed (Taylor 2012). In contrast, I propose that attending to foregone alternatives has the potential to *increase* satisfaction through the generation of *downward* counterfactual thoughts. If, as proposed, a rejection-based decision strategy favors the generation of downward counterfactuals, contrasting these potentially worse outcomes with the product or service actually experienced should result in greater satisfaction. In other words, if rejecters, like Ross, reflect upon what might have been, they will be better able to imagine a worse hypothetical experience, if they had consumed the rejected alternative.

Envisioning this conceivable worse outcome makes their current experience seem better by contrast (Epstude and Roese 2008). Selectors, like Steve, not having focused as much on the negative aspects of the foregone alternatives when making their decision, will be less able to imagine worse potential outcomes. Relative to rejecters, then, selectors will be less satisfied with their actual consumption experience. Importantly, this proposed sequence of events depends on two moderating characteristics, discussed next.

MODERATORS OF THE RELATIONSHIP BETWEEN DECISION STRATEGY AND SATISFACTION.

Valence of Experience. The likelihood of generating counterfactuals depends on the valence of the consumption experience (Taylor 1997; Walchli and Landman 2003; van Dijk and Zeelenberg 2005; Hafner, White and Handley 2016). Favorable experiences do not prompt counterfactual thinking. Lottery winners, for example, have little reason to dwell on alternative outcomes. Negative experiences, on the other hand, are aversive, motivating people to undo them (Epstude and Roese 2008; Byrne 2016; Hafner, White and Handley 2016). When this is not physically possible, people engage in counterfactual thinking to mentally undo the events in order to make themselves feel better (Epstude and Roese 2008; Byrne 2016; Hafner, White and Handley 2016). Losing the lottery, for example, prompts upward counterfactual thoughts: “If only I selected one different number I might have won.” Consistent with this literature, I propose that decision strategy will only influence satisfaction after an unfavorable consumption experience. While decision strategy should always lead to an increased focus on negative information about the foregone alternative, this differential information focus will only

become relevant following a product or service failure. In the opening vignette, for example, Ross’ attention to the negative aspects of Spirit Airlines while making his choice is only useful if the Delta flight disappoints in some way (e.g. take-off is delayed or the air steward is rude). In such instances, Ross and Steve are both motivated to mentally undo the adverse event. Ross, however, recalling the reasons he originally rejected Spirit Airlines, is better positioned than Steve to imagine worse possible alternative outcomes, had he flown with Spirit Airlines instead. Engaging in downward counterfactual thinking (e.g. “at least I didn’t fly with Spirit Airlines”) mitigates Ross’ disappointment with the Delta flight. If the Delta flight experience is smooth, however, neither traveler has a reason to imagine alternative outcomes. That is, after a favorable consumption experience, the different information focus at the decision making stage is irrelevant.

Saliency of Foregone Alternatives. The likelihood of generating counterfactuals also depends on the saliency of the foregone alternatives (Taylor, 1997; Droge, Halstead and Mackoy 1997; van Dijk and Zeelenberg 2005; Gu, Botti and Faro 2013). Since memory decays exponentially (Baddeley 1990), saliency of the foregone alternative diminishes quickly post-choice, hindering the generation of counterfactuals. State lotteries need to advertise, for example, to keep the possibility of winning salient in consumers’ minds. I propose that rejecters will only access their negative thoughts about the foregone alternatives when those alternatives are salient after the consumption experience. In the opening vignette, for example, Ross will only generate downward counterfactuals about his flight experience if he is reminded of the rejected alternative, such as seeing an advertisement for Spirit Airlines upon arrival. Some prior research supports this prediction. For example,

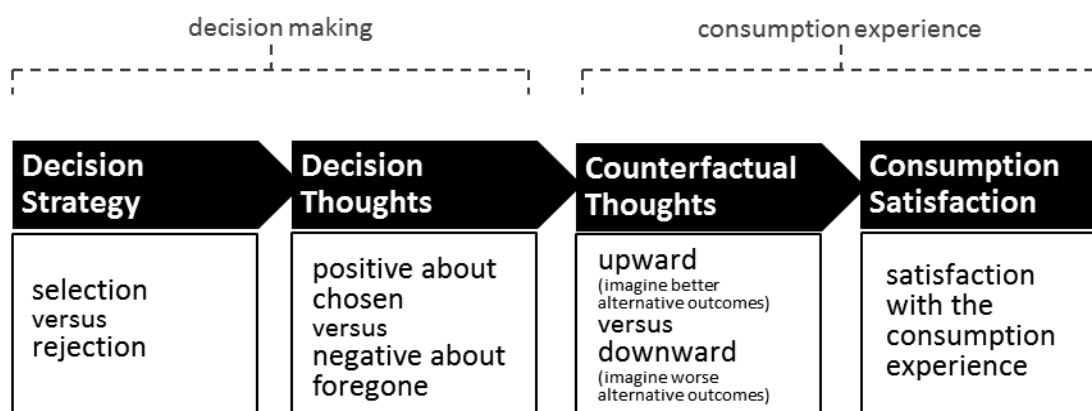
Keaveney, Huber and Herrmann (2007) find that buyers experience regret only when the foregone alternatives are salient; there is no regret when they consider just the chosen product.

The predicted manner in which decision strategy will influence satisfaction is summarized in Figure 1. I propose that decision strategy will first lead to differences in thought focus at the decision making stage. Rejecters, looking for reasons to eliminate options, will generate more negative

thoughts about the ultimately foregone alternatives, relative to selectors. If the foregone alternatives are salient following a product or service failure, these initial decision-thought differences will prompt counterfactual thoughts in different directions. Compared to selectors, rejecters will generate more downward counterfactual thoughts, leading to relatively greater satisfaction (or, in the context of a product or service failure, less dissatisfaction) with the actual consumption experience.

FIGURE 1

MODEL OF INFLUENCE OF DECISION STRATEGY ON SATISFACTION



Overview of Studies

Study 1

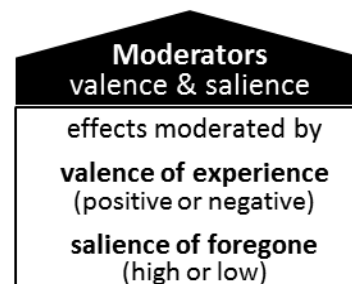
measures spontaneous decision strategy
tests mediating effect of counterfactual thoughts

Study 2

manipulates decision strategy between subjects
tests moderating effect of experience valence
tests mediating effect of counterfactual thoughts

Study 3

manipulates decision strategy between subjects
tests moderating effect of salience of foregone options
tests mediating effect of decision *and* counterfactual thoughts



EMPIRICAL OVERVIEW

Three studies investigate these proposed effects of decision strategy on satisfaction. In Study 1 decision strategy is measured to demonstrate that participants spontaneously use different decision making strategies and that the hypothesized effects generalize to occasions when participants decide freely how to reach their decisions. Held constant in study 1 were valence of the consumption experience (unfavorable) and the salience of the foregone alternatives (high). Studies 2 and 3 manipulate decision strategy (selection or rejection) and include the proposed moderators of the effects of decision strategy on satisfaction. Specifically, study 2 manipulates the valence of the consumption experience (favorable or unfavorable) and study 3 manipulates the salience of the foregone alternatives (high or low). The mediating role of counterfactual thinking is tested in all studies. The mediating effect of thoughts at the time of making the decision is tested in study 3. Formal research hypotheses are presented with each study.

STUDY 1: THE SPONTANEOUS INFLUENCE OF DECISION STRATEGY ON SATISFACTION AND COUNTERFACTUAL THINKING

Study 1 examines the effects of decision strategy on consumer satisfaction when participants are free to choose their decision making strategy. It is important to demonstrate that differences in decision strategy occur without prompting and that the hypothesized effects generalize to occasions when differences in decision strategy occur spontaneously. If consumers never choose by rejection in the real world, finding rejecters to be less dissatisfied after a product or service failure is a less compelling proposition. Research on consumer boycotts and anti-consumption behaviors provides some evidence of unprompted rejection based decisions

(Chatzidakis and Lee 2012; Albrecht et al 2013). Outside of boycotts, however, selecting liked options is widely presumed to be the dominant manner in which consumers make choices (Shafir 1993; Wilk 1997; Meloy and Russo 2004). Such a conclusion should be treated with caution. As Wilk (1997) points out, the choice to consume something is readily visible but the choice not to consume, “leaves no material trace and can be completely invisible (p. 181).” The physical presence of the chosen option, versus the absence of the foregone alternative, may lead consumers and researchers alike to infer that a choice was reached through selection, rather than considering the possibility that the absent foregone alternatives were rejected. Rejection based decisions may therefore be more prevalent than commonly presumed. For example, Burke, Eckert and Davis (2014) find 34% of consumers spontaneously make their consumption decision using rejection based reasoning. Study 1, then, measures decision strategy and holds constant for all participants the valence of the consumption experience (unfavorable) and the salience of the foregone alternatives (high). Consistent with my framework, when the foregone alternatives are salient consumers who spontaneously report using a more rejection (versus selection) based decision strategy should more readily generate downward counterfactuals, which are used to mitigate dissatisfaction following a product or service failure. Accordingly, I hypothesize that:

- H1a:** Using a more rejection (versus selection) based decision strategy will result in less dissatisfaction with an unfavorable consumption experience.
- H1b:** Using a more rejection (versus selection) based decision strategy will generate more downward

counterfactual thoughts (i.e. imagine worse potential alternative outcomes).

H1c: Counterfactual thinking will mediate the relationship between decision strategy and consumption satisfaction.

PARTICIPANTS AND PROCEDURE

Twenty-eight participants (staff and students recruited from two universities and a hospital) who had not eaten candy that day completed this study for financial remuneration. Under the guise of a pre-test to determine future candy use, participants were offered a choice between Skittles and M&Ms. Using language intended to be neutral and not exert influence on the decision strategy spontaneously used, participants were asked to “take one pack.” Pictures of each type of candy package were present throughout the study, ensuring the foregone alternative was highly salient as participants answered questions. After indicating their choice, participants were asked to self-report the way they reached their decision on three 10-point scales, anchored by “chose the candy I liked/avoided the candy I disliked”, “selected the candy I wanted/rejected the candy I did not want”, and “I just knew what I liked/I just knew what I disliked.” Next, participants indicated their agreement with four items on 10-point scales, anchored by “not at all/extremely,” which were measured how happy and confident they were with their chosen candy, how satisfied they expected to be and how likely they would be to change their mind if given the opportunity. Participants were then asked to imagine that the candy tasted stale, ensuring an unfavorable experience for all. As they imagined this negative experience, participants rated their satisfaction on three 10-point scales, anchored by “very dissatisfied/very satisfied”, “extremely disappointed/not at all disappointed”, “a lot of regret/no regret at all.” Participants then provided a self-reported measure of

counterfactual thinking adopted from Medvec and Savitsky (1997). This measure asked: “Are your thoughts more of the ‘at least...’ type or the ‘if only...’ type?” on a 10-point scale, anchored by “at least/if only.” “At least” thoughts represent downward counterfactual thinking and “if only” thoughts represent upward counterfactual thinking. Participants also rated the ease of the decision (“not at all/extremely”) and the perceived degree of choice (“very little/a lot”) to help rule out alternative explanations.

RESULTS

Decision Strategy A continuous decision strategy index was created by averaging the three decision strategy items ($\alpha = 0.95$). Higher numbers indicate using a more rejection-based strategy and lower numbers indicate using a more selection-based strategy. Responses ranged from 1 to 10, the full length of the scale. The mean response was 3.52 (2.67), indicating that the majority of participants tended towards a more selection-based strategy. This is not surprising given that candy is a familiar and liked category among the sample population. All analyses of dependent variables were conducted using the continuous decision strategy index as the measured predictor variable.

Choice. Logistic regression on choice of candy revealed no significant effect of decision strategy (chi-square = 0.22, $p = .64$), ruling out actual candy choice as an alternative explanation for the effects of decision strategy on satisfaction. This is consistent with previous research which finds no difference in choice between selectors and rejecters when choice options are functionally equivalent (Levin, Jasper and Forbes 1998).

Expectations. ANOVA of an index of the three pre-experience expectation items ($\alpha = 0.67$) revealed no significant effect of decision strategy ($F < 1$) ruling out

expectations as a mediator of decision strategy effects on satisfaction. Similarly, the items reflecting decision ease and degree of choice were also unaffected by decision strategy (all $p > .28$), ruling them out as alternative explanations for the results. Expectation and other measures were included in all studies to address potential alternative explanations that are examined more fully in the general discussion.

Satisfaction. A satisfaction index was created by averaging the three items measuring satisfaction with the imagined negative experience ($\alpha = 0.91$), such that higher index scores reveal greater satisfaction. ANOVA revealed a main effect of decision strategy on satisfaction ($b = 0.33$ (0.11); $F(1, 26) = 9.03$, $p < .01$). Since higher numbers indicate use of a rejection-based strategy, this result indicates that the more rejection focused the decision strategy, the more satisfied the participant was with the imagined unfavorable consumption experience. That is, participants who reported using a more rejection based strategy to make their choice also reported less disappointment with the product failure (i.e. imaginary stale candy). These results are consistent with hypothesis H1a. An analysis that controlled for expectations was also supportive. Compared to selectors, rejecters were less dissatisfied relative to expectations, consistent with H1a. Similar analyses that controlled for expectations were conducted for all studies and produced supportive results. Details are omitted for brevity's sake.

Counterfactuals. ANOVA of the counterfactual item revealed a main effect of decision strategy ($b = -0.35$ (0.17); $F(1, 26) = 4.11$, $p = .05$). Using an increasingly rejection-based decision strategy (higher numbers) led to more downward counterfactuals (lower numbers). Participants who were more rejection focused in their decision making reported more thoughts of potentially worse

alternative outcomes to the stale candy compared to those who were more selection focused. These results support hypothesis H1b.

Mediation. Analyses were conducted to test the mediating role of counterfactual thinking, following Baron and Kenny (1986). As reported previously, decision strategy had a significant effect on both satisfaction and counterfactual thinking. When added to the model for satisfaction, counterfactual thinking was marginally significant ($F(1, 24) = 3.45$, $p = .07$) and the effect of decision strategy became insignificant (from 0.33 (0.11) $t = 3.01$, $p < .01$ in the initial equation to 0.21 (0.20), $t = 1.06$, $p = .29$). These results support mediation, consistent with H1c.

Discussion. Study 1 provides support for H1a—H1c. Compared to a selection-based decision strategy, consumers who reported using a rejection-based decision strategy generated more downward counterfactual thoughts, which resulted in less dissatisfaction—when the foregone alternatives were salient and the (imagined) consumption experience was unfavorable. Importantly, decision strategy was self-generated spontaneously by participants and was not an artifact of laboratory manipulations. Nonetheless, study 1 has several limitations. First, to make stronger claims about causal order, the ensuing studies manipulate decision strategy. Second, studies 2 and 3 provide real consumption experiences rather than an imagined experience. Study 2 also manipulates the valence of the consumption experience, while study 3 manipulates the salience of foregone alternatives. Study 3 also examines the mediating role of decision thoughts in addition to counterfactual thoughts that were measured in all studies.

STUDY 2: SATISFACTION AND COUNTERFACTUAL THINKING AS A FUNCTION OF DECISION STRATEGY AND VALENCE OF EXPERIENCE.

Study 2 manipulates decision strategy (selection or rejection) and the valence of the consumption experience (favorable or unfavorable). Participants make a real choice and engage in a real consumption experience. Relative to selectors, I propose rejecters will generate downward counterfactuals which will mitigate dissatisfaction, but only when the consumption experience is unfavorable. No decision strategy differences in satisfaction are predicted when the consumption experience is favorable, because positive experiences do not prompt counterfactual thinking (Epstude and Roese 2008; Byrne 2016; Hafner, White and Handley 2016). Specifically, I hypothesize that:

- H2a:** Following an unfavorable (versus favorable) experience, users of a rejection-based decision strategy will feel less dissatisfied relative to users of a selection-based decision strategy.
- H2b:** Following an unfavorable (versus favorable) experience, users of a rejection-based decision strategy will generate more downward counterfactual thoughts (i.e. imagine worse alternative potential outcomes) compared to users of a selection-based decision strategy.
- H2c:** Counterfactual thinking will mediate the relationship between decision strategy, experience valence, and satisfaction (specifically mediated moderation in the context of the experimental design).

PARTICIPANTS AND PROCEDURE

The experimental design was a two (decision strategy: rejection versus selection) by two (experience valence: favorable versus unfavorable) between-subjects design. One

hundred and six staff and students participated in return for financial remuneration. The studies were conducted individually in private rooms. As a cover story, participants were told they would taste jelly beans from a local manufacturer who was considering producing university branded jelly beans. Participants were shown two bowls of jelly beans, one labeled with the name of their university and one with a competing local university. These labels added credibility to the cover story but more importantly they helped to ensure all participants chose the same bowl to taste from (their home university). While prior research has demonstrated differences in choices based on decision strategy (e.g. Shafir, 1993), in these studies it was important to keep the chosen option identical. Differences in satisfaction that arise from consuming different products (e.g. if Steve flew with Delta but Ross flew with Spirit Airlines) are not particularly interesting and can easily be explained by prior models of satisfaction. Ensuring all participants consumed jelly beans from the same bowl thus rules out different choices as an alternative explanation.

Decision strategy was manipulated by the verbal instructions given to the participants. In the selection condition, a research assistant, blind to the hypotheses, asked participants to “take the bowl of jelly beans you want to taste from.” In the rejection condition, participants were asked to “give back the bowl you do not want to taste from.” The manipulation also aimed to take advantage of the fact that, over the course of a lifetime, arm flexion (e.g. pulling something towards you) is associated with acquiring desired objects while arm extension (e.g. pushing something away from you) is associated with rejecting undesired objects (Laham et al 2015). Experience valence was manipulated by altering the samples provided to participants.

Participants were presented with either two bowls containing a mix of positive flavors (e.g. cherry and popcorn) or two bowls containing a mix of negative flavors (e.g. dirt and earwax)ⁱⁱ. No flavor labels were given. The beans were chosen to be of similar colors and variety across all conditions.

Participants were given a small container of jelly beans from the bowl they selected / did not reject and instructed to complete a taste-test survey with their sample of beans. To ensure the foregone alternative was equally salient and high in all conditions, pictures of the two bowls they initially chose from were printed on the questionnaire. Before tasting the jelly beans, participants indicated how they made their choice on a 10-point scale (“chose the bowl I wanted/avoided the bowl I did not want”) where higher numbers indicated use of a more rejection-based decision strategy. This served as a manipulation check on decision strategy. Participants next indicated their expected jelly bean enjoyment with four items: expected satisfaction (“not at all/extremely”), expected enjoyment (“not at all/a lot”) and expected taste (“very unpleasant/very pleasant”), each on 10-point scales, together with a pictorial scale featuring happy and sad faces (inspired by Wong and Baker 1988; usage instructions were given).

Participants were then given specific instructions to taste the jelly beans. After tasting the first bean, participants were asked to rate satisfaction using three items. The first item was the pictorial face scale. The remaining 10-point scales (anchored by “not at all/ a lot”) asked: “How disgusting did you find the jelly bean?” (reverse-coded) and “How delicious did you find the jelly bean?” Participants next rated that bean’s sweet, bitter, sour and salty flavor on a 10-point scale (anchored by “not at all/a lot”). This provided consistency with the cover story and served to check the valence

manipulation. Jelly beans in the favorable experience condition were expected to be rated sweeter and less bitter compared to jelly beans in the unfavorable experience condition. No difference was predicted for the sour or salty flavors because these tastes are not uniformly considered favorable or unfavorable. To help rule out some alternative explanations, participants rated decision ease (“not at all/extremely”) and degree of choice (“very little/a lot”) on 10-point scales. Finally, to ascertain the direction and degree of counterfactual thoughts, participants provided a self-reported measure of counterfactual thinking adopted from Medvec and Savitsky (1997). Participants were asked to indicate how much they agreed with two statements: “At least I didn’t choose the other bowl,” and “If only I had chosen the other bowl (reverse coded),” anchored by “disagree completely/agree completely” on a 10-point scale. “At least” thoughts represented downward counterfactual thinking (imagined worse alternative outcomes) and “if only” thoughts represented upward counterfactual thinking (imagined better alternative outcomes).

RESULTS

All analyses of dependent variables were conducted using ANOVA with decision strategy (selection/rejection), experience valence (favorable/unfavorable) and their interaction as predictor variables. Unless reported, all other effects were non-significant ($F < 1$).

Manipulation Checks. ANOVA of the self-reported decision strategy item revealed a main effect of decision strategy. Relative to selectors, rejecters were more likely to choose by avoiding the bowl of jelly beans they did not want to taste ($M_{\text{rejection}} = 5.59$ (3.77) versus $M_{\text{selection}} = 3.23$ (2.93); $F(1, 100) = 12.40$, $p < .01$); higher numbers indicate use of a more rejection-based decision strategy). Participants also rated the

jelly beans on the four taste measures (sweet, bitter, sour, and salty). As predicted, ANOVAs revealed a main effect of taste valence on sweetness and bitterness only. The favorable jelly beans were rated sweeter ($M_{\text{favorable}} = 5.24$ (1.45) versus $M_{\text{unfavorable}} = 4.56$ (1.74); $F(1, 100) = 4.64$, $p < .04$) and less bitter ($M_{\text{favorable}} = 1.58$ (1.32) versus $M_{\text{unfavorable}} = 2.53$ (1.78); $F(1, 99) = 9.53$, $p < .01$). The manipulations of decision strategy and experience valence were successful.

Expectations. An expectation index was created by averaging the four items measuring expected jelly bean enjoyment ($\alpha = 0.90$) such that higher index scores indicate higher expectations. ANOVA revealed decision strategy had no effect ($F < 1$) on expectations, offering further evidence that the hypothesized effects of decision strategy on satisfaction are independent of any effect on expectations. Unexpectedly, ANOVA revealed a main effect of valence such that jelly beans in the favorable experience condition were expected to taste better ($M_{\text{favorable}} = 7.05$ (1.56) versus $M_{\text{unfavorable}} = 6.21$ (1.87); $F(1, 100) = 6.05$, $p < .05$). While not predicted, this is attributed to the less appealing appearance of the unfavorable beans mentioned by some participants during debriefing.

Satisfaction. The three post-experience satisfaction items were averaged to form one post-experience satisfaction index ($\alpha = .91$), such that higher index scores indicate greater satisfaction with the jelly bean taste. ANOVA of this index revealed a main effect of experience valence ($F(1, 97) = 14.83$, $p < .01$), qualified by its interaction with decision strategy ($F(1, 97) = 11.17$, p

$< .01$). As expected, participants who chose by rejecting the unwanted bowl were significantly more satisfied with the jelly bean taste than participants who selected the bowl they did want to taste from, but only when the taste experience was unfavorable ($M_{\text{rejection}} = 6.88$ (1.91) versus $M_{\text{selection}} = 5.20$ (1.93); $F(1,97) = 9.76$, $p < 0.01$). There was no difference between rejecters and selectors when the taste experience was favorable ($M_{\text{rejection}} = 7.05$ (2.00) versus $M_{\text{selection}} = 7.86$ (1.70); $F(1,97) = 2.40$, $p = 0.12$; see Table 1 and Figure 2, panel A). This result is consistent with hypothesis H2a.

Counterfactual Thoughts. A counterfactual thought index was created by averaging the two items measuring counterfactual thinking ($\alpha = 0.52$) such that lower index scores indicate more downward counterfactual thinking. ANOVA of this index revealed a main effect of decision strategy ($F(1, 99) = 9.79$, $p < .01$), qualified by a marginally significant interaction with experience valence ($F(1, 99) = 3.47$, $p = .07$). As expected, when the consumption experience was unfavorable (the unpleasant flavored jelly beans), rejecters had more relatively more downward counterfactual thoughts compared to selectors ($M_{\text{rejection}} = 3.88$ (2.19) vs. $M_{\text{selection}} = 5.82$ (1.89); $F(1,99) = 11.66$, $p < 0.01$). In other words, participants who chose by rejection were more likely to think, “at least I didn’t choose that other bowl.” As predicted, when the experience was favorable, however, counterfactual thoughts did not differ ($M_{\text{rejection}} = 4.31$ (1.76) vs. $M_{\text{selection}} = 4.80$ (1.97); $F < 1$; see Table 1 and Figure 2, panel B). These results are consistent with H2b.

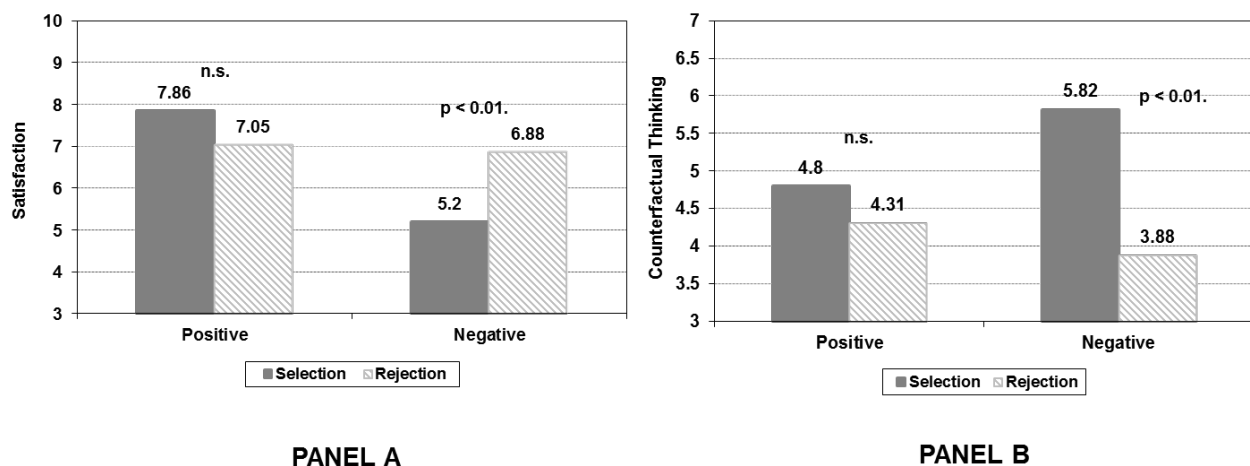
TABLE 1

STUDIES 2 and 3: EFFECT OF DECISION STRATEGY AND MODERATORS ON SATISFACTION AND COUNTERFACTUAL THINKING

	SELECTION STRATEGY		REJECTION STRATEGY	
<u>Moderator: Experience Valence</u>	Negative	Positive	Negative	Positive
<u>Study 2</u>				
N	22	27	25	27
Satisfaction	5.20 (1.93)	7.86 (1.70)	6.88 (1.91)	7.05 (2.00)
Counterfactual Thinking	5.81 (1.89)	4.80 (1.97)	3.88 (2.19)	4.31 (1.76)
<u>Moderator: Salience of Foregone</u>	Salient	Not Salient	Salient	Not Salient
<u>Study 3</u>				
N	49	46	47	39
Satisfaction	4.00 (1.93)	4.68 (2.06)	5.38 (1.72)	4.43 (2.00)
Counterfactual Thinking	6.35 (2.40)	5.96 (1.93)	4.84 (2.23)	6.05 (2.54)

FIGURE 2

SATISFACTION AND COUNTERFACTUAL THINKING AS A FUNCTION OF DECISION STRATEGY AND VALENCE OF EXPERIENCE (STUDY 2).



High numbers on Satisfaction mean greater satisfaction (less *dissatisfaction*); Low numbers on Satisfaction mean less satisfaction (more *dissatisfaction*).

High numbers on Counterfactual scale mean more “upward” counterfactuals (“if only” thoughts that imagine better alternative outcomes).

Low numbers on the Counterfactual scale mean more “downward” counterfactuals (“at least” thoughts that imagine worse possible outcomes).

Mediation Analyses. Hypothesis H1c predicts “mediated moderation” (Muller, Judd and Yzerbyt (2005). Counterfactual thoughts mediate the influence of decision strategy on satisfaction, but only when the experience is unfavorable. As reported previously, both satisfaction and counterfactual thinking were a function of the interaction of decision strategy and experience valence. When counterfactual thinking and its interaction with experience valence were added to the model predicting satisfaction, ANOVA revealed a significant mediator-moderator interaction ($F(1, 94) = 7.04, p < .01$) that reduced the significance of the interaction of decision strategy and experience valence from $-2.49 (0.75), t = -3.31, p < .01$ to $-1.76 (0.78), t = -2.23, p < .05$. These results support partial mediated moderation and are consistent with H2c.

Discussion. Study 2 provides support for H2a – H2c: rejecters experience greater satisfaction compared to selectors when they have an unfavorable consumption experience, but satisfaction does not differ when the experience is favorable. The effects are attributed to a process of counterfactual thought generation. Specifically, when the foregone alternative is salient during consumption (as in this study), an unfavorable experience leads rejecters to generate downward counterfactuals. These thoughts are then recruited to mitigate dissatisfaction. When the experience is favorable, there are no differences in counterfactual thinking and satisfaction does not differ. Having established the moderating role of experience valence, study 3 examines the moderating role of salience of the foregone alternative within a negative consumption experience.

STUDY 3: SATISFACTION AND COUNTERFACTUAL THINKING AS A FUNCTION OF DECISION STRATEGY

AND SALIENCE OF THE FOREGONE ALTERNATIVE

The first objective of study 3 is to investigate the moderating role of salience of the foregone alternatives. Studies 1 and 2 held salience of alternatives constant and high. In these cases, rejecters (versus selectors) were readily able to generate downward counterfactuals that mitigated dissatisfaction with the unfavorable consumption experience. As memory decays exponentially, however, removing the reminder of the disliked foregone alternative means rejecters are less likely to spontaneously generate counterfactual thoughts and, as a result, dissatisfaction will not be mitigated. The second objective of study 3 is to develop a deeper understanding of the psychological processes that mediate the effects of decision strategy on satisfaction. Study 2 only found partial mediation. One potential reason for this is that the measure of counterfactual thinking, a difficult concept to grasp, was insufficient. Study 3 thus bolsters measurement of counterfactual thinking. Study 3 also includes some other constructs designed to help rule out alternative explanations. Finally, study 3 investigates the role of thoughts at the decision making stage. Recall that it is differences in thought focus while consumers make their decisions that later drive the counterfactual thought variation. Specifically, compared to selectors, rejecters will attend more to negative information about options they ultimately forego while making their decision. This information will be more readily available to rejecters for the generation of downward counterfactuals, which in turn will mitigate dissatisfaction, when the foregone alternatives are salient. Accordingly, I hypothesize that:

H3a: When salience of the foregone alternative is high (versus low), users of a rejection-based decision strategy will feel less dissatisfied relative to

users of a selection-based decision strategy.

- H3b:** When salience of the foregone alternative is high (versus low), users of a rejection-based decision strategy will generate more downward counterfactual thoughts (i.e. imagined worse alternative outcomes) compared to users of a selection-based decision strategy.
- H3c:** A rejection- (versus selection-) based strategy will lead to more negative thoughts about the foregone alternative at the decision making stage.
- H3d:** The difference in thoughts at the decision making stage will mediate the relationship between decision strategy, salience of the foregone alternative and counterfactual thoughts (specifically mediated moderation in the context of the experimental design).
- H3e:** Counterfactual thoughts will mediate the relationship between decision thoughts, salience of the foregone alternative and satisfaction (specifically mediated moderation in the context of the experimental design).
- H3f:** Together, decision thoughts and counterfactual thoughts will fully mediate the relationship between decision strategy, salience of the foregone alternative and satisfaction (specifically mediated moderation in the context of the experimental design).

PARTICIPANTS AND PROCEDURE

The experimental design was a two (decision strategy: selection versus rejection) by two (foregone alternatives salient: high versus low) between-subjects design. A total of 184 staff and students participated. The cover story about university branded jelly beans,

tasting procedure and decision strategy manipulation were identical to study 1. In this study however, every subject had an unfavorable taste experience and salience of the foregone alternative was manipulated between participants. In the high salience condition, a picture of the two bowls appeared on the questionnaire pages where the taste measures were taken. The picture was omitted in the low salience condition. To ascertain thought direction and thought valence during the decision process, participants immediately wrote down all thoughts that went through their mind as they decided which bowl of jelly beans to taste. Before tasting any beans, participants indicated how happy, satisfied and confident they were in general with the selection of beans they would be tasting using 10-point scales, anchored by “not at all/a lot.” Participants also indicated their expected enjoyment of the taste of the beans on seven items: the pictorial face scale used in study 2, how delicious they expected the beans to taste, how disgusting they expected them to taste (reverse scored), expected taste pleasure, satisfaction, happiness, and disappointment (reverse scored) on 10-point scales anchored by “not at all/a lot.” Participants were then instructed to taste the jelly beans and rated their satisfaction with the experience on the same seven scales. As in study 2, participants also indicated which of the four primary tastes (sweet, sour, salty, bitter) they detected in the jelly beans.

To ascertain direction and degree of counterfactual thoughts, participants indicated how much they agreed with five statements on a 10-point scale anchored by “disagree completely/agree completely”, “I wish I had chosen the other bowl”, “I am glad I did not choose the other bowl (reverse coded)”, “At least I didn’t choose the other bowl (reverse coded)”, “If only I had chosen the other bowl” and “If I had to choose again, I would choose a different bowl.” Finally,

participants responded to a manipulation check on decision strategy by rating their agreement with six statements on a 10-point scale anchored by “strongly agree/strongly disagree”, “I knew which bowl I wanted to select”, “I knew which bowl I wanted to reject”, “I knew which bowl I desired”, “I knew which bowl I did not desire”, “I knew which jelly beans I wanted to taste” and “I knew which jelly beans I did not want to taste.” Participants also rated the decision process on five seven-point scales (easy/difficult, interesting/uninteresting, effortful/effortless, satisfying/dissatisfying, worthwhile/frustrating) and rated the degree of choice on one seven-point scale anchored by “many good products/few good products.” Finally, participants indicated their liking and frequency of consumption of jelly beans, using 10 point scales anchored by “not at all”/ “a lot.”

RESULTS

Unless otherwise reported, all analyses of dependent variables were conducted using ANOVA with decision strategy (selection/rejection), salience of foregone alternatives (salient/not) and their higher-order interaction as predictor variables. Unless reported, all other effects were non-significant (F 's < 1).

Manipulation Checks. A decision strategy index was created by averaging the six items measuring decision strategy ($\alpha = 0.73$), such that higher index scores indicate use of a rejection-based strategy. ANOVA of this index showed a main effect of decision strategy ($F(1, 178) = 8.31, p < .01$) such that participants in the rejection condition were more likely to use a rejection-based strategy compared to participants in the selection condition ($M_{\text{rejection}} = 5.65 (1.92)$ versus $M_{\text{selection}} = 4.83 (1.79)$). All other effects were non-significant ($p > .19$).

Expectations. ANOVA of the average of the items measuring expectations ($\alpha = 0.92$) revealed no effects for decision

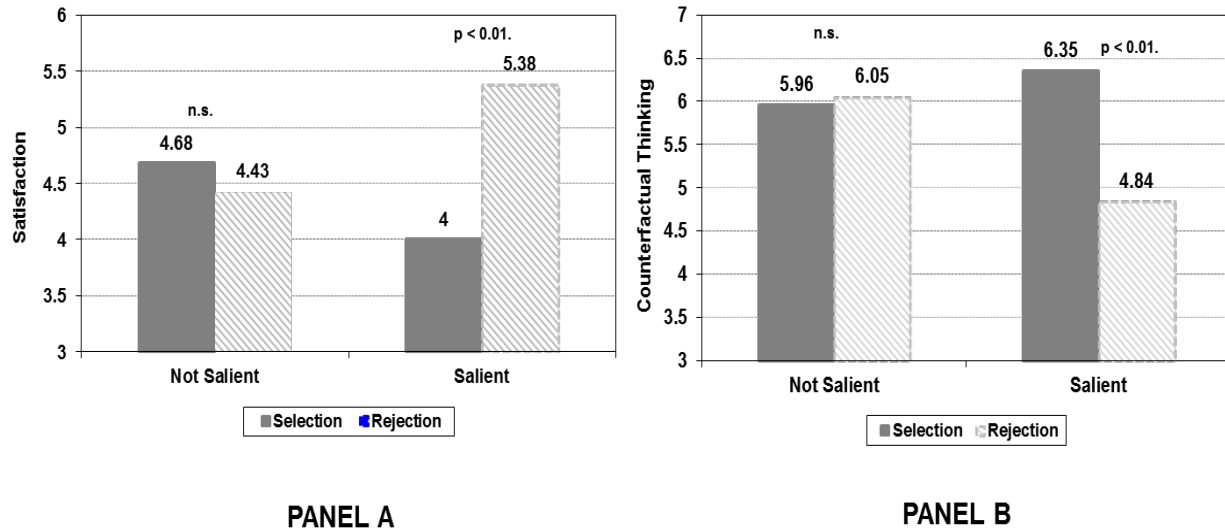
strategy, salience of foregone alternatives or their interaction (all $p > .11$). This null finding helps rule out the possibility that decision strategy drives differences in expectations that subsequently affect post-experience satisfaction and is consistent with studies 1 and 2.

Satisfaction. ANOVA on the average of the items measuring satisfaction for each bean tasted ($\alpha = 0.93$) reveals a main effect of decision strategy ($F(1, 177) = 3.76, p = .05$), qualified by a significant interaction with salience of foregone alternatives ($F(1, 177) = 7.98, p < .01$). Rejecters were more satisfied than selectors when the foregone alternatives were salient ($M_{\text{rejection}} = 5.38 (1.72)$ versus $M_{\text{selection}} = 4.00 (1.93)$; $F(1, 177) = 12.13, p < 0.01$) but satisfaction did not differ when the foregone alternatives were not salient ($M_{\text{rejection}} = 4.43 (2.00)$ vs. $M_{\text{selection}} = 4.68 (2.06)$; $F(1, 177) < 1$; see Table 1 and Figure 3, panel A). Participants who used a rejection-based decision strategy were less dissatisfied with the unfavorable flavor jelly beans, but only when the foregone alternatives were salient.

Counterfactual Thoughts. ANOVA on the average of the five counterfactual thought items ($\alpha = 0.82$) revealed a significant main effect of decision strategy ($F(1, 180) = 4.44, p < .05$) qualified by a significant interaction with salience of the foregone alternative ($F(1, 180) = 5.62, p < .02$). When the foregone alternatives were salient, rejecters reported more downward counterfactual thoughts compared to selectors ($M_{\text{rejection}} = 4.84 (2.23)$ vs. $M_{\text{selection}} = 6.35 (2.40)$; $F(1, 180) = 10.77, p < .01$). That is, rejecters reported more thoughts of the “at least” type compared to selectors. When the foregone alternatives were not salient, decision strategy had no effect ($M_{\text{rejection}} = 6.05 (2.54)$ vs. $M_{\text{selection}} = 5.96 (1.93)$; $F < 1$; see Table 1 and Figure 3, panel B). These results support H3b.

FIGURE 3

SATISFACTION AND COUNTERFACTUAL THINKING AS A FUNCTION OF DECISION STRATEGY AND SALIENCE OF FOREGONE ALTERNATIVE (STUDY 3).



High numbers on Satisfaction mean greater satisfaction / less dissatisfaction.

High numbers on Counterfactual scale mean more “upward” counterfactuals (“if only” thoughts that imagine better alternative outcomes).

Low numbers on the Counterfactual scale mean more “downward” counterfactuals (“at least” thoughts that imagine worse possible outcomes).

Decision Thoughts. H4c predicts that, compared to a selection-based decision strategy, a rejection-based decision strategy should lead to more negative thoughts about the foregone alternative at the decision making stage. To test this, participants’ open-ended cognitive responses, taken right after they made their choice of bowl from which to taste, were coded by two judges blind to the experimental conditions and hypotheses. For each participant, the judges counted the number of independent thoughts in total and classified each independent thought into one of seven potential categories: a positive, a negative or a neutral thought about the chosen alternative; a positive, a negative, or a neutral thought

about the foregone alternative; or an irrelevant thought. Inter-coder agreement was 82% and disagreements were resolved through discussion. The total number of independent thoughts ranged from one to seven and the median number of thoughts per participant was three. Negative thoughts about the foregone alternative primarily focused on the perceived unpleasant appearance of the competing school, even though both bowls contained the same types of beans (e.g. “the [competing school] beans looked less appetizing”; “the [competing school] beans were ugly”; “the [competing school] bowl’s colors were too muted and muddy”; “the [competing school] jelly beans look sad”). Positive thoughts about the

chosen alternative focused primarily on the appearance of the chosen school (e.g. “I preferred the lighter colors in [chosen school]”; “the [chosen school] jelly beans looked like they would taste good”; “the colors in the [chosen school] were brighter and more appealing”; “[chosen school] looked nicer; more clear, bright colors”). A difference score was constructed by subtracting the number of negative thoughts about the foregone alternative from the number of positive thoughts about the chosen alternative for each participant. This index captured the ratio between negative thoughts of the foregone alternative that an individual had relative to positive thoughts about the chosen alternative. ANOVA on this difference score revealed a main effect of decision strategy ($F(1, 180) = 37.36, p < .01$) such that rejecters had more negative thoughts about the foregone alternative (relative to the number of positive thoughts about the chosen alternative) compared to selectorsⁱⁱⁱ ($M_{\text{rejection}} = 0.54 (1.35)$ versus $M_{\text{selection}} = 1.68 (1.12)$). These results support H3c: decision strategy influenced the valence and direction of thoughts during the decision making process such that rejecters had more negative thoughts about the foregone alternative compared to selectors. It is worth noting that ANOVA on the total number of thoughts revealed no significant effects (F 's < 1), which helps rule out differential involvement or effort as a function of decision strategy.

Mediation Analyses. Three mediation analyses were conducted to test the hypothesized relationships between decision strategy, decision thoughts, counterfactual thoughts and satisfaction (see Figure 1). Decision strategy is predicted to drive the valence (favorable or unfavorable) and target (chosen or foregone alternative) of decision thoughts. Following an unfavorable consumption experience, and when the foregone alternatives are salient,

these different decision thoughts will influence counterfactual direction (upward or downward). Counterfactual direction then determines dissatisfaction with the unfavorable consumption experience. Together, decision thoughts and counterfactual thoughts will explain how choosing by selection versus rejection can influence satisfaction. Following the multi-step process suggested by Baron and Kenny (1986) and the process for detecting mediation with a moderator in Muller, Judd and Yzerbyt (2005), support for the hypothesized relationships is found.

H3d predicts that the difference in thoughts at the decision making stage will mediate the relationship between decision strategy and counterfactual thinking, when the foregone alternative is salience. As reported earlier, decision thoughts were a function of decision strategy. Also as reported earlier, counterfactual thinking was a function of the interaction of decision strategy and salience of the foregone alternative. When decision thoughts were added to the model predicting counterfactual thoughts, the interaction between decision thoughts and salience was significant ($F(1, 178) = 8.83, p < .01$) and the interaction between decision strategy and salience was reduced to non-significance (from $-1.59 (0.67) t = -2.37 p < .05$ to $-0.65 (0.73) t = -0.90, p > .37$). In other words, decision strategy drove differences in decision thoughts such that rejecters had relatively more negative thoughts about the non-chosen alternative. These differences in thinking while making the decision then drove the direction of later counterfactual thinking. More negative thoughts about the foregone alternative led to more downward counterfactuals, when the foregone alternatives were salient. These results support H3d.

H3e predicts that counterfactual thoughts will mediate the relationship

between decision thoughts and satisfaction, when the foregone alternative is salient. To test this, first satisfaction was analyzed as a function of decision thoughts, salience of foregone alternatives and their interaction. The interaction was significant ($F(1, 177) = 9.67, p < .01$) such that the more negative thoughts about the foregone alternative (relative to the number of positive thoughts about the chosen alternative) the greater the satisfaction, when the foregone alternatives were salient ($b = -.69 (0.23), t = -3.11, p < .01$). Second, counterfactuals were analyzed as a function of decision thoughts and salience. ANOVA revealed a significant interaction ($F(1, 180) = 12.93, p < .001$) such that the more negative thoughts about the foregone alternative, the more downward counterfactuals were generated, when the foregone alternative was salient. Third, counterfactuals and their interaction with salience were added to the model predicting satisfaction. ANOVA revealed a main effect of counterfactuals ($F(1, 175) = 35.69, p < .0001$), qualified by a significant interaction with salience ($F(1, 175) = 4.81, p < .05$). Importantly, the interaction of decision thoughts and salience was reduced (from $-0.69 (0.23) t = -3.11, p < .01$ to $-0.41 ((0.21) t = -1.92, p = .06)$ when counterfactuals were included. Different thoughts at the decision making stage drove counterfactual direction, which in turn influenced satisfaction, when the foregone alternatives were salient after the unfavorable consumption experience. H3e is supported.

H3f predicts that, together, decision thoughts and counterfactual thoughts will fully mediate the relationship between decision strategy and satisfaction. Satisfaction was analyzed as a function of decision strategy, salience of foregone alternatives, the interaction of decision strategy and salience, counterfactuals, the interaction between counterfactuals and

salience, decision thoughts, and the interaction of decision thoughts with salience. When the two mediators were included, the estimate for the interaction effect of the manipulated variables was reduced ($0.99 (0.57), t = 1.73, p = .09$). Decision thoughts, and their interaction with salience, were both reduced to insignificance ($p > .22$). There remained only a main effect of counterfactuals ($F(1, 173) = 32.81, p < .001$) and its interaction with salience ($F(1, 173) = 6.07, p < .05$). H3f is supported.

Discussion. Study 3 provides additional evidence that decision strategy influences post-experience satisfaction. Specifically, when a consumer has an unfavorable consumption experience, a rejection-based strategy can mitigate dissatisfaction. The process is moderated by the salience of the foregone alternatives, such that rejecters will experience less dissatisfaction after an unfavorable experience only when the foregone alternatives are salient. Together decision thoughts and counterfactual thoughts mediate the process. Focusing on the option they do not want while making their choice leads rejecters to have more negative thoughts about the foregone alternative—both in absolute terms and relative to the number of positive thoughts about the chosen alternative. In this study, where all participants have an unfavorable consumption experience, reminding participants of the foregone alternative prompts them to generate counterfactual scenarios. Rejecters, with their prior negative thoughts about the foregone alternative, are better able to generate downward counterfactuals (i.e. “at least I didn’t choose that other bowl) compared to selectors. Imagining worse possible alternative outcomes helps the participant mitigate dissatisfaction. When the foregone alternatives are not made salient, however,

counterfactuals about possible alternative outcomes are not spontaneously generated and no difference in satisfaction ensues. The analyses reported previously, including the mediated moderation analysis, provide full support for this process account.

GENERAL DISCUSSION

Given the importance of customer satisfaction to firm performance, identifying and understanding the antecedents to satisfaction, dissatisfaction and complaining behavior is vitally important (Powers and Valentine 2008; Curtis et al 2011; Dahl and Peltier 2015). In particular, there has been a call for theories of satisfaction formation that go beyond the still dominant expectation-disconfirmation paradigm (Perkins 2012; Dahl and Peltier 2015). This research presents support for the novel idea that *how* you make your decision can influence how satisfied you are with the subsequent consumption experience. Studies 1-3 demonstrate that a rejection-based decision strategy leads to greater satisfaction (less dissatisfaction) compared to a selection-based decision strategy—when the consumption experience is unfavorable and the foregone alternatives are salient. Thoughts at the time of the decision and counterfactual thoughts generated after the unfavorable experience mediate this relationship. Decision strategy leads to a differential information focus during the choice process such that rejecters have more negative thoughts about the non-chosen alternative relative to selectors. Making the foregone alternative salient reminds rejecters of the option(s) they disliked and the reasons for that negative opinion. This directs counterfactual thinking downward (“at least I am not experiencing that other, worse, option I decided to reject”), which mitigates dissatisfaction. For selectors, who are less likely to generate negative thoughts about the foregone alternative during the choice

task, reminding them of the foregone alternative only reminds them that there was a potentially better outcome. These more upward focused counterfactuals (“if only I chose that other option”) do little to minimize dissatisfaction and may even worsen it. These differences only occur following a product or service failure. When the experience is favorable there is no aversive event for participants to mentally undo with counterfactual thinking. Study 2 establishes the moderating role of valence of experience. Study 3 demonstrates the moderating role of salience of the foregone alternative. Study 1 shows the hypothesized effects occur when differences in decision strategy occur spontaneously rather than being experimentally manipulated. All studies provide evidence that differences in counterfactual direction mediate the relationship between decision strategy and satisfaction. Study 3 provides further process evidence by illustrating that decision thought differences lead to differences in counterfactual direction.

MARKETING IMPLICATIONS AND THEORETICAL CONTRIBUTIONS

At the broadest level, this research suggests that marketing managers need to consider what decision strategy consumers are most likely to use when choosing a brand. In situations where a consumer is likely to experience a product or service failure, managers might consider encouraging consumers to adopt a rejection-based decision strategy. The airline industry, for example, with its high rates of dissatisfaction (Butsunturn and Roberts 2015), might seek ways to encourage rejection based-decision making. In the medical arena, where frequently all treatment options have adverse side effects, using a rejection based-decision strategy may mitigate patient dissatisfaction with their chosen remedy. To the degree that

consumers later remember the foregone options, choosing by rejection should mitigate potential dissatisfaction with the experience. For example, announcements for departing flights could remind flyers of foregone alternatives upon arrival in the terminal. Some research also suggests that salience of non-chosen alternatives remains elevated for high-involvement choices (Droge, Halstead and Mackoy 1997).

An open question is how firms might effectively influence decision strategy. Negative comparative advertising may work: by highlighting the negatives of a competing product, such advertising may encourage consumers to reject the competitor product, as opposed to selecting their product. People in intermediary service roles, such as real estate agents, are in a position to encourage their clients to use rejection-based decisions. If the outcome does not meet client expectations (e.g. the roof leaks within a week of closing on a new house), dissatisfaction may be mitigated by reminding clients of the options they rejected. Industry consolidators or wholesalers could also facilitate rejection based decision making. For example, Google Flights, an online travel booking site, gives consumers the ability to exclude disliked airlines as well as select preferred airlines.

From the consumer's perspective, the research suggests that choice of decision strategy may be a useful coping strategy. In general, it would be better to use a rejection-based decision strategy whenever a product or service failure is possible. An obvious candidate is choice among guaranteed negative alternatives, such as in medical decision making. However, rejection-based decision strategies may also be relevant in more everyday consumer decisions. For example, when a decision is important and hard to reverse, like selecting a cell phone carrier, using a rejection-based decision

strategy would provide a way to reduce disappointment in case the experience proves less than perfect.

From a theoretical perspective, the present research contributes to three literatures—satisfaction, counterfactual thinking and decision strategy—that are currently largely disconnected. First, this research informs the satisfaction literature. The present investigation introduces for the first time decision strategy as a driver of consumption satisfaction. In contrast to the dominant expectation-disconfirmation model, which emphasizes the relative performance of the *chosen* alternative, these studies reinforce the importance of considering the *non-chosen* alternatives, not only before the consumption experience but afterwards as well (Droge, Halstead and Mackoy 1997; Taylor 2012; Gu Botti and Faro 2015). Furthermore, since performance expectations did not differ by decision strategy, the traditional expectation-disconfirmation model cannot easily account for the observed differences in satisfaction. More broadly, this research demonstrates that seemingly irrelevant contextual factors leading up to, or framing, a choice may prove more important to satisfaction formation than currently supposed. Shafir (1993)'s original studies on decision strategy form part of an extensive stream of research that challenges traditional economic concepts by demonstrating the sensitivity of choices to contextual factors external to the options themselves (Dhar and Gorlin 2013; Trueblood et al 2013). It is possible that other properties of the choice task environment may influence satisfaction, opening up new avenues for research on satisfaction formation that go well beyond the expectation-disconfirmation model.

The present research deepens our understanding of the relationship between counterfactual thinking and satisfaction. Extant literature focuses predominantly on

upward counterfactual thoughts as drivers of satisfaction and other behaviors (Epstude and Roese 2008; Byrne 2016). In the present studies, a rejection-based decision strategy spontaneously generates *downward* counterfactual thoughts, which are then used to mitigate dissatisfaction. These results suggest that downward counterfactuals may play a more important role than traditionally supposed. By investigating the relationship between selection, rejection and counterfactual thinking, these studies also introduce decision strategy as an important antecedent for the direction and content of counterfactual thinking. The research also provides the first empirical test of salience of the alternative outcome as an antecedent to spontaneous counterfactual thought generation.

Finally, these studies also develop the decision strategy paradigm. Extant research on decision strategy focuses on differences in the choice outcome between selectors and rejecters (e.g. Shafir 1993; Meloy and Russo 2004; Laran and Wilcox 2011). The studies here demonstrate that decision strategy has important downstream, post choice consequences, even when the same option is chosen. Future research could examine other satisfaction related outcomes such as complaining and complimenting behavior, loyalty, and repurchase intentions. The studies also demonstrate that decision strategy matters when consumers are faced with options that are substantively equivalent, rather than being enriched or impoverished (Shafir 1993); comprising different hedonic and utilitarian attributes (Dahr and Wertenbroch 2000) or featuring preference-consistent or inconsistent options (Laran and Wilcox 2011). The thought listing task also provides the first direct evidence that decision strategy leads to differences in cognitive thoughts, something that to date has only been inferred from the choices made. Finally, in contrast to prior

research which suggests that a rejection-based decision strategy is less preferred (Shafir 1993) or only used to reduce a large choice set to a more manageable consideration set, after which a selection-based strategy is adopted (Yaniv and Schul 2000), study 1 demonstrates that some consumers naturally adopt a more rejection-based decision strategy to make their final choice.

ALTERNATIVE EXPLANATIONS AND FUTURE RESEARCH DIRECTIONS

It is possible to rule out several alternative explanations with existing evidence. Across all the studies no systematic differences in the final choice, the perceived ease of the strategy or the perceived amount of choice were found, helping to rule these out as alternative explanations. The present studies also found no differences in expectations, helping to rule them out as alternative explanations. Some other explanations are more difficult to rule out and might be better viewed as complementary. For example, it is likely that specific emotions also play a role in mediating the process from decision strategy to satisfaction. No research has examined whether selection and rejection induce different emotional reactions, but it seems possible and further research is warranted. One clear area to start would be to try to separate two components of dissatisfaction, namely regret and disappointment. Empirical evidence suggests these have different antecedents and consequences (Taylor 2012; Jang, Cho and Kim 2013). While no explicit predictions were made about regret and disappointment separately in my studies, to the extent that the content of counterfactual thinking generated by rejection- and selection-based strategies differs, it seems likely that decision strategy may influence regret and disappointment in different ways.

The present research finds salience of the foregone alternatives is an important moderator variable. Future research is warranted to understand how foregone alternatives become salient in the real world. Future research should also examine the magnitude of the product or service failure that is necessary for decision strategy to matter. Research is also needed to better understand the antecedents of decision strategy. Finally, the current studies only used binary choice sets within food consumption settings. Future research should seek to replicate the result with larger choice sets and in different product and service categories and even non consumption situations, such as the hiring of new employees or making undergraduate course selections.

Overall, the present research provides evidence that a rejection-based decision strategy can lead to greater satisfaction than a selection-based decision strategy—when the consumption experience is unfavorable and the foregone alternatives are salient. Differences in decision thoughts and counterfactual thoughts drive this divergence in satisfaction. And so, to return to the question posed in the opening vignette: Ross, who rejected Spirit Airlines, should feel more satisfied than the Steve, who selected Delta—if the flight experience was unfavorable and they saw a Spirit Airlines advertisement as they left the airport. After all, things could have been much worse!

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ⁱ Various terminology has been used in the literature to reflect this distinction, including: accept / reject (Shafir 1993), select / reject (Meloy and Russo 2004), accept / eliminate (Yaniv and Schul 2000),

choose / reject (Levin, Jasper and Forbes 1998), and acquire / forfeit (Dhar and Wertenbroch 2000). For the purposes of the present research, “selection” and “rejection” are adopted as the most comprehensive terminology. Users of each decision-making strategy will also be referred to as selectors or rejecters.

ⁱⁱ The negative flavor jelly beans came from Jelly Belly “Bertie Bott’s Every Flavor Beans” which are also sold in the Beanboozled Jelly Belly packs.

ⁱⁱⁱ The index is positive for both conditions, indicating that all participants had, on average, more positive thoughts about the chosen bowl relative to the number of negative thoughts about the foregone bowl. This is not surprising given that they were expecting a favorable taste experience (eating jelly beans) and had no a priori reason to believe the experience would be disagreeable. Nonetheless, rejecters expressed more negative thoughts about the foregone alternative relative to selectors.

PERSONALITY TRAITS AND REPATRONAGE INTENTIONS AFTER SERVICE FAILURE

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ABSTRACT

This research investigates how personality traits and attitudes can be used to classify customers into categories that suggest how they will respond to service failures in a restaurant setting. Study participants reported the extent to which they agreed or disagreed with statements that reflected their attitudes towards service failures and that provided insight into their personalities. Factor analysis revealed four personality types: indifferent and self-critical, mixed-up, empathetic, and intolerant. Factors identified through EFA were validated through CFA. This was followed by application of the data mining techniques of feature selection and C&RT to generate rules that indicate which personality traits are associated with greater or lower likelihood of revisiting a restaurant after a service failure.

Keywords: Big Five Factors of Personality; factor analysis; data mining; service failure; feature selection; C&RT

INTRODUCTION

Service failure, or service breakdown, can be defined as service that does not meet customer expectations. There are numerous reactions customers may have to service failures, but the most commonly investigated are changes in satisfaction, emotive reactions (such as anger, displeasure, or remorse), and behavioral consequences (such as complaining or switching service providers). A significant behavioral outcome of service failure relates to the repatronage of service providers

(Blodgett 1994; Huang, Hung, Fu, Hsu, and Chiu 2015). Long-term loyalty is likely to be affected by service failure (Buttle and Burton 2002; Komunda and Osarenkhoe 2012), especially when there is a chance to change suppliers. Indeed, Keaveney (1995) found that one of the most common reasons for people switching firms was service failure. Ok, Back, and Shanklin (2005) demonstrated in a study undertaken in a restaurant setting that the manner in which a service failure is handled affects behavioral intentions of customers, including the likelihood of a repeat visit.

The hospitality sector has several characteristics that distinguish it from other sectors. Services are relatively intangible, and customers generally evaluate them on the basis of their individual experience. Moreover, the provision of hospitality services is typically on-demand, and production and consumption are often simultaneous. As a result, service failures are guaranteed to occur. Although striving to reduce the number of failures is an important goal, recovery from service failure events is equally important (Dabholkar and Spaid 2012; Forrester and Maute 2013; Hoffman, Kelley, and Rotalsky 2016; Sparks and Fredline 2007).

Research has shown that customers' perceptions of service quality affect their level of satisfaction; thus service quality is an antecedent of customer satisfaction (Cronin and Taylor 1992; Orel and Kara 2014; Ryu, Lee, and Kim 2012). Comments such as "in the past they did a good job, but

I was really dissatisfied with the service this time” indicate the intermittent nature of customer satisfaction. If the performance of the service firm has been good in the past and the current failure in service is not too serious, the consumer will usually give the firm another opportunity. However, if the service failure is grave in nature or the service firm has not performed well in the past, the customer is likely to choose another provider the next time (Augusto de Matos, Henrique, and de Rosa 2013; Chuang, Cheng, Chang, and Yang 2012; Clow and Kurtz 2004; Liang, Ma, and Qi 2013).

In cases of service failure, the level of customer dissatisfaction depends to a large extent on the attitude of the customers and what the customers perceive as the cause of the failure (Folkes, Koletsky, and Graham 1987; Harrison-Walker 2012; Tsai, Yang, and Cheng 2014). Customer attitudes towards service failures are also influenced by personality (Mano and Oliver 1993; Mooradian and Olver 1997; Westbrook and Oliver 1991). As such, more research on the effect of personality on repurchase behavior is needed (Tan, Foo, and Kwek 2004).

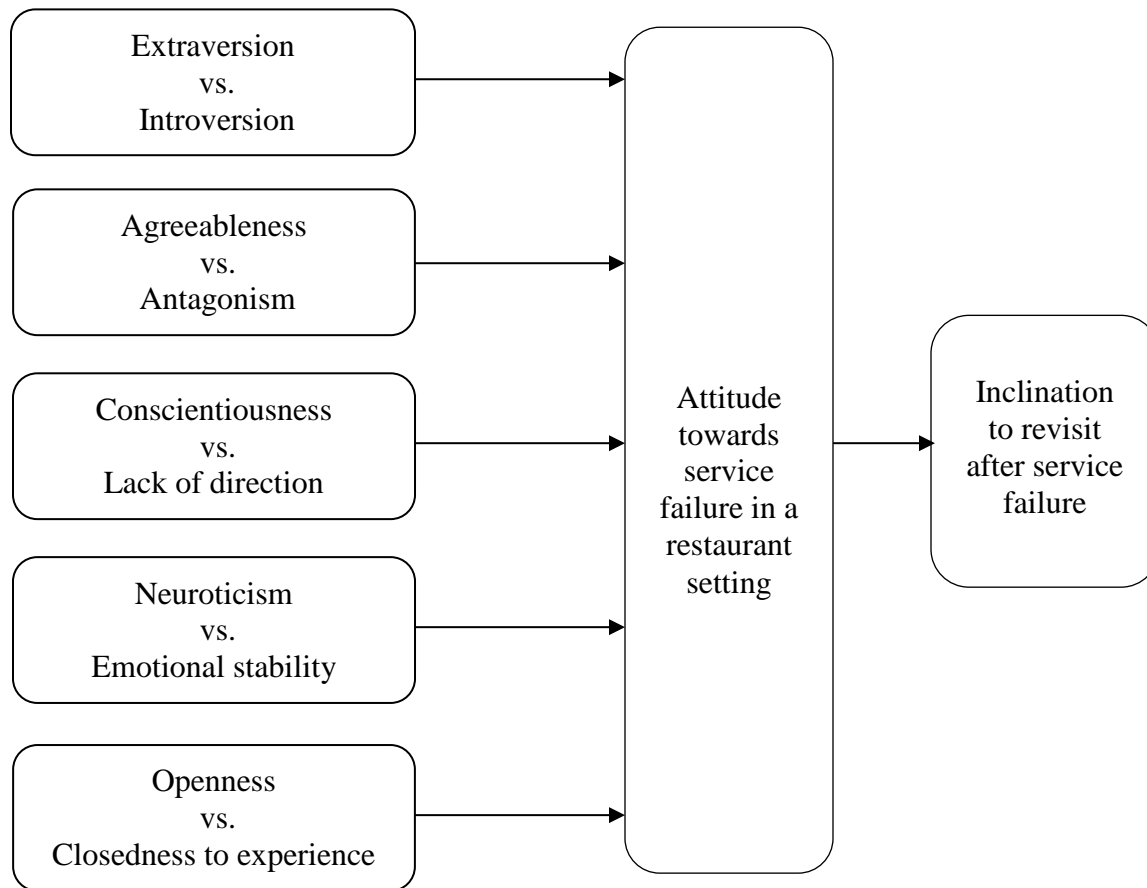
The basis for the current research is the Big Five Factors (dimensions) of personality (Goldberg 1993). This is depicted in our theoretical model shown in Figure 1. Statements based on the Big Five Inventory (BFI) were formulated to assess personality type and attitude toward service failure.

In this research we seek to understand the relationship between personality traits/attitudes and responses to service failures, especially in service settings. In particular, we (1) analyze the traits of customers given their reactions to service failures, (2) classify customers on the basis of their repatronage behavior, (3) compute the impact of different traits on the classes of customers identified, and (4) identify the demographic characteristics of the extracted customer groups. We begin with a review of the literature, followed by a description of our methodology and analysis. This is followed by a discussion of the research findings and managerial implications. We conclude with limitations of the research and directions for future research.

LITERATURE REVIEW

Personality

In the words of Lazarus and Monat (1979), “personality can be explained as the psychological characteristics and makeup of an individual that are fundamental, comparatively stable and that organize human experience while shaping his/her actions and responses to the environs.” In other words, personality is the combination of the behavioral and mental characteristics of an individual that make him or her distinctive (Bermúdez 1999; Batia 2007). The present study has been undertaken to identify how personality variables affect post-purchase consumer behavior.

FIGURE 1: THEORETICAL MODEL

Five-Factor Model of Personality

The current research uses the Five-Factor Model (FFM) of personality as the basis for analyzing the personalities of customers in the context of how they respond to service failures. The FFM of personality is evaluated using the NEO Five-Factor Inventory (NEO-FFI) as advanced by Costa and McCrae in 1992. Customers are analyzed on five dimensions of personality: Neuroticism, Extraversion, Openness to Experience, Agreeableness, and Conscientiousness. Neuroticism can be described as the propensity of a person to experience negative affect and consequent

emotional upheaval. Extraversion denotes a person's inclination towards constructive emotions, friendliness, and eagerness. Openness to experience indicates a readiness to entertain new and progressive ideas. Agreeableness is the predisposition to be affable and humane. The fifth dimension, conscientiousness, represents a determined, resolute and ordered individual (McAdams 1994; Marshall, Wortman, Vickers, Kusulas, and Hervig 1994; Paunonen and Ashton 2001; Wiggins and Trapnell 1997, De Raad and Doddema-Winsemius 1999; John and Srivastava 1999; Liao and Chuang 2004).

**TABLE 1: BIG FIVE DIMENSIONS
(SOURCE: JOHN AND SRIVASTAVA 1999)**

Big Five Dimensions	Facet (and correlated trait adjective)
Extraversion vs. introversion	Gregariousness (sociable) Assertiveness (forceful) Activity (energetic) Excitement-seeking (adventurous) Positive emotions (enthusiastic) Warmth (outgoing)
Agreeableness vs. antagonism	Trust (forgiving) Straightforwardness (not demanding) Altruism (warm) Compliance (not stubborn) Modesty (not show-off) Tender-mindedness (sympathetic)
Conscientiousness vs. lack of direction	Competence (efficient) Order (organized) Dutifulness (not careless) Achievement striving (thorough) Self-discipline (not lazy) Deliberation (not impulsive)
Neuroticism vs. emotional stability	Anxiety (tense) Angry hostility (irritable) Depression (not contented) Self-consciousness (shy) Impulsiveness (moody) Vulnerability (not self-confident)
Openness vs. closedness to experience	Ideas (curious) Fantasy (imaginative) Aesthetics (artistic) Actions (wide interests) Feelings (excitable) Values (unconventional)

The NEO PI-R evaluates six facets of personality for each of the Big Five dimensions (Costa and McCrae 1992) as shown in Table 1.

Research investigating the relationship between personality traits and consumer behavior in a service setting is limited. Understanding this relationship is important, however, since personality may influence response to service failure (Lovelock and Young 1979; Normann,

1991). Thus, studying how customer characteristics in general and personality traits in particular contribute to customers' service experience and satisfaction is warranted (Tan et al. 2004).

In the current study, the statements used to measure customer attitudes towards service failures were related to the above mentioned facets within each personality trait, and names were assigned to the factors accordingly.

Personality and Consumer Behavior

Kassarjian and Sheffet (1991) proclaim that a significant amount of vagueness exists in the relationship between personality and consumer behavior; however, there are various theoretical models related to post-purchase behavior and customer response to unsatisfactory experience that put forward personality as an important precursor to post-purchase behavior (Singh 1990). Earlier, Howard and Sheth (1969) had described personality traits as the characteristics of customers that differentiate one individual from another and hence can be predictive of their behavior. Engel, Kollat, and Blackwell (1973) also highlight personality as a total of all the factors involved in each person's way of thinking, behaving, and responding to different situations. Percy (1976) proposes that an individual's personality is likely to affect his choice of surroundings, and since a person's purchase behavior and media mode selection are constituents of his surroundings, these can be considered to be influenced by his personality. McGuire (1968) has also

detailed the effects of specific personality traits of an individual on the various stages of the purchase process. The present study further applies the Five Factor Theory of personality to understand how personality affects customers' attitudes towards service failures and consequently repurchase intentions in response to the same.

METHODOLOGY

Personal interviews were used to administer a structured questionnaire to 500 + 210 (CFA) respondents in five cities in the northern part of India: Lucknow, Kanpur, Allahabad, Agra, and Varanasi. In each city, two dine-in restaurants were selected on the basis of catering to similar segments of customers. At each restaurant, fifty respondents were invited to participate in the study. The questionnaire was administered to customers who had either visited the particular restaurant in the past or were still regular customers. Demographics of the initial 500 participants are shown in Table 2.

TABLE 2: DEMOGRAPHIC CHARACTERISTICS OF INITIAL SAMPLE

Gender		Household income (INR per month)	
Male	(60.2%)	<20000	(31.7%)
Female	(39.8%)	20001-35000	(37.2%)
		35001-50000	(22.2%)
		>50000	(8.9%)
Age (in years)		Number of family members	
15-25	(39.2%)	2	(6.3%)
26-40	(28.7%)	3	(57.5%)
41-55	(22.8%)	4-5	(23.4%)
> 55	(9.3%)	>5	(12.8%)

Responses to service failures were measured using statements that covered the different dimensions of personality as identified in the Five Factor Model of personality. The statements were framed so as to meaningfully and effectively elicit the personality traits of the respondents in the backdrop of FFM. To make the statements more pertinent, focused group discussions were conducted with different people from various age groups. After preparing the questionnaire, the initial draft was given to three professional scholars in related fields to review. The questionnaire was then pilot tested with fifty respondents. Based on the results of the pilot test, vague questions were removed and several alternative questions were introduced.

For each statement on the questionnaire, the respondent indicated his or her level of agreement or disagreement on a six-point Likert scale (strongly disagree=1, disagree=2, somewhat disagree=3, somewhat agree=4, agree=5, and strongly agree=6). Each respondent was also asked to indicate his or her likelihood of returning to the restaurant on a six-point scale, from highly unlikely (1) to highly likely (6).

ANALYSIS

Exploratory Factor Analysis

Of the 500 initial responses that were obtained, eight were excluded during the data cleaning process due to incomplete questionnaires, out-of-range entries, and unusual cases. Reliability of the nineteen items used to measure personality was 0.787. To determine whether it would be appropriate to run a factor analysis on these items, the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's Test of Sphericity were computed. Since the KMO (0.837) was greater than 0.5 and Bartlett's Test was statistically significant

(approximate Chi-Square=2405, $df=131$, $p=0.00$), sample size was deemed adequate for factor analysis.

Factor analysis with varimax rotation was run on the 19 items with eigenvalues greater than one. A five-factor solution was obtained initially with one of the factors having only a single item and some factors having items with high cross loadings ($>.35$). An iterative EFA process led to the removal of the single item factor (one item) and items with high cross loading (one item), leading to a four-factor solution with the remaining 17 items. These 17 items accounted for 56.80% of the total variance explained by EFA. Table 3 shows the matrix obtained using varimax rotation with Kaiser Normalization. Items with the highest loadings were selected as the variables comprising the factors. On the basis of the items included in each factor, the factors were named "Indifferent and Self-Critical - ISC" (factor 1), "Mixed-Up - MU" (factor 2), "Empathetic - E" (factor 3), and "Intolerant - I" (factor 4).

Next the identified factors were related to the five-factor theory of personality. Factor ISC is most closely related to "closed to experience." The statements included in this factor are "I tend to ignore service failure in the restaurant" (low on curiosity), "I don't usually bother to analyze the service failure in the restaurant" (low on interest), "Once I have figured out a single cause for service failure in the restaurant, I don't do anything about it" (low on feelings), "I wasn't communicative about my preferences and the services that I need" (not artistic [expressive]), and "I was over expecting from the restaurant and its fulfillment is not possible" (high on feelings).

Factor MU corresponds to the "lack of direction" trait of the BFI since it consists

of statements such as “I have little knowledge about other restaurants so I cannot compare” (incompetent), “I don’t have a particular choice of food which I like” (unorganized), and “I remain confused with the quality of service which I wish to receive” (careless).

Factor E relates to the “agreeableness” attribute of the BFI, since it includes statements such as “Employees are also human beings and they can serve up to a limit” (not demanding), “I tell the waiter to replace the food items but I would continue to visit the restaurant” (not stubborn), “I politely talk to the manager and give him suggestions” (warm), “I just leave the restaurant quietly thinking that the restaurant has been providing good service before and will continue that in the future” (forgiving), and “I give benefit of a doubt to the restaurant in case of service failure” (sympathetic).

Factor I refers to the “neuroticism” variable of the BFI. Statements include “I spread bad word of mouth about the restaurant after a service failure” (hostile), “I easily get frustrated with the waiting time in the restaurant and blame the restaurant” (not contented), and “I don’t give the restaurant a second chance to improve” (angry).

Confirmatory Factor Analysis

CFA was run on a new set of data from 210 respondents. The sample was comprised of 62% males and 38% females. With respect to age, 38% were 15-25 years old, 28% were

26-40, 23% were 41-55, and 11% were over 55. Household income was less than 20,000 for 31% of the respondents, between 20,000 and 35,000 for 33%, between 35,000 and 50,000 for 24%, and above 50,000 for 11%. Lastly, 7% reported having 2 family members, 53% reported having 3 family members, 24% reported having 4 or 5 family members, and 17% reported having more than 5 family members.

Maximum likelihood estimation was run in Amos 21.0 to estimate the four-dimensional model extracted from the EFA. The item loadings as per CFA are shown in Figure 2. According to the correlations that range from 0.63 to 0.91, it can be deduced that the items highly correlate with the latent model (Kline 2005). Moreover, all are positive, signifying uni-dimensionality. The final model depicts acceptable fit indices (CMIN/DF=2.121, $p=0.000$; CFI=0.929, TLI=0.913) supporting construct validity (Hair, Black, Babin, Anderson, and Tatham 2006). RMSEA is 0.073, which is within acceptable limits of 0.05 to 0.08 (Hair et al. 2006). Table 4 shows that the average variance extracted (AVE) for each dimension exceeds the minimum desired limit of 0.5, and the square root of AVE for the construct is higher than the correlation between constructs. This supports both the convergent and discrepant validity of the construct (Fornell and Larcker 1981). Table 4 shows that the model displays good composite reliability (>0.60).

TABLE 3: ROTATED COMPONENT MATRIX

	Component				Factor Names
	1	2	3	4	
4_5 I tend to ignore service failure in the restaurant.	.794				Indifferent and Self-Critical (ISC)
4_4 I don't usually bother to analyze the service failure in the restaurant.	.777				
4_6 Once I have figured out a single cause for service failure in the restaurant, I don't do anything about it.	.714				
4_13 I wasn't communicative about my preferences and the services that I need.	.633				
4_10 I was over expecting from the restaurant and its fulfillment is not possible.	.621				
4_17 I generally remain unsatisfied with everything.		.782			Mixed-up (MU)
4_19 I have little knowledge about other restaurants so I cannot compare.		.761			
4_18 I don't have a particular choice of food which I like.		.759			
4_16 I remain confused with the quality of service which I wish to receive.		.753			
4_11 Employees are also human beings and they can serve up to a limit.			.675		Empathetic (E)
4_15 I tell the waiter to replace the food items but I would continue to visit the restaurant.			.672		
4_7 I politely talk to the manager and give him suggestions.			.655		
4_9 I just leave the restaurant quietly thinking that the restaurant has been providing good service before and will continue that in the future.			.600		
4_3 I give benefit of a doubt to the restaurant in case of service failure.			.600		
4_1 I spread bad word of mouth about the restaurant after a service failure.				.816	Intolerant (I)
4_2 I easily get frustrated with the waiting time in the restaurant and blame the restaurant.				.754	
4_14 I don't give the restaurant a second chance to improve.				.543	

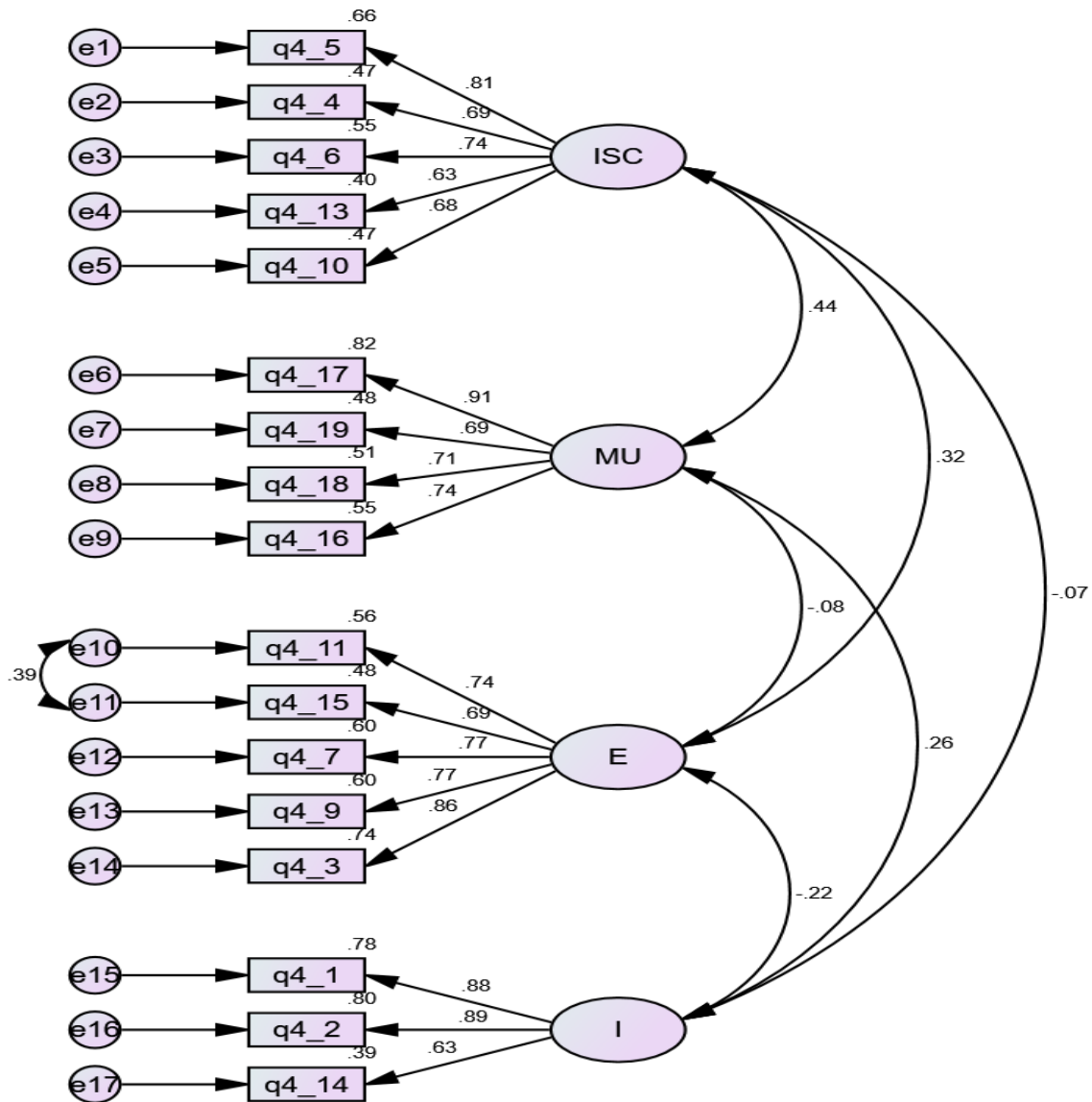
Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a a. Rotation converged in 6 iterations.

TABLE 4: VALIDITY OF SCALE (CONFIRMATORY ANALYSIS)

	CR	AVE	MaxR(H)	I	ISC	MU	E
I	0.850	0.659	0.892	0.812			
ISC	0.837	0.509	0.932	-0.068	0.713		
MU	0.851	0.590	0.956	0.260	0.440	0.768	
E	0.880	0.595	0.967	-0.220	0.315	-0.077	0.771

FIGURE 2: CFA STRUCTURE – ITEM LOADINGS

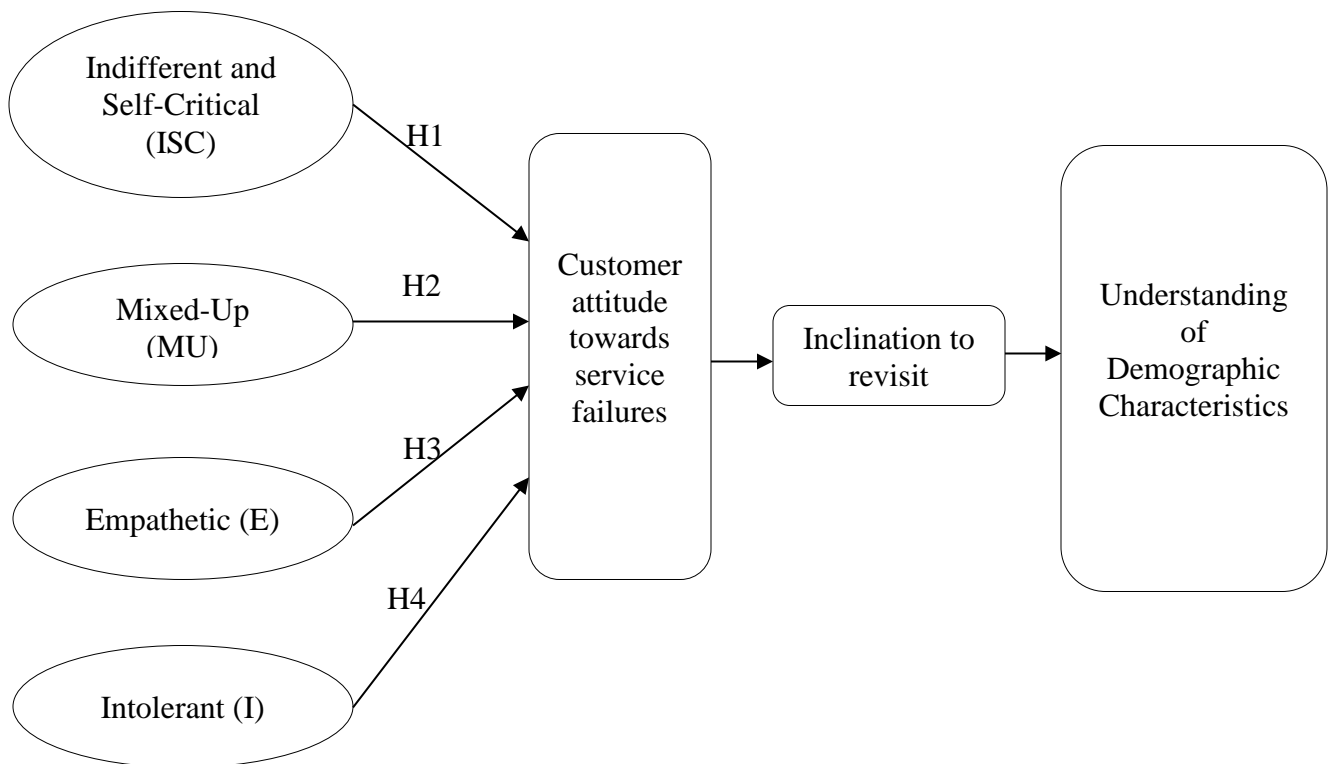


The proposed predictive model (Figure 3) and hypotheses (Table 5) are as follows:

TABLE 5: PROPOSED HYPOTHESES BASED ON PREDICTIVE MODEL

H1	If the customer is higher on indifferent and/or self-critical level his/her inclination to revisit will be positive
H2	If the customer is higher on mixed-up level his/her inclination to revisit will be positive
H3	If the customer is higher on empathetic level his/her inclination to revisit will be positive
H4	If the customer is higher on intolerant level his/her inclination to revisit will be negative

FIGURE 3: PROPOSED PREDICTIVE MODEL



Classification and Regression Tree (C&RT) Analysis

Classification and Regression Tree (C&RT) is a tree-based method of data mining for classification, prediction, and further classification of outcomes into segments based on similar output values. We chose C&RT to analyze the data for two reasons: (1) C&RT is able to generate easily-understood decision rules that are more likely to be followed by practitioners, and (2) C&RT has sophisticated methods for dealing with missing values. The main disadvantage of C&RT is that it is not based on a probabilistic model, but this is outweighed by its advantages in this context.

Prior to applying C&RT analysis, the factors were subjected to feature selection, which is a screening technique for preparing data for data mining. Feature selection helps to identify important variables for predicting an outcome. Feature selection is used primarily for three reasons, namely, (1) simplification of models by focusing on important variables, (2) reduction in training time, and (3) improved and enhanced generalization by reduction in variance. The

four factors were defined as the input variables, and customer intention to continue visiting the restaurant was defined as the output variable. Feature selection ranked the variables in descending order of importance based on Pearson's p -value for categorical predictors: (1) indifferent and self-critical, (2) empathetic, (3) mixed-up, and (4) intolerant. All four factors were deemed to be important predictors.

C&RT analysis was then applied to the four factors as input variables and intention to return after a service failure as the output variable. The decision tree generated by the C&RT analysis is shown in Figure 4, and the misclassification matrix in Table 6 shows the classification rate for the model. According to the matrix, the accuracy of the model is 84.14% (the correct number of classifications divided by the total number of cases). From the decision tree, we derived nine decision rules (see Table 7). Four of the nine rules profile customers as positively inclined to revisit the restaurant after a service failure, and five of the rules profile customers as negatively inclined to revisit.

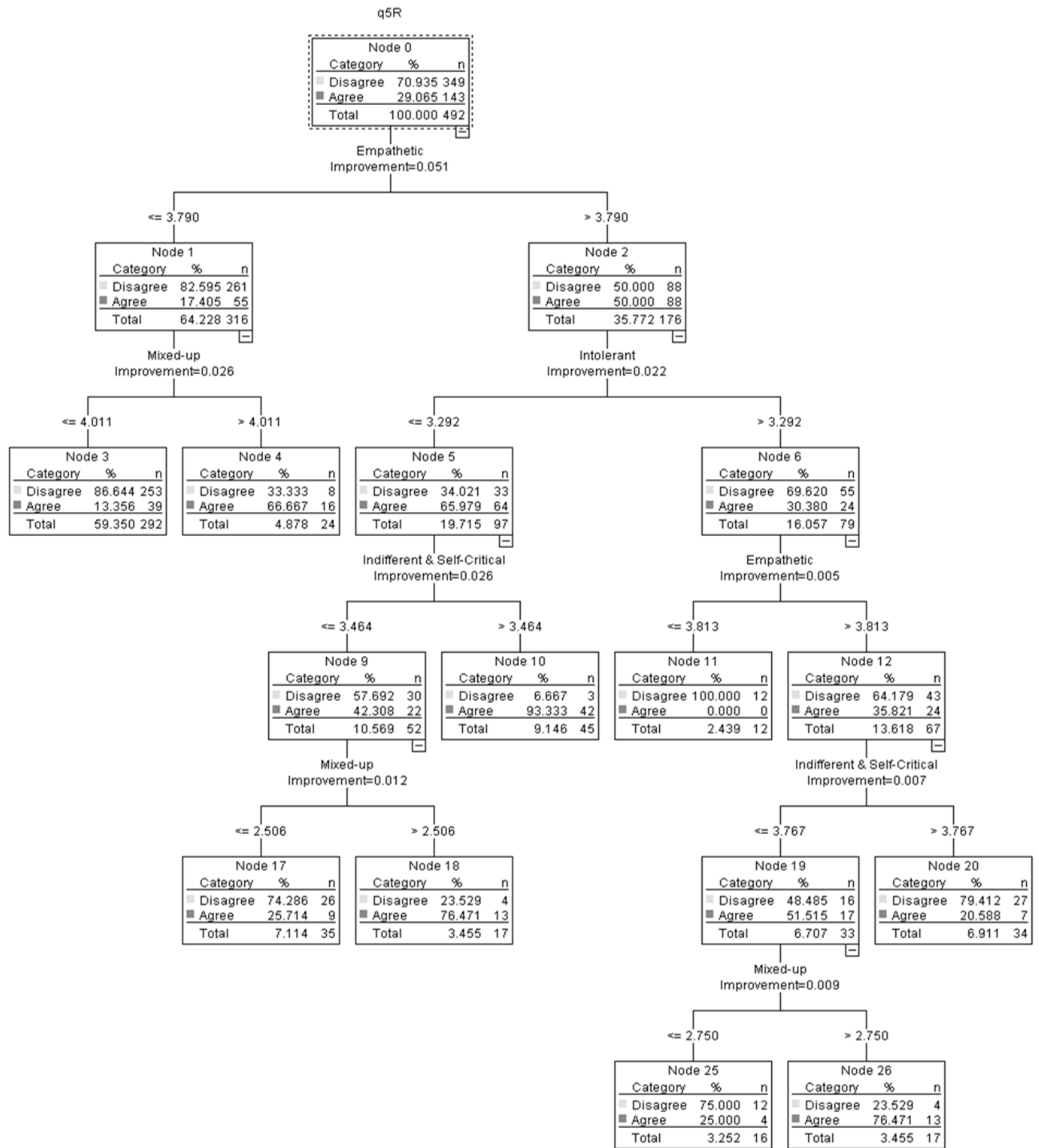
TABLE 6: MISCLASSIFICATION MATRIX

	A	B	C	D
1		Disagree	Agree	Total
2	Disagree	330	19	349
3	Agree	59	84	143
4	Total	389	103	492
			% Correct	84.14%

TABLE 7: RULES DERIVED FROM THE C&RT ANALYSIS

Rules Framed	Result	Interpretation
Rules for 1 (Agree to revisit) - contains 4 rule(s)		
Rule 1 for 1.0 (Agree to revisit) if Empathetic <= 3.790 and Mixed-up > 4.011 then 1.000	Positively Inclined to Revisit	Customer is not clear on where the fault lies and thus gives the restaurant the benefit of the doubt.
Rule 2 for 1.0 if Empathetic > 3.790 and Intolerant <= 3.292 and Indifferent & Self-Critical <= 3.464 and Mixed-up > 2.506 then 1.000	Positively Inclined to Revisit	Customers are high on empathy and low on intolerance; thus they are not very rigid (negative) about their response to service failure.
Rule 3 for 1.0 if Empathetic > 3.790 and Intolerant <= 3.292 and Indifferent & Self-Critical > 3.464 then 1.000	Positively Inclined to Revisit	Since customers show high empathy with the restaurant, they are not very critical towards the restaurant and thus will revisit even after a service failure.
Rule 4 for 1.0 if Empathetic > 3.790 and Intolerant > 3.292 and Empathetic > 3.813 and Indifferent & Self-Critical <= 3.767 and Mixed-up > 2.750 then 1.000	Positively Inclined to Revisit	Though the customers are intolerant, their high level of empathy makes them revisit the restaurant even after a service failure.
Rules for 0 (Disagree to revisit) - contains 5 rule(s)		
Rule 1 for 0.0 (Disagree to revisit) if Empathetic <= 3.790 and Mixed-up <= 4.011 then 0.000	Negatively Inclined to Revisit	Customers are low on empathy and less likely to give the benefit of the doubt, thus they are less likely to revisit after service failure.
Rule 2 for 0.0 if Empathetic > 3.790 and Intolerant <= 3.292 and Indifferent & Self-Critical <= 3.464 and Mixed-up <= 2.506 then 0.000	Negatively Inclined to Revisit	Though the customers show empathy, they are more likely to blame the other party (i.e., the service provider) for the failure and hence are less likely to revisit the restaurant after a service failure.
Rule 3 for 0.0 if Empathetic > 3.790 and Intolerant > 3.292 and Empathetic <= 3.813 then 0.000	Negatively Inclined to Revisit	Customers who are average on empathy and high on intolerance are less forgiving and consequently not inclined to revisit after a service failure.
Rule 4 for 0.0 if Empathetic > 3.790 and Intolerant > 3.292 and Empathetic > 3.813 and Indifferent & Self-Critical <= 3.767 and Mixed-up <= 2.750 then 0.000	Negatively Inclined to Revisit	Similar to rule 3, customers in this rule are high on intolerance and low on self-criticism; thus they are more likely to blame the restaurant for a service failure and less likely to revisit.
Rule 5 for 0.0 if Empathetic > 3.790 and Intolerant > 3.292 and Empathetic > 3.813 and Indifferent & Self-Critical > 3.767 then 0.000	Negatively Inclined to Revisit	Customers in this rule are high on intolerance and low on self-criticism; thus they are more likely to blame the restaurant for any failure that occurs and less likely to revisit.

FIGURE 4: DECISION TREE



It can be seen from Table 7 that Rule 1 for Positively Inclined to Revisit states that if a customer is high on the mixed-up factor, the customer is likely to revisit the restaurant even though he might be low on empathy. This could be because such customers are in doubt as to who is actually to blame for the service failure. They might also feel that they may not have been sufficiently clear about their expectations and could have done something differently, which would not have led to the service failure. Consequently, even though these customers are low on empathy, their reactions to service failures are not highly negative, and they may continue visiting the restaurant even after an unfavorable experience. These characteristics can be observed by restaurant employees and can be turned to their advantage by dealing appropriately with their customers' dissatisfaction. This rule suggests that if a customer blames himself rather than the company for a service failure, he is less likely to be dissatisfied and to engage in complaining behavior or spread negative word-of-mouth.

Rule 2 for Positively Inclined is the most comprehensive, involving all four input variables. Customers under this rule are high on empathy, low on intolerance, high on mixed-up, and low on indifferent and self-critical. Respondents falling under this rule are empathetic and personify the adage that "to err is human"; thus they are ready to give the restaurant another chance, provided they perceive an intention to improve on the part of the restaurant. These customers indirectly show loyalty to the restaurants they visit. This presents an opportunity for restaurants to win back the trust of these customers by addressing their dissatisfaction.

Rule 3 for Positively Inclined to Revisit includes customers who are high on empathy, low on intolerance, and high on indifference. This suggests that if customers are empathetic and have a tendency to be self-critical, their chances of blaming the restaurant for the service failure are low.

Rule 4 shows that respondents who are high on intolerance, high on empathy, mixed-up, and low on indifference (more open to experience) are more likely to analyze the failure objectively. These characteristics cause customers to consider the instance of service failure with empathy, and this overcomes their intolerant nature, making them positively inclined to revisit a restaurant even after a service failure. The customers under this rule are expected to not be impulsive in reacting to a service failure. As such, they can be won back if the restaurant takes steps towards resolving their dissatisfaction and removing any doubts regarding the cause of the service failure.

Statistics for various terminal nodes in the tree are shown in Table 8. Gains provide a measure of how far the mean or proportion at a given node differs from the overall mean. The greater the difference, the more useful the tree. The index column shows the difference in proportion at each node with respect to the overall proportion. Nodes with an index greater than 100% are associated with a better chance of the customer responding positively to efforts to be won back. Thus, nodes 10, 18, 26, and 4 have the highest possible success rates for the entire sample, with indexes of 321.12%, 263.10%, 263.10% and 229.37%, respectively. This indicates that customers with the traits associated with nodes 10, 18, 26, and 4 are 2.3–3.2 times more likely to respond positively to efforts made by the

TABLE 8: GAINS TABLE FOR “AGREE” CATEGORY OF OUTPUT VARIABLE

	Nodes	Node: n	Node (%)	Gain: n	Gain (%)	Response (%)	Index (%)
1	10	45.00	9.15	42.00	29.37	93.33	321.12
2	18	17.00	3.46	13.00	9.09	76.47	263.10
3	26	17.00	3.46	13.00	9.09	76.47	263.10
4	4	24.00	4.88	16.00	11.19	66.67	229.37
5	17	35.00	7.11	9.00	6.29	25.71	88.47
6	25	16.00	3.25	4.00	2.80	25.00	86.01
7	20	34.00	6.91	7.00	4.90	20.59	70.84
8	3	292.00	59.35	39.00	27.27	13.36	45.95
9	11	12.00	2.44	0.00	0.00	0.00	0.00

TABLE 9: CHARACTERISTICS OF CUSTOMERS IN NODE 10

		Response: Continue to Visit	
Gender	%	House hold income level(INR per month)	%
Female	44.44%	20001-35000	44.44%
Male	55.56%	35001-50000	11.11%
		Less than 20000	44.44%
Age Group	%	No of family numbers	%
15-25	26.67%	2	11.11%
26-40	8.89%	3-4	55.56%
41-55	42.22%	4-5	20.00%
above 55	22.22%	more than 5	13.33%

restaurant to reduce their level of dissatisfaction. Therefore, it is advisable for restaurants to target customers matching the profiles of nodes 10, 18, 26, and 4. Consider, for example, Table 9, which shows the characteristics of customers corresponding to node 10. Customers in the 41 to 55 age group are more likely to revisit a restaurant after an unfavorable experience. Similarly, families with 3-4 members are

more likely to be repeat visitors even after a service failure. Note that, with the exception of income level, these customer characteristics can be deduced simply by observing restaurant patrons. This is important from a managerial perspective, since restaurants may not have access to this information by other means, such as a CRM system.

DISCUSSION AND MANAGERIAL IMPLICATIONS

Guided by our review of the literature, our analysis of the data suggests that personality traits of customers can be categorized into four factors: indifferent and self-critical, mixed-up, emphatic, and intolerant. These factors were related to the five-factor theory of personality and validated using confirmatory factor analysis. Once the factors were validated, they formed the basis for our proposed predictive model. Data mining, specifically C&RT, was then used to generate rules (see Table 7) for predicting the presence/absence of personality traits that make a customer likely or unlikely to revisit a restaurant after a service failure. From the rules derived, it can be deduced that, in general, if customers are high on empathy and low on intolerance, they are more likely to revisit a restaurant even after a service failure, since they more willingly give the benefit of the doubt to the restaurant and are not rigid in blaming the restaurant for the failure. Relating these findings to the five-factor theory of personality, it can be said that if customers show traits of agreeableness (not demanding, not stubborn, warm), lack of direction (no particular choice, not able to compare), and are low on neuroticism (hostility, high on anger, not contended), they are more likely to continue visiting a restaurant after a service failure.

This paper offers managers a fresh perspective on how to think about customer responses to service failures and how to manage these responses. The present study shows that customers think about service interactions and assign responsibility for failures based on their dominant personality traits. What is critical for service providers to note is how the different personality traits

affect customers' reactions to service failures. If customers are intolerant in nature, they might generally feel that a service provider could have done something to solve the problem or to avoid the failure but failed to do so; thus the customers are likely to experience a greater degree of negative emotions, which in turn would affect their perception of the service provider's attitude towards its customers and would increase their disinclination to revisit the restaurant after the failure.

Several key managerial implications emerge. An important implication is that, on the basis of their personality traits, customers analyze why things went wrong and why specific actions were taken by a service provider. Thus, providing explanations to customers becomes all the more important. Inculcating this skill in employees would include developing communication skills to ensure that customers get explanations that do not appear to be mere excuses. If problems are anticipated, a manager should provide explanations in advance so that customers are prepared and understand why the problem has occurred. For example, a restaurant might state on its menu that certain dishes may take more time to cook; hence if a customer orders that particular dish, he is prepared for the delay. An important lesson for organizations is that customer perception of whether the service provider made all possible efforts to avoid service failures or to recover from them is critical. Other research (Sirdeshmukh, Singh, and Sabol 2002) has shown that the problem-solving skills of frontline staff significantly affects the trust judgments customers form of service providers.

When a service provider shows empathy and sincerity in addressing a service failure, this may produce a “halo” effect for other justice dimensions, such as fairness of procedures or outcomes (McCull-Kennedy and Sparks 2003). Thus proper attention to the training of staff to effectively display problem-solving ability is required. If, as in our study, personality traits are identified for customers who are more likely to forgive a service provider after a service failure, employees should be trained to observe these traits and react appropriately.

LIMITATIONS AND FUTURE RESEARCH

Based on a theoretical model, this research tested and found complex path relationships. Though general principles emerge, it must be noted that this study is based on a particular industry at a particular point in time and thus might be limited in its application to other industries. In addition, we examined intention to revisit rather than actual revisiting behavior. Furthermore, only a small set of variables potentially relevant to complaining and post-purchase behavior were examined. It is possible that other factors might influence consumer reactions.

Keeping in mind the above-mentioned limitations, the results suggest that personality traits affect the degree of anger customers feel after service failures and directly and indirectly influence their desire to revisit and/or recommend the restaurant to others. As such, this field study suggests a more complex relationship between customer traits and post-purchase behavior than has been tested in the past. Our results indicate that empathy, tolerance,

confusion, and self-criticism all influence post-purchase behavior after a service failure. Of course, there may be additional determinants of post-purchase behavior after a failure. For example, consumers consider the time and effort to complain (Day and Ash 1979; Huppertz 2003, 2014). A comprehensive model of consumer post-purchase behavior in response to failures would need to include factors other than personality traits.

Another limitation is that the sample for this research was limited to a specific geographical area (the northern part of India). The study, therefore, is limited to the extent that this sample can be projected to the entire state, country, or other countries. One cannot ignore differences in perceptions of people belonging to different geographical areas due to cultures and subcultures. The study could be extended to other areas so that the findings may be more generalizable.

Despite these limitations, the results reported in this paper highlight the value of consumer traits for explaining consumer complaint behavior and post-purchase action. Moreover, our research offers a practical classification scheme for understanding and analyzing complaint behavior. Descriptive profiles of consumers (in terms of demographics and personality characteristics) who are more likely to revisit a restaurant after a service failure would be of considerable interest to companies, which could use this information to design more effective procedures and processes for avoiding and recovering from service failures.

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THANKS, I GUESS: WHAT CONSUMERS COMPLAIN ABOUT WHEN THEY COMPLAIN ABOUT GIFTS

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ABSTRACT

Gift buying in the United States is a billion-dollar business that has implications for brands, retailers, marketers and consumers. This research contributes to our understanding of gifts that cause dissatisfaction and complaining. In particular, the situation in which gift givers intentionally purchase unwanted gifts and recipient's reactions to them are examined. This study employs two methods of data collection: 1) phenomenological in-depth interviews and 2) netnography of an online community. The scholarly contributions of this study are twofold. First, the research lends support for the idea that inaccurate gift preference prediction is not always a mistake and is often a deliberate act. The second contribution of this study is the extension of consumer gift-giving and gift receiving knowledge by the development of the taxonomy of five types of deliberate inaccurate gift preference prediction: 1) threats to self-concept, 2) to you – for me, 3) aggression, 4) ritual and obligation, and 5) bragging rights.

Key Words: *Consumer Behavior, Gift Giving, Complaining, Dissatisfaction*

INTRODUCTION

In 2015, the National Retail Federation in the US expected holiday retail sales to hit \$630.5 billion (Allen 2015). Furthermore, it was expected that individual American shoppers will spend, on average, close to \$600 on gifts during the 2015 winter holiday season. Not all gifts are the perfect gift for the recipient. As evidence, one out of every three gift recipients in the US (34.8%) returned at least one gift item during the

2013 holiday season with the total dollars of returned gifts estimated at \$262.4 billion (not including fraudulent returns) (The Retail Equation, 2014). This figure does not include unwanted gifts that are not returned but kept in a closet, regifted, sold, donated, or thrown away. Given the total dollars spent on unwanted gifts, researchers and marketers need to understand more about consumer gifting behavior that results in dissatisfaction. To meet this goal, the dual-method study described here seeks to extend the knowledge of consumer gifts that cause dissatisfaction and complaining. Research evidence suggests that a recipient's acceptance of a gift is based on an evaluation of the givers intention and an interpretation of the gift message (Belk and Coon 1993; Schiffman and Cohn 2009; Sherry 1983). In particular, this study examines cases of gift dissatisfaction from gift giving in which the giver is not motivated to give a gift that will delight the recipient and recipient perceive this as intentional. In terms of organization, first, the contributions of this study are outlined. Next, the literature review and conceptual framework is presented. This is followed by the details of the dual-method qualitative study and the development of the Taxonomy of Inaccurate Preference Prediction. The paper concludes with a general discussion and marketing recommendations.

CONTRIBUTIONS & OBJECTIVES OF STUDY

This research is the first known consumer study to investigate when givers intentionally purchase unwanted gifts and recipient's reactions to them. Gift exchanges when the giver is aiming to give a gift that

does not match the recipient's desires are examined and analyzed.

Dahl and Peltier (2015) have provided an historical review of articles published in the Journal of Consumer Satisfaction, Dissatisfaction, and Complaining Behavior. They suggest that "...it seems as though the field would benefit from examining factors which impact consumers' (dis)satisfaction formation across a variety of product/service scenarios to enhance our understanding of the underlying psycho-social factors as well as other moderating influences." To this end, this research examines dis(satisfaction) and complaining behavior in the context of gift giving. Furthermore, they suggest that research into how "consumers use...digital communications channels to publicly share complaints/compliments, what influence this has on individual consumers who engage in public sharing of complaints/compliments...(and that) research in this area should also help firms identify how to manage the complaint resolution process" (Dahl and Peltier 2015). This research provides new insights into the public sharing of complaints. It differs from previous research into digital complaints in that the complaints studied here are about products and services received as gifts. The taxonomy developed here can serve marketers to better understand the basis for gift complaints in order to work towards resolving complaints. Furthermore, along with new insights into purposeful unwanted gifts, retail, managerial and marketing implications are provided.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The gift purchase decision is one in which one person or group makes a purchase decision on behalf of another individual or group (Schiffman and Cohn 2009). Cruz-Cárdenas (2012) points out the importance

of the recipient's evaluation of the gift givers intentions and the gift givers message. Researchers have assumed that a gift that does not reflect a recipient's preference occurs unintentionally through misperceptions, inability to accurately predict preferences, and unanticipated responses and is thus considered a failed gift (Belk, 1976; Cruz-Cárdenas et. al. 2015; Lerouge and Warlop 2002; Ward and Broniarczyk 2011; Zhang and Epley 2012). This assumption appears to be a mistake since gift givers are not always motivated to be accurate in their predictions (Otnes et. al. 1994; Schiffman and Cohn 2009). As outlined by the "gift selection decision tree," before gift selection is decided, consumers ask themselves if they want to give the recipient a desired gift (Schiffman and Cohn, 2009). This research examines the branch of the gift giving decision tree when the answer to that question is "no." Research evidence suggests that deliberate inaccurate preference prediction occurs in superficial relationships (Otnes et. al. 1993; Otnes et. al. 1994). Furthermore, receivers tend to positively evaluate the thought behind bad gifts (Zhang and Epley 2012).

A variety of factors motivate deliberate inaccurate preference prediction. For example, givers are motivated by aggression, hostility (Orgel and Shengold 1968; Pollak 1964; Schwartz 1967), manipulation and attempts to gain power (Poe 1977). Still further, gifts may be given to impose an unwanted identity upon a recipient (Schwartz 1967; Sherry 1983; Sherry et. al. 1993). Particularly in close but insecure relationships accurate prediction may be a threat. For instance, it may be best to inaccurately predict preferences when accurate prediction would be distasteful and there is a desire for a continued relationship (Ickes 1993).

METHOD

This study employs two methods of data collection: 1) phenomenological in-depth interviews and 2) netnography of an online community. Both of these methods are qualitative in nature and both are designed to develop rich descriptions of experiences and their meanings with an analysis that is largely interpretive (Finlay 2012; Kozinets 2002).

Phenomenological Method

The data collection followed the conventions of the phenomenological method (Thompson et. al. 1989). A purposive sample of thirty respondents (i.e., 15 couples) was interviewed. The couples, who recently transitioned to parenthood, were chosen as part of a larger study on gifting between husbands and wives. Spouses were interviewed separately in order to facilitate an open dialogue (Hertz 1995). Each interview began with the "grand tour" question: "Can you tell me about gift giving between you and your wife (husband) over the course of time?" Responses were followed up with probing and more questions (Thompson et. al. 1989). The average interview length was approximately one hour. In addition, the interviewer wrote detailed field notes concerning the interviews. Each respondent was sent a thank you letter and a copy of the transcript in which they were encouraged to comment on their transcript (Moustakas 1994). The transcribed interviews, field notes, and additional comments by the respondents make up the 590 single spaced pages of qualitative written data.

Netnographic Method

The second method employed for data collection was netnography. Netnographic data collection consists of mining publicly available consumer generated computer mediated communication. A variety of

sources are available for netnographic analysis such as chat rooms, email, social media, blogs, and message boards. Message board content was chosen for this study because it can be mined for marketing and academic research purposes (e.g., Nelson and Otnes 2005; Tsang and Zhou 2005). Specifically, it provides advantages to researchers over other computer mediated communication in that message boards (1) give researchers a great deal of available and preserved material to analyze (e.g., discussions remain online for days, weeks, months and even indefinitely), (2) do not necessarily require registration in the group to view the discussions, and (3) hundreds of members can participate (Ridings and Gefen 2004). In addition, this method is an unobtrusive, passive observation method, making it unnecessary to notify and obtain consent from the participants (Gavin et. al. 2008). The message boards chosen for this analysis are dedicated to family and domestic matters and gift giving is discussed by the participants.

A popular message board was identified by a two-pronged approach (1) advice was sought from a marketing and media expert, and (2) a search was conducted on alexa.com (a Website that lists popular Websites). Both of these sources identified Babycenter.com as the most popular parenting website. According to Alexa.com (2015), Babycenter.com is a "Resource for pregnancy and baby, offers week-by-week baby development updates, thousands of articles, and advice from other parents" (Alexa.com 2015). Next, babycenter.com was checked for forums or message boards to analyze. The individual message boards deal with a wide range of issues that concern parents. In particular, new parents (overwhelmingly new mothers) participate in these message boards. In 2015, a search with the key word *gifts* was conducted in the message boards on

Babycenter.com. Babycenter.com returned 417,797 results. Most, but not all, of the posts were relevant. Posts that were weeded out as not relevant dealt with the topic of “gifted children” or children with exceptional IQ and skills.

ANALYSIS

The analysis was undertaken in a systematic format that is similar to previous interpretive research (e.g., Brockman et al. 2008). An extensive systematic and interpretive analysis employing categorization, abstraction, comparison, dimensionalization, integration, iteration, and refutation was conducted (Spiggle 1994). As interviews were conducted and transcribed notations were made regarding any discussion of unwanted gifts and if they were perceived by the recipient as deliberately inaccurate or if the givers claimed the gift to be deliberately inaccurate. Similarly, as the online posts were read notations were made regarding discussions of unwanted gifts. An interpretive analysis was developed, refined, and reviewed. First, an individual or ideographic understanding of each interview and each online post is sought. Second, separate interviews and posts are related to each other to grasp, rather than impose meanings that emerge from the qualitative data set. In this way, the interpretation seeks to describe common patterns of experience (Thompson et al. 1989). Still further, the data was classified to identify concepts guided by the literature.

RESULTS

Overall, gift givers and recipients in our sample complained about gifts, gift givers, and gift recipients, aired hurt feelings, and requested gift giving advice for difficult gift recipients. Furthermore, best and worst gift stories were exchanged. The taxonomy developed here highlights recipient’s evaluations of gift givers intentions. It

addition, gift givers discuss their motivations for giving gifts that they know will disappoint recipients. It begins with two items from Schiffman and Cohn (2009): 1) threats to self-concept, and 2) “to you – for me” as categories of deliberate inaccurate gift preference prediction. From the data set and the literature, taxonomy of five categories of deliberate inaccurate preference prediction resulting in undesirable gifts is developed: 1) threats to self-concept, 2) to you – for me, 3) aggression, 4) ritual and obligation, and 5) bragging. These categories are not mutually exclusive. What follows is a discussion of each type of gift in which the giver, on purpose, inaccurately predicted a recipient’s gift preference and/or the recipient perceived this to be the case. Table 1 presents the taxonomy along with definitions of motivations and interpretations by recipients. Furthermore, representative quotes from the qualitative data set are included in the table.

Threats to Self-Concept

Self-concept is defined as the way in which a person perceives him or herself. Early research evidence suggests that we prefer brands that are congruent with our actual and ideal self-concepts (Grubb and Grathwohl 1967; Sirgy 1982). Gift givers experience an identity threat when they purchase gifts for close friends that are contrary to their own self-concept (Ward and Broniarczyk 2011). Furthermore, gift givers use gifts as a way to control self-impression management (Segev et. al. 2012). In contrast, the results presented here include gifts that are contrary to the recipient’s self-concepts. Research evidence suggests that gifts can be given to impose an unwanted identity upon the recipient (Schwartz 1967; Sherry 1983; Sherry et. al.

TABLE 1:

TAXONOMY OF DELIBERATE INACCURATE PREFERENCE PREDICTION

Classification	Definition	Representative Quote	Outcome
Threats to Self-Concept: 1) fashion, 2) role, 3) gender 4) faith, 5) collection creation	Gifts are threats to the recipient self-concept.	It sounds like the gifter (sic) is trying to shove their opinions on gender down the other parents throat	Dissatisfaction
To You – For Me	Given to a recipient, often a family member, so that the giver can have access to the gift.	He kind of buys for me what he wants and I buy for him what I want.	Dissatisfaction
Aggression	Gifts chosen maliciously that do not match the recipient's preferences.	I knew she was being a passive aggressive bitch by giving me a gift she knew I wouldn't like.	Dissatisfaction
Ritual and Obligation	Purchased so that a recipient may have the opportunity to partake in gift rituals and givers can fulfil a gift obligation.	Interviewer: If you knew he wouldn't like it, why did you buy it? Respondent: Probably just so he would have something on his birthday.	Dissatisfaction
Bragging	Gifts are given to provide the giver with the ability to brag or "outgift" another giver.	Like if you give to the homeless, right afterwards posting on FB (sic) how giving you are	Dissatisfaction

1993). These five categories of threats to recipient's self-concept emerged from the qualitative data: 1) fashion, 2) role, 3) gender 4) faith, and 5) collection creation.

Fashion Threat to Self-Concept

Clothing gifts are particularly suited for the purpose of imposing an identity on a gift recipient (Manikowske and Winakor 1994). As an example, during an in-depth interview, a wife describes buying clothing gifts for her husband. She knows that her husband will not like the styles and colors of the clothes that she purchases for him and yet she purchases them anyway:

I buy (for my husband) a lot of clothes because he has

horrible taste in clothes. . . . I usually buy him dress clothes. We really don't have the same taste. I got him a silk shirt that was a little too loud for him. He's very, very conservative; strictly blue, gray, black. . . . I bought him burgundy pants, really dark burgundy pants and a silk shirt—which was really nice, and he's worn it twice because I forced him to on an occasion. It looks really good but that's a little bit more than he usually likes.

This inaccurate spousal preference prediction is intended to impose a fashion style and an identity on her husband. She wants him to dress differently than he wants to dress. This is further accomplished by forcing him to wear the clothes that are not his preference. He is dissatisfied with the clothing gifts he receives from his wife.

Social Role Threat to Self-Concept

Identity threat can also take the form of trying to force someone into a social role or behavior. One woman on Babycenter.com noted that her mother in law repeatedly gave her pregnancy tests for Christmas. She was telling her, not so subtly, that it was time to get pregnant and be a mom. Another mom purchased her daughter (a stay at home mom) a new business suit. She was telling her daughter she should not be a stay home mom; she should go to work. Here is a suit. This is who I want you to be:

She also passive aggressively buys me suits and work clothes every year... I'm a SAHM (Stay at home Mom), she doesn't think that's a good choice though.

These examples point to the use of gifts to impose a new role (e.g., mother, working mother) on the gift recipient. The pregnancy test communicates that it's time to take on the role of mother. The gift of a suit is interpreted by the daughter a communication from mother to daughter that the mother wants the daughter to be working.

Gender Self-Concept Threat

Instances of inaccurate preference prediction and the presentation of unwanted gifts can be motivated by gender identity imposition. Dalakas and Shoham (2010) extended the gift and gender research of Fischer and Arnold (1990) and found that husbands and wives in Israel tend to

conform to gift giving gender social norms just like in the USA. Similarly, the results of this study found that gift givers prefer to give traditional gendered gifts even when recipients would prefer and clearly state that they want a more egalitarian or cross-gender gift. A mom asked her grown daughter what her child (i.e., the granddaughter) wanted for her birthday. The grandmother was told that the granddaughter likes "boy things." This grandmother wanted her granddaughter to like "girl things" and she gave her girly dress up clothes as a Christmas gift. In addition, in this example, mothers discuss a girl who wanted "boy things" as birthday presents:

Wow, it sounds like the gifter (sic) is trying to shove their opinions on gender down the other parents throat...The mom who gave the gift was telling everyone at the party that she wasn't going to buy any boy things for a little girl

These gift givers have their own ideas about what is appropriate to give a girl and refused to give a gift contrary to their own ideas of what is appropriate. They were imposing a gender identity on the recipients.

Faith Self-Concept Threat

There has been little research that addresses the question of the impact of religious identity on consumer behavior (e.g., Bailey and Sood 1993; Hirschman 1983; Wright 2015). However, research evidence suggests that religion plays an important role in our consumer behavior (e.g., McAlexander et.al. 2014). This research found that some gift givers choose faith oriented gifts based on their own religion which, in some cases, is different from the gift recipient's religion. In these cases, the recipient experiences the gift as an imposition of faith. Posters on Babycenter.com have remarked on

receiving, “A lovely guilt laden religious book to help me ‘come home to the faith.’ In another instance, a “Jews for Jesus bible,” was gift to someone who is neither Jewish nor Christian. Recipients complained about these unwanted gifts. They perceive the givers to have deliberately chosen to impose an unwanted religious identity on them.

Collection Creation Self-Concept Threat

Consumers who have collections of special objects consider these objects as part of their extended self (Belk, 1988). Furthermore, Belk (1988) states that “the cultivation of a collection is a purposeful self-defining act.” Still further, Unruh (1983) found that the creation of a collection is one way in which consumers are remembered and are able to achieve immortality with the continuation of the collection. Therefore, it is not surprising that consumers who receive collectibles that are contrary to their self-concept would find these gifts objectionable. Givers in this data set have created collections for recipients and buy additions to the collection on each gift giving occasion. One poster on Babycenter.com notes:

I have this one aunt who buys my daughter a precious moments collectible for... for every occasion...she told my mom once: ‘I don't care what Sophie likes, I buy what I want to buy.

Another Babycenter.com writer notes:

My aunt is a terrible gift giver for me. I don't know why, she's known me my whole life, and I have a lot of interests but she just cannot seem to get it right. When I was a kid, she used to basically force me to collect things by giving me a piece for every holiday/birthday. I vividly remember a series of statutes (sic) of a tiny shoe

with different themes. She also apparently decided I loved teddy bears when I was like 13 to 15. I did not. I had like one stuffed animal that I got the day I was born. Then I got like 10 bears in a row-gave them to the children's hospital.

It is interesting to note that the teddy bears were given away. Because collections are part of the extended self, collections that run contrary to one's self-concept are a threat to the self-concept.

To You – For Me

“To you – for me” gifts are those that are given to a recipient, often a family member, so that the giver can have access to the gift (Schiffman and Cohn 2009). Usually, it is something the giver wants and will have access to and the recipient does not. One example from Babycenter.com is a mother-in-law who gave her daughter-in-law a gift of a DNA test to determine ancestry. It was perceived that the gift giver was motivated by her own desire to know her daughter-in-law's pedigree or ancestry. The recipient, other members of the family, and strangers who commented on the post were appalled by the gift. It was not something that the recipient wanted. In another example, one woman reports that she and her mom wear the same size clothes. When she was growing up her mom would give her clothing gifts and then the mom would wear them herself. Still further, one respondent noted that *He kind of buys for me what he wants and I buy for him what I want*. These are gifts that the recipients perceive as “to you – for me” and they are not welcomed.

Aggression

As expected, some respondents report that they maliciously choose gifts that do not match the recipient's preferences.

One poster on Babycenter.com notes that these gifts are meant to purposefully offend the recipient. Sometimes, the gifts intentionally match the giver's own preferences and are chosen "out of spite." As previous research suggests, these purchases can be interpreted as an act of aggression (Poe 1977; Pollak, 1964). Furthermore, psychological reactance theory might explain this behavior. It has been suggested that when "a gift is perceived as a threat, the recipient may respond with resentment or overt aggression" (Manikowske and Winakor 1994 p 24). For example, in response to a "to you-for me" gift one respondent noted that she purchased for her husband another "to you for me" gift out of spite:

Then, I guess, maybe out of spite . . . for Father's Day. . . It was something that I kind of wanted more for myself. . . . In his heart he knew that I bought it because I wanted it.

Furthermore, follow-up revealed that the couple that was exchanging spiteful gifts eventually divorced. Spiteful gifts are a symptom of a deteriorating relationship. In another example, from the Babycenter.com data set, a teenager got in a fight with her parents right before Christmas. Her mom gave her a pocket knife, a Hershey bar and a card that said "good luck in the wild." This parent was clearly angry at her daughter and gave her a gift to communicate that she would not be able to survive on her own. Furthermore, recipients interpret these gift communications as givers being *passive-aggressive*:

I think my favorite was my XMIL (ex-mother-in-law). She asked my XH (ex-husband) if I liked Pandora bracelets and he told her that no I always said how much I hated them (no offense if you like them, they are just so not my style). So guess what I

got for my birthday that year? Yep, a bracelet. And I know how expensive those things are so I had to act super grateful even though I knew she was being a passive aggressive bitch by giving me a gift she knew I wouldn't like.

In this case of intentional inaccurate preference prediction, the recipient perceives the gift as an act of aggression because the giver purposefully gave the recipient a branded product that is not in accordance with her preferred style and that she specifically expressed disliking.

Ritual and Obligation

With an absence of malice some respondents intentionally choose gifts that do not match their spouse's preferences. This class of deliberate inaccurate gift preference prediction is purchased so that a recipient may have the opportunity to partake in gift rituals and givers can fulfil a gift obligation. Macklin and Walker (1988) define gift giving as either spontaneous or in fulfillment of an obligation. A great deal has been written about the obligations of gift giving (Mauss 1954; Levi-Strauss 1956; Goodwin et al. 1990; Wolfenbarger 1993; Park 1998). Furthermore, Chinese consumers experience gift giving obligations as part of the culture (e.g., Wang et. al. 2007). Still further, gift givers find "picky" people to be difficult gift recipients (Otnes et. al. 1993). As a result, givers inaccurately predict preferences so that the difficult recipient can participate in gift opening rituals:

(My husband's) birthday is in May. I bought him an outfit for work and I think a pair of shorts and a couple of tee shirts. He kept the tee shirts because he likes tee shirts like this. Everything else went back. . . . When I was buying it, I had gone with my sister and I said, "he's not going to

keep any of these, they're going back." I knew he was going to.

Interviewer: If you knew he wouldn't like it, why did you buy it?

Probably just so he would have something on his birthday.

In this case, the ritual of giving and receiving a birthday gift is more important than the actual gift item.

A poster on Babycenter.com discussed the clash between one family's gifting rituals and a new family member's rituals. This occurs when someone new joins the family (e.g., marries in) and wants to continue their family of origin's rituals and traditions. A new sister-in-law planned on giving handmade Christmas ornaments to her new nieces. The parents were appalled at the suggestion since their family ritual is that only parents give ornaments to their children. The gift ornaments had no connection to the preferences of the recipients or the preferences of the parents of the recipients.

The ritual of "white elephant" was discussed by posters on Babycenter.com. A white elephant gift is part of a group exchange ritual in which each participant brings a low-cost gift and the gifts are randomly exchanged within the group, generally in a party atmosphere. The gifts tend to be humorous or gag gifts and are unwanted items. Givers asked for advice for white elephant gifts. One Babycenter.com poster notes:

My work holiday party is doing a white elephant gift exchange. We are only supposed to spend \$5 (which is near impossible), and funniest gift wins a good prize.

The goal of the gift is to amuse the group, not to predict a recipient's preference. This poster went on to say that she did not want to participate but was obligated.

Bragging

In the case of bragging, gifts are given to provide the giver with the ability to brag or "outgift" another giver. Babycenter.com posters negatively comment about givers who post their fabulous gifts on Facebook in order to brag about their generosity. One respondent noted:

Gifts are given for bragging rights.

Like if you give to the homeless, right afterwards posting on FB (sic) how giving you are with an example.

In addition, parents feel that grandparents who are told not to buy certain "big toys" for the grandchildren do so anyway in order to "outgift" the parents. In this case, the grandchildren want the big toys, however, the parents do not want their children to have these toys. This is especially salient when parents specifically tell grandparents not to buy a specific gift for their children, and they buy it anyway.

DISCUSSION

The scholarly contributions of this study are twofold. First, the research lends support for the idea that inaccurate gift preference prediction is not always a mistake. As discussed, a variety of motivations lead to inaccurate preference prediction. Givers will admit they are not motivated to be accurate and recipients evaluate these gifts as deliberately inaccurate. Previous gifting research assumes that inaccurate gift preference prediction is a mistake due to the difficult nature of predicting others' preferences. Even in close relationships when gift givers want to give gifts that delight the recipient, accurate preference prediction can be challenging. This research highlights that inaccurate gift preference prediction is often deliberate, or perceived as deliberate by gift recipients. The second contribution of this study is the extension of consumer gift-

giving and gift receiving knowledge by the development of the taxonomy of five types of deliberate inaccurate gift preference prediction. The classification developed here includes: 1) threats to self-concept, 2) to you – for me, 3) aggression, 4) ritual and obligation, and 5) bragging rights. These five types are not mutually exclusive. For example, gifts in each of the categories are experienced as aggressive in nature. In addition, a “to you - for me” gift can be based on aggression and pose a threat to one’s self concept. Furthermore, five types of recipient self-concept threats are identified and discussed: 1) fashion, 2) social role, 3) gender, 4) faith, and 5) collection creation. Recipients who evaluate givers as deliberately predicting their preferences inaccurately tend to be dissatisfied with the gift. Furthermore, recipients view these gifts negatively and will use online forums such as the ones provided by Babycenter.com to complain about these givers and gifts.

MARKETING RECOMMENDATIONS AND FUTURE RESEARCH

These findings provide interesting implications for marketers. It is suggested that marketers find better ways to provide service to consumers who have received unwanted gifts. Assisting consumers in the disposal of unwanted gifts can lead to the purchase of preferred items and store loyalty. A reverse channel for unwanted gifts can take the form of re-gifting, donating, and exchanging. For example, consumers can feel good about donating unwanted gifts to those who are less fortunate. Consumers are often reluctant to return gifts due to cultural stigmas associated with these actions. However, marketers can turn this around by creating positive associations with gift returns, such as connecting these actions with charitable donations.

Marketers can provide services to assist with these efforts and reward consumers for their participation in donation efforts. In addition, during high gift shopping season (e.g., leading up to Christmas) marketers can provide “gift experts” to counsel gift givers on the down sides of deliberate inaccurate gift preference prediction. Marketers who find ways to encourage buying gifts that will not be returned or assist gift recipients in doing something positive with unwanted gifts are sure to be the winners in the retail gift buying season.

What are ways in which marketers can address these types of consumer complaints? It has been suggested that marketers need to monitor online discussions of their brands in order to respond to problems (e.g., Schiffman et. al. 2008). As previous research suggests, marketers need to reach out to consumers who complain (e.g., Yen 2016). When consumers complain about gifts, marketers can offer exchanges and donation opportunities to turn dissatisfaction into satisfaction and delight with a brand or company.

Future research can employ quantitative tests for the constructs presented here. Quantitative tests of the constructs can verify the prevalence of each of the intentional inaccurate gift preference prediction categories. Furthermore, future research can examine the correlation of each of the deliberate inaccurate gift preference prediction constructs to relationship type, relationship strength, and personality characteristics. Still further, relationship outcomes (e.g., severed ties) from deliberate inaccurate preference prediction can be determined. In addition, research can examine what happens to the gift objects in these situations (e.g., regifting, disposal, leaving in a closet, and donations). There are additional aspects of gift preference prediction and the impact on relationships can be explored. In particular, gift

preference prediction avoidance (i.e., gift registry, discussing preferences, and recipients stating their preferences) has yet to be examined and could lead to positive outcomes for marketers. A widely unexplored area of consumer behavior is its relationship to religion and faith. The use of gifts as a tool for proselytizing and as a tool for socialization and instruction of faith from parents to children can be explored. Most importantly, marketers need to explore the effect gift satisfaction and complaining behavior has on the brand. When consumers post negative reactions to branded items it can have a negative effect on the brand image. This effect warrants further research in order to reverse any negative effects that complaining about unwanted gifts can have brand equity.

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HOW THE CUSTOMER FEEDBACK PROCESS CONTRIBUTES TO PERCEIVED CUSTOMER ORIENTATION AND AFFECTIVE COMMITMENT IN THE HIGHER EDUCATIONAL SERVICE CONTEXT

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ABSTRACT

Given the current dynamics in service industries organizations are attempting to strategically create distinctiveness that leads to competitive advantage. Higher education is a unique experiential service where customer engagement implies engagement in not only the academic domain but also engagement in the total educational experience. Therefore, in order to create value in educational service delivery, there is a need for more highly developed understanding of the student-institutional intersection. The present research aims to contribute to the service marketing literature by developing and testing a model related to a broader conception of a student feedback process as a critical component of desired service outcomes. Conceived as customer feedback, student feedback to an educational institution can be positive (compliment), negative (complaint), or take the form of a suggestion or idea for an improvement to any aspect of the service provided to a person, department, or service group of the institution using multiple communication modalities. In this model perceived usefulness of the feedback process and perceived ease of use are posited to interact to influence the perceived customer orientation of the institution. Customer orientation, in turn, is posited to mediate the influence of feedback system perceptions on student affective commitment toward the institution. Model relationships are supported which have conceptual and managerial implications for strategically bonding students to universities.

Keywords: *Customer feedback, customer orientation, services, educational context*

INTRODUCTION

Similar to many service industries, higher education is facing increasing competition, new technology, poor retention rates, the need to diversify income streams, internationalization issues, and more demanding customers (Douglas et al. 2008; Shahaida et al. 2009; Furey et al. 2014). In attempting to respond to these imperatives colleges and universities are becoming more strategic in their approach to marketing as a means of increasing distinctiveness leading to long-term competitive advantage (Furey et al. 2014; Williams and Omar 2014). However, a lack of understanding associated with limited theory and research in this context makes efficacious marketing responses difficult to implement (Helmsley-Brown and Oplatka 2010; Furey et al. 2014; Bock et al. 2014; Williams and Omar 2014). Another contributing factor in the difficulty to revitalize marketing strategy in the current dynamic environment is the nature of higher education itself which consists of unique service characteristics. Higher education is: people-focused; largely intangible; dependent on customization; a prolonged relationship; and delivered in multiple ways at multiple sites (Chalcraft et al. 2015; Williams and Omar 2014). Importantly, students are both consumers and products of the educational service (Conway and York 1991).

Based on the intensity and continuity of interaction, higher education is a special service where the focus is on the customer (student) experience with the institution (Khanna et al. 2014; Fuery et al. 2014). In such an experiential service, customers (students) along with various service providers do much of the work to co-produce the outcome (their education) (Khanna et al. 2014; Fleischman et al. 2015). As highlighted in the higher educational marketing literature, colleges and universities must *engage* students in this process through experiences created via *reciprocal communication and interaction* (Fleischman et al. 2015). These relational touchpoints influence important service outcomes such as student perceptions of a university's performance, satisfaction, loyalty, and advocacy (Khanna et al. 2014).

This line of thinking has spawned calls for explorations of how customer orientated, collaborative/co-creation approaches can revitalize higher education marketing strategies (Khanna et al. 2014; Fleischman et al. 2015; Ng and Forbes 2009). The call to explore consumers' role in service value co-creation has also been echoed beyond the educational literature as a way to more broadly reinvigorate future research related to consumer satisfaction (Dahl and Peltier 2015). As highlighted above, the concept of student *engagement* is foundational to understand and implement customer orientated, co-creation in higher education. While there are good examples of research supporting the efficacy of enhanced student academic engagement (e.g., Crouch and Mazur 2001), customer engagement in the educational service implies that student engagement is broader than the academic domain and encompasses engagement in the total educational experience. Theoretical development and empirical exploration of this broader conception of higher education customer

engagement are sparse or limited in part owing to the complexity of the educational service. For example, in this context, engagement relates to more than just classroom and academic-related experiences as there are a number of touchpoints (i.e., recreational, dining, health care-related) involved in the educational service. In addition, attempts to integrate more dynamic student feedback processes in strategic marketing are often limited to classroom feedback or more static student satisfaction surveys. As noted by Chalcraft et al. (2015), in order to create genuine value in service delivery, there is a need for more highly developed understanding of students by educational institutions to "...become more aware of the way in which the services they offer must reflect and anticipate the fast changing demands of the students..." (p. 3).

The present research aims to uniquely contribute to the experiential service literature by developing and testing a model related to perceptions of a student feedback system as important antecedents of customer orientation. Consistent with a broader conception of customer engagement, student feedback to an educational institution can take the form of positive (compliment) or negative (complaint) feedback, or a suggestion or idea for an improvement to any aspect of the service provided to a person, department, or service group of the institution through any number of modalities (i.e., face-to-face, telephone, e-mail, and web-related). In addition, we examine the effects of feedback system perceptions and customer orientation on a critical service outcome - affective commitment. This construct has been tied to true loyalty, word of mouth, and advocacy (Morgan and Hunt 1994; Bendapudi and Berry 1997; Oliver 1999). We now provide context for the importance of student feedback as a critical component of how

customer orientation can be manifested in higher educational contexts.

Customer Orientation

A market orientation implies that an organization is aware of itself and its environment, takes in information, disseminates it, and acts on it (Jaworski and Kohli 1993). Customer orientation is a component of market orientation with a focus on customers, disseminating customer information internally and acting upon it. Customer feedback, both solicited and unsolicited, contributes to this orientation that is critical to a market-oriented higher education institution. In the business sector, market orientation has been implicated in innovation, employee satisfaction and commitment, customer satisfaction, and brand loyalty (Pulendran et al. 2003). These are the very areas that, until recently, have received limited attention in higher education as to their connection to market/customer orientation.

Research in higher education is nascent and developing as it relates to market orientation. Caruana et al. (1998) found a market orientation (gathering, disseminating, and responding to market information) to positively influence non-governmental funding. More recently, Voon (2008) developed a measure of customer-perceived market orientation for higher education. Consistent with findings in business research, the construct is posited to correlate with quality, satisfaction, and loyalty. In examining possible antecedents to market orientation in higher education, Wasmer and Bruner (2000) found innovativeness to play a significant role with an implication being the importance of a free flow of information and ideas.

Related more specifically to customer orientation, the student-centered model has become increasingly important in higher education with calls that the student be considered a collaborative partner

(Henning-Thurau et al. 2001). From a students' perspective, Delucchi and Korgen (2002) found students view higher education as a consumer-driven marketplace. Recent research has found that while students do not expect to be treated as customers across all domains of their educational experience they do expect institutions to obtain and use their feedback to improve student satisfaction (Koris et al. 2014). With respect to academics' perspective, Hemsley-Brown and Oplatka (2010) found academics believe their institution is oriented to meeting student needs and cares for student well-being and their learning. Alnawas (2015) used a combination of discovery-oriented and quantitative approaches to develop a more detailed measure of customer orientation. Of relevance to the present study, items focusing on student feedback related exclusively to the academic realm (e.g., receiving timely classroom feedback; student evaluations of teaching). As noted earlier, this exclusive focus on student academic-related feedback has spawned calls for examinations of the total student experience that expands beyond the teaching-related realm to the various support services (Clewes 2003).

Customer Co-Creation/Engagement

Customer co-creation-related processes such as customer-to-business feedback are subsumed under the broader notion of customer engagement. Customer engagement has been defined as 'an overarching construct capturing non-transactional customer behavior' (Verhoef et al. 2010). In terms of non-transactional behavior, customers' behaviors can 'speak' to one of three groups: privately to their immediate circle; a third party organization; or 'publically' to the organization itself (Singh 1990). The first is referred to as word-of-mouth where friends, family, co-workers, neighbours, and even random

strangers may hear about a consumer's good, bad, or mediocre experience with an organization, product or employee, or see someone's enjoyment (or lack thereof) of a product or service. The second is voicing to a third party organization such as the better business bureau, or a professional organization. The third option is voicing to the organization itself through unsolicited or solicited feedback. Feedback related to co-creation could be considered unsolicited or solicited feedback, where a customer's behaviors such as making suggestions to improve the consumption experience, helping and coaching service providers, and helping other customers to consume better are all aspects of co-creation...' (van Doorn et al. 2010, p.254).

The emerging paradigm of customer co-creation has received attention from marketing scholars as part of the new service-dominant logic (Vargo and Lusch 2004). In-depth dialogue between firms and customers aimed at improving the service experience is a cornerstone of relationship marketing within the service-dominant paradigm (Ballantyne and Varey 2006). Indeed, Yi and Gong (2013) as highlighted in Taylor and Hunter (2014) conceive of information sharing and customer feedback as aspects of operationalizing value co-creation. Such processes allow firms to obtain and use information to enhance the customer experience, build trust and commitment as well as switching barriers (Wilson et al. 2008; Jaworski and Kohli 2006; Uncles et al. 2003). Indeed, firms are admonished to develop more ways to involve customers as co-creators (Prahalad and Ramaswamy 2004). However, at present there are more questions than answers relating to an understanding of the dynamics of customer co-creation and engagement (Seybold 2006; Cook 2008; Woodruff and Flint 2006).

Within this viewpoint, the student is a stakeholder with a direct interest in the educational service and thus an important way to implement a student orientation is to invite student co-creation of the service (Shahaida et al. 2009). However, research on aspects of co-creation in higher education tends to be in early development. First, with respect to the broader context of student engagement, higher education has long tended to focus on the teaching and learning realm as this constitutes what would be considered the core service of the university (Kahu 2013; Ng and Forbes 2009). Yet it has been argued that involvement in the broader educational context contributes to student success and longer-term positive service outcomes (Finn 1993).

Further, where "student voice" has been investigated in educational service research it has been conceptualized from the narrower perspective of complaints. For example, Dolinsky (1994) examined the relationship between the intensity of student complaints and their satisfaction with the complaint outcome and proposed a framework for developing complaint responses. Further, Kotler and Fox (1995) found that immediate responses to student complaints can help positively influence student loyalty. Recent conceptualizations of customer engagement in the educational literature argue for a more expansive view and approach (Hand and Bryson 2008; Kahu 2013). Fleischman et al. (2015) conclude that a "value co-creation model (where co-design becomes the default approach) represents a plausible marketing strategy." (p. 99)

In summary, the higher education literature relating to market and customer orientation points to the potential for the application of these constructs to benefit educational marketing strategies. However, it is clear that there is a need for models that better capture the required responsiveness

associated with information and ideas from an effectively realized customer orientation. This has led educational marketing researchers to conclude that the successful implementation of a customer orientation requires the university to regularly examine its commitment to understanding the *experience of the student* with the implication that the university should encourage student voice (Mukerjee et al. 2009). Further, the higher education literature relating to customer engagement and co-creation has made initial strides in understanding and integrating the student into the academic aspects of the university experience (c.f., Crouch and Mazur 2001). Yet it has long been known that academic issues account for about 50% of the variance in retention (Pantages and Creedon 1978). Clearly, accounting for the broader student experience in conceptualizations of student engagement would be important for advancing our understanding in this area (Hand and Bryson 2008; Kahu 2013). Finally, while investigations of student complaints and complaint management have proven to be valuable it is undeniable that a thorough understanding and realization of student voice in quality assurance and co-creation efforts involves compliments and idea sharing beyond complaints.

The present research attempts to address these gaps in our understanding of drivers of student engagement within the context of higher education particularly in regards to an important aspect of student participation - feedback. While a range of customer engagement behaviors have been examined in business and educational models, we know significantly less about customer feedback. For example, one recent conceptual model of customer engagement (Verhoef et al. 2010) includes customer characteristics affecting engagement behaviors but does not even include customer feedback.

When addressing customer feedback, one hurdle in feedback research is that 'feedback' is often synonymous with complaint: but feedback also means compliment, suggestions for improvement and innovative ideas. So too, feedback involves more than students responding to static surveys. Since the educational experience involves many intersecting touchpoints over time, feedback opportunities also involve opportunities for two-way interactions across multiple modalities during and after service delivery. Feedback then appears to be a missing link in the chain of understanding how best to implement a responsive customer orientation as part of the total student experience. Ultimately this would help institutions understand what to do to engage their students in efforts to build and sustain unique competitive advantage. We now offer a hypothesized model and justification for specific construct relationships from relevant literature.

Hypothesized Model

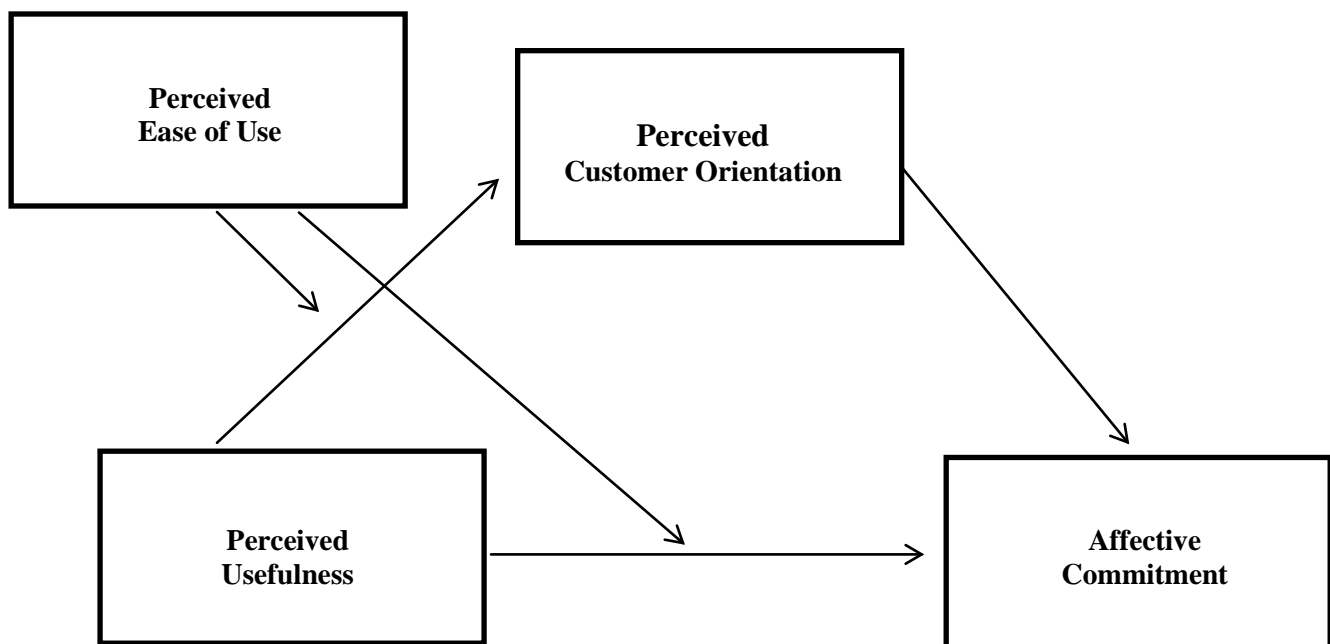
As noted by in the market orientation literature, an organization that is market-oriented continuously communicates and interacts with its customers to solve problems and anticipate future needs (Day 1994). Yet, as exemplified in the foregoing discussion, 'The underlying mechanisms that link customers to organizations are not well understood,' (Ostrom et al. 2010), p. 21). To address this gap, the conceptual model developed and presented here (see Figure 1) focuses on understanding perceptions tied to a student feedback system; a potentially important mechanism that links students to institutions. To our knowledge, this is the first test of a model that attempts to capture perceptions related to a broader notion of student feedback (i.e., feedback beyond complaints, beyond the teaching and learning realm, and oriented to a university

system addressing feedback from multiple touchpoints and multiple modalities). In this respect, while all proposed constructs and relationships have been examined in prior literature, these constructs and relationships have not been empirically tested in exploring student feedback in the higher education context. Overall, the model proposes that two perceptual domains, perceptions of the feedback process and perceptions of the organization influence affective commitment toward the institution.

The technology acceptance model (TAM), based on the psychological theory of reasoned action, is posited to explain attitudinal and behavioral outcomes of technology innovation (Davis et al. 1989). The TAM is one of the most widely used models to examine information systems use whose proposed structure has been largely supported empirically through hundreds of studies. Although the customer-precipitated feedback process with companies is not

completely technology-oriented, it does involve a broader information system structured to generate, capture, and or respond to customer information. Given that Davis et al. (1989) objective was consistent with the present research, that is, to explain user acceptance of information systems, that was parsimonious, and 'helpful not only for prediction but also for explanation' (Davis et al. 1989, p.985) we adapt two foundational constructs from TAM – perceived ease of use and perceived usefulness. Of note is the fact that ease of use and usefulness-related concepts have appeared in the consumer complaint, co-creation, knowledge sharing, and employee feedback literature (c.f., Lovelock et al., 2008; Hoyer et al., 2010; Lee et al., 2006; Kudisch et al., 2006). Further, although technology acceptance models have been applied in educational contexts (c.f., Park 2009) they have not been used for examining student feedback processes.

FIGURE 1
HYPOTHESIZED MODERATING AND MEDIATING RELATIONSHIPS



Perceptions of the feedback process include: perceived usefulness of feedback (perceptions that the organization will find the feedback useful) and perceived ease of the feedback process (perceptions of the system in terms of the amount of effort required to use it).

In meta-analyses of over 100 studies in the TAM literature, perceived usefulness has consistently been found to be among the strongest predictors of attitudes, intentions, and behavior associated with information system adoption (King and He 2006; Yousafzai et al. 2007b). In the education context, perceived usefulness has been found to be positively related to attitude toward e-learning and intention to use an online learning community (Park 2009; Liu et al., 2010).

In contrast to perceived usefulness, perceived ease of use has not been found to be as strongly and consistently related to attitudes, intention, and behavior in the TAM literature (King and He 2006; Yousafzai et al. 2007b). Perceived ease of use has been found to directly influence perceived usefulness given that an easier information system to use is likely to be perceived as more useful (Venkatesh and Davis 2000).

Of interest from the perspective of the present research are calls within the TAM literature for examining the influence of potential moderators as well as calls for the inclusion of additional variables. Several authors note the appropriateness of examining potential moderators for TAM variables, moderators for perceived usefulness and ease of use perceptions, or moderators for antecedents of usefulness or ease of use (Venkatesh and Davis 2000; King and He 2006; Venkatesh and Bala 2008). While a number of moderators have been proposed and examined for the TAM many are related to personal or task characteristics (Yousafzai et al. 2007b).

Given that the effects of a core TAM variable - ease of use perceptions - have predominantly been examined as direct effects and that its effects have been found to be less stable and more variable which may point to its potential as a moderator, we propose to examine its influence as a moderator of perceived usefulness. Note that this approach would fall under theory “deepening” research and is keeping with admonitions to focus on moderators with strong theory-based support (Yousafzai et al. 2007a; Bagozzi 2007).

Beyond examining potential moderators, the TAM literature also calls for the inclusion of additional variables. This approach would fall under theory “broadening” research (Bagozzi 2007). To this end, Bagozzi (2007) has noted potentially critical gaps in the theory associated with the neglect of group-related perceptions and the superficial treatment of affect-related effects (i.e., narrowly focused on usage). Interestingly, a lack of inclusion of significant affect-related constructs has also been highlighted in retrospective reviews of the satisfaction literature (Davidow 2012). To these points, we extend related theory through the inclusion of perceived customer orientation and affective commitment as important intermediate and outcome constructs in the proposed model related to customer feedback systems.

Critical customer touchpoints can communicate to customers and thus impact customers' assessment of service organizations (Bitner et al. 1990). Much of the service research focuses on the impact of employees on service outcomes. For example, Brady and Cronin (2001) note that front-line employees largely determine customers service perceptions. Hartline and Ferrell (1996) also suggest that employees are one of the most important determinants in the customer-firm relationship. However, there are other aspects of a service that can

communicate to customers. This is why many organizations have explicit policy and procedures for complaint handling (Tax et al. 1998). Indeed, the use of different options can have a strong impact on the service encounter and subsequent outcomes (Kelly 1993).

In developing their students as co-producers framework, Kotze and Plessis (2003) note that efficient and effective service processes can drive positive customer outcomes. Douglas et al. (2008) found that communication and responsiveness were critical determinants of student loyalty behaviors. Further, within the higher education literature, Day (1994) argued that in order to be considered customer-oriented a university must communicate and interact with students to not only solve problems but to anticipate needs on an ongoing basis. Finally, as noted by Brady and Cronin (2001), there is a critical need to examine aspects of service processes in light of the impact they might have on firm customer orientation as *perceived by customers*. Extending this thinking, perceptions of an organization's customer feedback process can 'signal' that the organization is truly interested in customer feedback, and as such is customer oriented. Based on the foregoing discussion we posit that the effect of the perceived usefulness of a feedback process will interact with the perceived ease of use of the feedback process such that stronger ease of use perceptions will positively influence the effect of usefulness perceptions on the perceived customer orientation of the organization. We formally hypothesize that:

H1: Perceived usefulness of the feedback system will interact with (be moderated by) perceived ease of using the feedback system to influence the perceived customer orientation of the organization.

Affective commitment is included in our customer feedback model as a key outcome variable. Indeed, the creation of mutually beneficial exchanges that bond a customer to an organization is a cornerstone of relationship marketing (Palmatier et al. 2006). The emotional bond, often overlooked by organizations, is a necessary element for important relational outcomes (Wu 2011). This bond characterizes true loyalty whereby an organization not only retains customers but also gets referral behavior (Liu 2007; Dean 2007), critical outcomes for higher education institutions.

In terms of individual-level effects within a firm, a positive relationship has been found between employee customer orientation and organizational commitment (Rod and Ashil 2010; Carr and Burnamthorpe Lopez 2007; Donovan et al. 2004). Further, with respect to firm-customer relationships, previous studies have found positive links between the customer orientation of service employees and customers' commitment and retention (Henning-Thurau 2001; Donovan et al. 2004; Kim and Ok 2010)). Beyond positive links between customer orientation and commitment, customer orientation has been posited as a mediator of characteristics of a firm's work environment and desired outcomes. Specifically, customer orientation has been found to fully mediate: firm characteristics and salesperson performance (Boles et al. 2001), a firm's organizational culture and the buyer-seller relationship (Williams and Attaway 1996), and a service firm's climate and customer satisfaction (Schneider et al. 2005). Thus, extending this thinking we posit that perceptions of the customer feedback process should work through the perceived customer orientation of the organization to impact the affective commitment toward the organization. Therefore:

H2: The interaction of perceived usefulness and ease of use will work through (be mediated by) perceived customer orientation to influence customer affective commitment toward the organization.

METHOD

Sample and Procedure

A medium-sized Midwestern university was chosen as the research site. Founded in the mid-1960s the university was one of the fastest growing four-year institutions in its region. Given the unique characteristics of higher education as an experience service combined with the institution's rapid growth, provides a dynamic context in which to test the proposed customer feedback model. As noted earlier, higher education offers dozens of service touch-points beyond the classroom including financial aid, computing facilities, library services, on-campus retail operations, health services, career placement, recreational activities, and food service operations. Paper questionnaires were distributed in university core classes required of all students as well as upper division classes across colleges. Classes were selected to preclude multiple responses from the same students. All respondents were informed of the purpose of the study, its voluntary nature, and that their responses would be anonymous. Consistent with the definition of customer feedback from the customer engagement literature, students were provided with the definition of customer feedback as encompassing positive (compliments) and negative (complaints) feedback, or suggestions or ideas for improvement to any aspect of the service provided to a person, department, or service group of the institution. Students were asked to respond to survey measures from the frame of reference of *providing specific feedback to the institution as a customer*.

Based on the distribution procedure, a total of 647 surveys were distributed which resulted in 626 usable questionnaires. The average age of respondents was 21, with a range of 18-63. Forty-five percent of the respondents were female. Twenty-five percent of respondents were freshman, 22% sophomores, 21% juniors, and 29% seniors. Ninety-four percent were full-time students. The breakdown for majors by college was 40% business, 22% science and engineering, 22% liberal arts, 6% health professions, 3% graduate, and 7% undecided. Students who had provided feedback to the institution (to a person, department, or service group) were asked to provide the modality used for feedback. Of those providing feedback, 43% provided feedback face-to-face, 30% used e-mail, 20% of respondents used a university website, 13% used a phone, and 5% used social media.

Measures

The questionnaire included multi-item measures utilizing five-point scaling of the constructs presented in the model in Figure 1 in addition to demographic descriptors. Construct measures were adapted from previously published scales that have exhibited acceptable levels of reliability and validity.

Perceived usefulness of feedback was measured via four items relating to the perceived benefit of the feedback to the recipient (adapted from Venkatesh and Davis 2000, Tohidinia and Mosakhani 2010, and Cyr and Choo 2010). *Perceived ease of providing feedback* consisted of three items relating to the perceived ease of using the feedback system (adapted from Venkatesh and Davis 2000, Calisir et al. 2009, and Cyr and Choo 2010).

Perceived customer orientation consisted of four items adapted from Narver and Slater's (1990) conception of customer orientation and is consistent with Voon's

(2008) customer orientation component of market orientation for the higher education context. *Customer affective commitment* was assessed via three items regarding a student's feelings of pride, attachment, and caring for the institution adapted from Verhoef (2003) and Garbarino and Johnson (1999).

RESULTS

The purpose of this study is to test for mediated moderation, that is, that the moderating effect of perceived ease of use on perceived usefulness works through perceived customer orientation to influence affective commitment. As a precursor to analyses, reliability, convergent validity, and discriminant validity were assessed for multi-item measures. All measures were above recommended thresholds for composite reliabilities (.72-.91) and Cronbach's Alphas (.67-.90) with the exception of perceived ease of use for Cronbach's Alpha (.67). Confirmatory factor analysis (AMOS 18) was used to assess the convergent validity of measures. Observed indicators were all statistically significant ($p < .01$) for their corresponding factors. Measurement model fit statistics $\chi^2(71) = 160.30$, $p < .00$, NNFI = .96, CFI = .98, RMSEA = .05 suggest that the observed indicators are representative of constructs. The amount of variance extracted for each construct ranged from .47-.72. With respect to discriminant validity, the amount of variance extracted for each construct is greater than the squared correlation between constructs. Overall, considering that these constructs and measures were adapted from other contexts, results provide good support for convergent and discriminant validity of the construct measures (Fornell and Larcker 1981; Bagozzi and Yi 1988; Hu and Bentler 1999; Hair et al. 2006). Summated scores of the multi-item scales were used to address the research hypotheses. Table 1 presents

measures used in this study. Table 2 provides the means, standard deviations, and correlations of the measures.

Considered together, the proposed hypotheses suggest a mediated moderation model (Preacher et al. 2007). While prior research has used Baron and Kenny's (1986) procedure, recent literature has questioned the logic of the Baron and Kenny criteria (Zhao et al. 2010). Preacher and Hays (2004) developed a procedure for a rigorous test of direct and indirect effects of an independent variable and potential moderators on a dependent variable. The approach utilizes a powerful "bootstrap" test by generating a sampling distribution from a researcher's sample. In this procedure, regression equations are estimated for each bootstrap sample and after 1,000 such samples have been drawn effects are estimated from the mean of these estimates. This process allows for the generation of bias-corrected confidence intervals for indirect (mediated) effects.

Following Preacher et al. (2007), two regression equations were estimated. For the first equation, perceived usefulness, ease of use, and the interaction term, (usefulness x ease of use) are entered as predictors of customer orientation. For the second equation, the usefulness, ease of use, interaction term and customer orientation are entered as predictors of affective commitment.

Conditional process analysis is required with the hypothesized model as the effect of the independent variable should differ in strength as a function of the proposed moderating effect, and then work through the proposed mediator to impact the dependent variable (Hayes 2013). That is, the effect of usefulness should be conditional on the level of ease of use and work through customer orientation to influence affective commitment. The strength of conditional process analysis

TABLE 1
RESULTS OF CONFIRMATORY FACTOR ANALYSIS

Constructs and Items	Standardized Coefficient
Perceived Ease of Use (<i>scaled: strongly disagree/strongly agree</i>)	
Providing feedback would require a lot of effort. (R)	.45
I find the XXX feedback process easy.	.83
I find the process of providing feedback to XXX is straightforward.	.71
Perceived Usefulness (<i>scaled: strongly disagree/strongly agree</i>)	
My feedback could help solve organizational problems.	.84
My feedback could create new business opportunities for the organization.	.90
My feedback could help people in the organization.	.88
My feedback could benefit XXX.	.76
Perceived Customer Orientation (<i>scaled: strongly disagree/strongly agree</i>)	
I believe XXX understands student needs.	.80
XXX's programs and services are driven by student satisfaction.	.79
XXX asks its students if they are satisfied.	.69
XXX is still interested in its students after they register for courses.	.76
Affective Commitment (<i>scaled: strongly disagree/strongly agree</i>)	
I feel proud to be a XXX student.	.85
I care about the long-term success of XXX.	.79
I remain a student because I feel an attachment to XXX.	.69

Note: All standardized coefficients are significant at $p < .01$.

TABLE 2
DESCRIPTIVE STATISTICS FOR STUDY CONSTRUCTS

	Standard		X1	X2	X3	X4
	Mean	Deviation				
X1 Perceived Ease of Use	3.0	.69	--			
X2 Perceived Usefulness	3.7	.75	.23**	--		
X3 Perceived Customer Orientation	3.5	.76	.34**	.25**	--	
X4 Affective Commitment	3.7	.78	.21**	.26**	.58**	--

** Correlation is significant at $p < .01$.

relative to conventional tests of mediated moderation (i.e., Baron and Kenny 1986) is that the procedure utilizes the bootstrapping technique to calculate “path” effects in the form of a confidence interval. Confidence intervals that exclude zero are evidence of an effect statistically different from zero. Thus, mediated moderation would be indicated when there is evidence for mediation with the effect of the proposed moderator working through the effect of the proposed mediator.

The study variables were loaded into the Process macro (Hayes 2013) in SPSS 21. Mean centering was used given the potential negative effects of collinearity between regressor variables (independent variables and interaction terms) required for analysis (Shieh 2011). Results of the analysis to test the conditional effects model (Figure 1) are presented in Table 3.

Table 3 shows that H1 is supported with the proposed interaction effect (usefulness x ease of use) highly significant

(p value < .01) in the first regression equation predicting customer orientation. Further, H2 is supported with the mediator effect of customer orientation highly significant in the second regression equation predicting affective commitment (p value < .01) while the direct effect of the interaction term is nonsignificant.

As a precaution, variance inflation factors (VIFs) were examined to assess the effects of collinearity among the independent variables and interaction terms. For the first equation addressing H1, VIFs ranged from 1.02 – 1.07. For the second equation addressing H2, VIFs ranged from 1.03 – 1.18. Thus, as a result of mean centering, a collinearity problem is not indicated (Hair et al. 2006).

To depict the nature of the interaction effect associated with the first regression equation predicting customer orientation, slopes are plotted for individuals one standard deviation above the mean

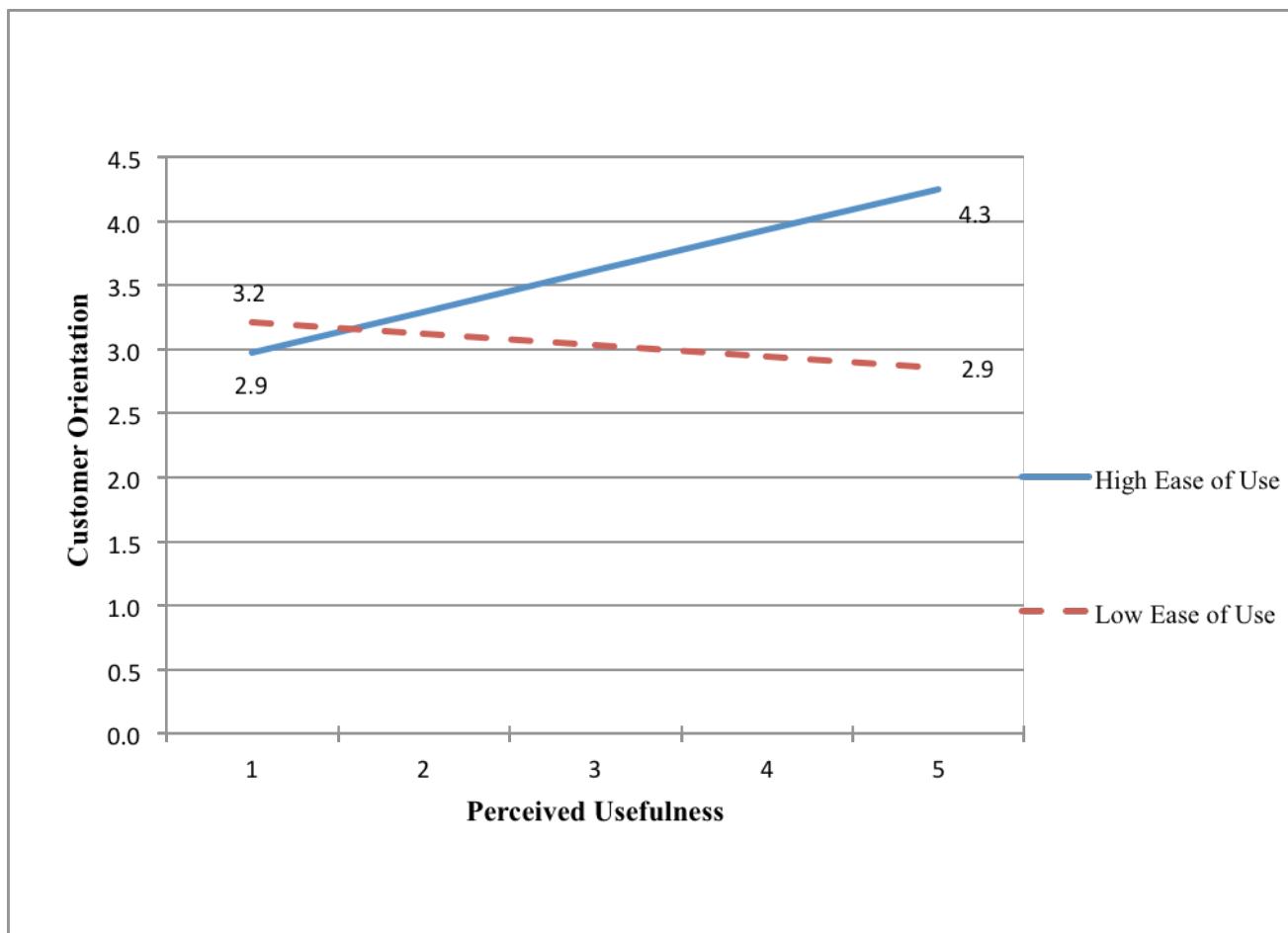
TABLE 3
LINEAR REGRESSION RESULTS

Antecedents	Consequent					
	Customer Orientation			Affective Commitment		
	Coeff.	SE	p	Coeff.	SE	p
Usefulness	.19	.04	.00	.13	.04	.00
Ease of Use	.31	.04	.00	-.01	.04	.84
Ease of Use X Usefulness	.13	.05	.00	-.01	.03	.83
Customer Orientation	---	---	---	.57	.04	.00
Constant	3.46	.03	.00	1.76	.13	.00
	$R^2 = .15$ $F(3, 622) = 37.73, p < .00$			$R^2 = .35$ $F(4, 621) = 82.63, p < .00$		

(Mean = 3.68) and for individuals one standard deviation below the mean (Mean = 2.30) for perceived ease of use. Figure 2 displays the interaction effect on customer orientation. For higher levels of perceived usefulness, higher perceived ease of use significantly enhanced the perceived

customer orientation of the organization ($F(1, 73) = 10.84, p < .01$). In contrast, usefulness perceptions do not have this effect on customer orientation when ease of use perceptions are lower ($F(1, 76) = .78, p < .38$).

FIGURE 2
INTERACTIVE EFFECTS OF PERCEIVED USEFULNESS AND EASE OF USE ON CUSTOMER ORIENTATION



The test of mediated moderation can be derived from the conditional indirect effects that are provided by the bootstrapping results. Table 4 displays the bootstrapping results for the conditional indirect effect of the moderation at various levels (i.e., low = one standard deviation below the mean, medium = at the mean, and high = one standard deviation above the mean) to influence affective commitment.

The “Effect” column in Table 4 shows the combined effect of the interaction on affective commitment at various values working through the mediator. Recall that confidence intervals (lower level - upper level) that exclude zero are evidence of an effect statistically different from zero. Thus, mediated moderation would be indicated when there is evidence for mediation with the effect of the proposed moderator working through the effect of the proposed mediator.

Support for mediated moderation is provided in that significant effects are

indicated for two of three confidence intervals (associated with the mean and one standard deviation above the mean for the moderator). Overall, the *strongest* positive effect of the interaction working through customer orientation to influence affective commitment appears for high levels of the moderator. The next strongest effect is indicated for medium levels of the moderator.

In summary, consistent with predictions, ease of use perceptions associated with a customer feedback system interact with perceived usefulness of the system to influence the perceived customer orientation of the organization. Specifically, perceived customer orientation is enhanced with increasing usefulness perceptions when perceived ease of use of the system is high. Further, the influence of this interaction (at moderate and higher levels of ease of use) on customer affective commitment to the organization is mediated by perceived customer orientation.

TABLE 4
INDIRECT EFFECTS OF USEFULNESS ON AFFECTIVE COMMITMENT AT
VALUES OF THE MODERASTOR

Mediator	Value of Moderator*	Effect	Bootstrap SE	Lower Level CI	Upper Level CI
Cust. Orientation	-.694	.060	.034	-.007	.124
Cust. Orientation	.000	.109	.026	.060	.164**
Cust. Orientation	.694	.159	.034	.095	.230**

*Values for moderator are for the mean and +/- one SD from the mean.

**signifies a 95% confidence interval.

DISCUSSION

This research contributes to the service literature by responding to calls for theoretical models and empirical tests that can help revitalize higher education marketing strategies (Ng and Forbes 2009; Helmsley-Brown and Oplatka 2010; Furey et al. 2014; Bock et al. 2014; Khanna et al. 2014; Williams and Omar 2014; Fleischman et al. 2015k). The present model furthers our knowledge about student perceptions of feedback, a facet of student engagement that can ultimately contribute to co-creation. This work is novel in that customer feedback (negative, positive, and sharing ideas) is not a well-researched area, and while complaints, word of mouth and advocacy have been studied more extensively, this broader notion of feedback, particularly in the educational context, has not been examined.

Findings of this study contribute to the experiential service literature in several ways. First, explicitly linking customer feedback, defined as negative as well as positive reactions and idea sharing, to engagement is relatively unique in that the overwhelming majority of 'feedback' research has focused on complaints or in the educational literature narrowly focused on academic-related feedback. We thus broaden the notion of feedback in keeping with calls to recognize the complexity of the total student experience (Clewes, 2003) and position the concept as an important aspect of student engagement, a prerequisite for co-creation in the educational services context.

Second, examining proposed interactions of core constructs found in the TAM (perceived ease of use and perceived usefulness) is an extension from technology adoption research to customer feedback research. Recall that while technology acceptance models have been applied in educational contexts they have not been

used for examining student perceptions of an organizational feedback process.

Third, the finding that perceptions of a feedback process significantly impact the perceived customer orientation of the institution is a unique contribution to the higher education marketing literature. While several antecedents have been linked to customer orientation, to the authors' knowledge, this is the first time perceptions of a university's feedback system has been examined empirically to broaden theory in the area.

Finally, the finding that perceptions of feedback processes work through customer orientation to influence affective commitment extends educational engagement related thinking. That is, customer orientation is not only influenced by a university's feedback system perceptions but also influences a broader relationship marketing construct, affective commitment. Affective commitment has been related to true loyalty (Oliver 1999), word of mouth, and advocacy, but now this model extends relational theory. Such dynamic linkage effects for customer orientation have not been empirically verified in the higher education literature.

MANAGERIAL IMPLICATIONS

Understanding student perceptions of organizational feedback systems can help universities gain a better understanding of student engagement and how to maintain or gain competitive advantage through customer co-creation - student suggested/influenced improvements and innovations. Academic administrators have direct and indirect considerations for feedback system implementation.

For direct considerations, under the university's control, is the ability to make the feedback system as easy to use as possible (which also involves making it easy to find). An easy system also has the benefit

that it interacts with usefulness perceptions to affect the students' perceived customer orientation of the university. This is important as being viewed as (more) customer oriented is an increasingly important strategic priority for most universities. Universities seek to be viewed as customer-oriented as this can positively impact significant relational outcomes tied to student retention and positive word of mouth.

Such efforts would help universities better balance and align interests between the institution and students as advocated by Nguyen and Rosetti (2015) as a means of enhancing the many experiential aspects (touchpoints) of the university service model (Khanna et al. 2014). The above implication also speaks to the need for better resource (human resource and information systems) integration by the university. People play an important role in many university touchpoints. As such, empowered and motivated employees would be an integral aspect of any student feedback system and the information gathered from such a system could assist with inter-functional coordination across institutional units (Voon 2008).

With the increasing importance of social media platforms in higher education marketing and their ability to increase the scope and scale of communication, Customer to Customer (C2C) communication, or word of mouth, is a benefit that helps extend an institution's promotional budget and potentially attracts more students. However, social media, at present, is predominantly used by consumers to influence other consumers. This is a relatively nascent area for educational institutions to systematically utilize in student to institution feedback but clearly has the potential to give organizations insight into what they are doing right and wrong, providing ideas on how to improve

products and processes, to retain customers and remain competitive in the marketplace. Although not the specific focus of this research, social media feedback can be provided on and assist with any of the marketing mix P's, thus having the possibility of great scope and scale. Thus, finding the right mix of people and feedback modality components as well as how these components interface in an integrated system is a continuing challenge for higher education.

Perceived customer orientation also has a large impact on the institutional affective commitment of a student. Part of a customer orientation is taking in information and using it to make positive changes. Administrators should consider making it clear to students that their feedback is important and even go so far as to show how suggestions have led to changes now in effect by displaying such information onsite or online thereby enhancing system usefulness perceptions. These recommendations speak to the need for an audit of current feedback systems in terms of their perceived ease of use and usefulness - from the students' perspective. Our findings and implications are consistent with the calls for organizational systems/processes characterized by access, transparency, and dialogue in the service co-creation literature (Prahalad and Ramaswamy 2004). Clearly, the institutional outcomes of student feedback systems, the communication of changes associated with feedback, and related student perceptions are worthy of future research attention.

Universities have long recognized the importance of developing emotionally-bonded students. Indeed, relationship marketing research supports the claim that true loyalty depends on affective commitment (Wang 2002; Fullerton 2005). Understanding exactly what creates the

emotional bond in customers is therefore of great importance (Grisaffe and Nguyen 2011). Practitioners have utilized a variety of financial, social, and structural relationship marketing programs to bond a customer to the firm, often resulting in less than expected returns from relationship management efforts (Colgate and Danaher 2000; Koenig-Lewis et al. 2015). However, perhaps returns of such programs can be better addressed by focusing on how they facilitate (or inhibit) affective commitment to the firm as was done in the present study related to perceptions of an organizational feedback system.

Another managerial implication relates to the need to educate users regarding feedback systems. Even with an easy to use system customers will still need to be educated regarding appropriate uses of the system so that they, in turn, can provide feedback that reciprocally 'educates' the institution in terms of needs, problems, and potential solutions (Prahalad and Ramaswamy 2004). Further, as noted by Payne et al. (2008) the active soliciting, prioritizing and incorporating of feedback into an organizational strategy require careful planning and management.

Information from a well-developed student feedback system could provide key input to a university's ongoing strategic marketing efforts. Such information could be used to better segment current students and target communication efforts as part of customer relationship management programs based on identified student issues that demand different responses or interventions. Further, a comprehensive student feedback system can help branding efforts by providing ongoing monitoring of the consistency between actual student-based institutional perceptions (brand image) and university-based desired perceptions (brand identity) (Williams and Omar 2014).

As with many studies, the present research utilized cross-sectional, single source measurement; however, future research could assess the perceptions of respondents over time. Further, respondents were mostly traditional college students and questions remain as to the strength of model relationships for graduate students and adult learners. Measures used in the present study were adapted from other areas of research and may be improved by further refinement, particularly, perceived ease of use.

The present model could be extended to include other affective constructs such as anticipated emotions with respect to system utilization (Bagozzi 2007). Further, inclusion of the trust construct would make conceptual sense given its importance to commitment as well as dialogical communication (Walz et al. 2012). Future research could also include normative constructs, which capture the influence of social influence that have been linked to knowledge sharing and technology acceptance (Tohidinia and Mosakhani 2010; Calisir et al. 2009). Finally, including other types of engagement behavior, for example, desire to be part of a brand community would all be interesting additions given the high level of social media usage among college students.

In conclusion, understanding customer feedback has proven to be somewhat elusive in part due to its complicated nature yet it is a critical component for customer engagement and co-creation. The research reported here advances theory and research in this important area. Within the higher educational context, student feedback can be used to more systematically and consistently 'educate' the educators. In this role, the feedback system can serve as a significant strategic mechanism strengthening the institution's student/customer orientation

and helping to more strongly bond students to the university.

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TOWARD UNDERSTANDING THE IMPACT OF ATTRIBUTES ON SATISFACTION IN DIFFERENT PRICE TIERS

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ABSTRACT

This exploratory study analyzes online ratings of cruises to identify the drivers of consumer satisfaction and dissatisfaction. The goal is to highlight that attributes vary in impact across price tiers. This research involved using Impact Range Performance Analysis and Impact Asymmetry Analysis on data from online consumer reviews across four price tiers (budget, premium, deluxe, and luxury). These techniques allowed for the classification of cruise attributes into five types based on their ability to satisfy or dissatisfy consumers. Using this directional information, importance levels, and perceived performance, the authors show that the order in which cruise lines should dedicate their resources varies across price tiers.

The contribution of this article addresses the need for managers to understand not only which attributes their passengers care about most (i.e., importance weight), but also the potential of each attribute to cause either satisfaction, or dissatisfaction. This will allow strategic allocation of resources depending on whether the cruise line needs to reduce dissatisfaction, or increase satisfaction. Consequently, this research should interest academicians – as an application of creative research methodology, and managers – as a prescriptive tool for resource allocation.

Keywords: *Price Tiers, Attribute Classification, Satisfaction, Dissatisfaction*

INTRODUCTION

Marketing research has long recognized that product (and service) attributes play a significant role in attracting consumers to their brands, shaping overall evaluations, and ultimately determining brand choice (Bolton and Drew 1991; Hauser and Clausing 1988; Mukherjee and Hoyer 2001; Sujun 1985). Decades of research have concentrated on two key issues regarding attributes: firstly, to simulate how consumers tradeoff attributes in their evaluations (Chitturi, Raghunathan, and Mahajan 2007; Green and Srinivasan 1990; Khan, Zhu, and Kalra 2011; Netzer and Srinivasan 2011; Ostrom and Iacobucci 1995), and secondly, to understand the impact of various attributes on 1) satisfaction when present or high in level; and 2) dissatisfaction if they are absent or low in level (Arbore and Busacca 2009; Kano et al. 1984; Matzler et al. 2004; Mittal, Ross, and Baldasare 1998; Oliver 1993). Though these two literature streams are extensive, an important element seldom incorporated in the study of attributes is that consumers who shop in different product classes, or “price tiers”, may value a particular attribute differently.

For example, consider a married couple where the husband wants to purchase a sports car and the wife wants to purchase a minivan. Attributes such as safety and performance are common to both classes of automobiles. However, a five-star safety rating would have more appeal for the minivan purchase than it would for the sports car, despite the potential for greater

speeding (and crashes) in the sports-car. Indeed, not having a five-star rating may cause the wife to drop the minivan brand from further consideration – regardless of its performance – whereas, the husband may compromise on safety rating in order to get the promised performance of the sports-car.

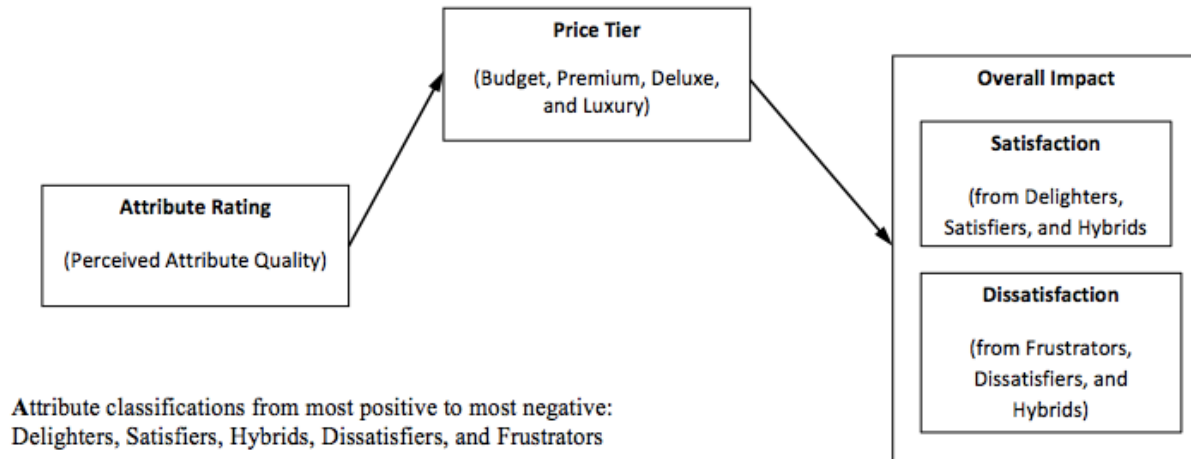
In other words, in addition to trading off attributes, each one has its own potential to cause satisfaction or dissatisfaction, exclusively – or even both, depending on the level. In the example above, a lack of safety would cause dissatisfaction for the wife, but its presence may not increase her satisfaction level, since it is one of her primary expectations. A lack of performance (or just average) would not necessarily make her dissatisfied, but having more performance may cause her to feel more satisfied. On the other hand, for the husband – a lack of performance would definitely cause dissatisfaction, *and* a high level of performance is likely to give him greater satisfaction. A lack of five-star safety rating might not dissatisfy him, but having the five-star safety rating may be a deciding factor when choosing between two alternatives, all else being equal.

The focus of this research as illustrated in this example highlights the need to evaluate consumers' taste for attributes within price tiers (distinct ranges of prices available in the market), rather than as one homogeneous mass-market. In marketing, it is well understood that price tiers emerge because segments of consumers vary in their willingness to pay for quality, which consumers infer based on brands' combinations of attribute levels. Classic multi-attribute models and conjoint analyses are able to measure the relative importance consumers place on attributes. However, researchers now acknowledge that 1) attribute importance and potential impact on satisfaction (or dissatisfaction) are two separate constructs, and 2) combining those

ideas should lead to more informative conclusions (Anderson and Mittal 2000; Lin et al. 2010; Mikulić and Prebežak 2008; Tan and Pawitra 2001).

This research contributes to this area, as one of the first to demonstrate that resource allocation to attribute improvements requires analysis at the price tier level. Extant literature on price tiers does not offer advice on how attributes might differ in their effect on satisfaction or dissatisfaction. For the most part, the price tier literature subsumes concrete product attributes as a function of the more abstract concept of product quality. Product quality is a convenient summary variable for parsimonious study of pricing effects, which can be intricate. While these issues regarding competition based on product quality differences relative to price differences are important, extant price tier research is limited in actionable insight for allocating resources among attributes. The goal of the current research is to expose and fill this gap in the cruise line industry, and suggest this methodology as a model for analyzing other industries structured in price tiers.

The recreational cruise line industry serves as the context for this research, in that it is a classic example of a product category that is differentiated into price tiers based on perceived (and perhaps, delivered) level of quality. Some companies maintain separate brands to appeal to the different segments of customers who are willing to pay at the respective price points. According to www.galaxsea.com (an industry website), there are five tiers of cruises. In increasing price order, they are: budget, premium, river, deluxe, and luxury. Furthermore, the website maintains that consumers should expect different levels of particular attributes on various cruise lines, and within each price tier.

FIGURE 1: CONCEPTUAL MODEL

If these differences exist in the delivery of attribute quality, and consumers differ in the importance they place on various attributes, managers need to understand how consumers interact with cruise attributes (Anderson and Mittal 2000; Herrmann, Huber, and Braunstein 2000; Kuo 2004; Kuo, Chen, and Deng 2012; Lin et al. 2010; Matzler and Hinterhuber 1998), particularly as it relates to price tiers. Specifically, this paper aims to address the following questions across four (of the five) cruise levels: 1) how do consumers perceive the quality of the attribute delivery; 2) what is the relative importance consumers place on each attribute; and 3) what is the potential for the attributes to cause satisfaction or dissatisfaction? See Figure 1 above for the Conceptual Model. Answering these questions should provide the insights managers of cruise lines need in order to make strategic decisions regarding allocating resources across cruise attributes. Ultimately, the goal of this article is to apply two classification methods as presented by Mikulić and Prebežak (2008), to generate prescriptive insights for managing attributes at different price tiers in the cruise industry.

BACKGROUND AND CONTEXT

The recreational cruise ship experience is growing worldwide. According to Cruise Lines International Association (CLIA), the cruise industry in the United States alone has generated more than \$42 billion in total economic activity, involving over 356,000 jobs. Similarly, in Europe the cruise sector generated economic activity involving over 315,000 jobs. In addition, approximately 24 million people worldwide are expected to cruise in 2016, with a total investment of more than \$6.5 Billion in New Ocean Vessels alone (CLIA 2016). Similar to other product and service providers, managers in the industry are constantly monitoring and making updates and changes to cruise offerings in efforts to create the most satisfying vacation experiences and to motivate travelers to choose cruising as their preferred vacation out of the myriad of options available.

Zbucea (2015) reports that academic literature on cruise tourism is meager, although researchers agree that it is one of the most dynamic and growing forms of tourism. Existing research has focused on motivational perspectives, types of

passengers, and perceived value (Jones 2011; Teye and Leclerc 2003; Yi, Day, and Cai 2014); however, given the recent occurrences of cruise mishaps and disasters (Mileski, Wang, and Beacham 2014) onboard various vessels, exploration of dissatisfying cruise experiences may prove insightful for cruise customer experience management.

In addition to furthering insight into the dissatisfying cruise experience as compared to the satisfying cruise experience, another emergent issue is how the internet has changed the way tourism information is distributed because online travel information represents a significant source of customer feedback used in purchase decisions. Not only are cruise lines using online communications to provide potential and experienced cruisers travel information, cruise critics and cruise customers post reviews and rankings of cruises. The number of cruise rating websites (CRW's) is rising and they provide massive amounts of information and access to personal experiences with the cruise lines. Hence, interested potential and experienced cruise planners can use web-based sources of information in addition to other forms of public and word-of-mouth communications about cruise amenities and service quality. Consequently, many cruise lines view electronic word-of-mouth as an effective communication tool that companies must make serious efforts to understand, address, and leverage.

A cruise review refers to written comments about a cruise experience by a traveler or cruise critic. Expert reviewer usually refers to comments written by someone who has tested several peer products or services to identify which offers the best value for money or the best set of features. A myriad of "objective" expert cruise reviews exists such as Frommer's, Fodors, Cruise Diva, and CruiseMates.

However, many travelers look to "subjective" consumer reviews and ratings that are available via the Internet, also called 'electronic-word-of-mouth' (eWOM), in addition to traditional cruise line marketing materials (Lu and Stepchenkova 2015; Ong 2012; Otterbacher 2009). Indeed, the relative impact of consumer word-of-mouth versus expert word-of-mouth depends on the valence of the review. For example, negative consumer reviews have a stronger impact on decreasing purchase intent compared to expert reviews (Plotkina and Munzel 2016).

Nowadays with the growth of social media and the Internet, communication between consumers is instant and pervasive. These forms of communication serve as a platform for consumers to express their opinions about products and brands, including attribute ratings and their level of overall satisfaction (Trusov, Bucklin, and Pauwels 2009). Researchers have identified several consumer motivations for providing online reviews (Higie, Feick, and Price 1987; Walsh, Gwinner, and Swanson 2004; Wetzer, Zeelenberg, and Pieters 2007; Yoo and Gretzel 2008). A few of these motivations include personal benefits (e.g., to gain a reputation as an expert), altruistic benefits (e.g., to help others shop, or help the retailer/service provider), and cathartic benefits (e.g., to punish a company for delivering poor service). These online reviews are particularly crucial to companies in product categories where consumers are likely to seek the opinions of fellow-consumers before making a relatively expensive purchase, or one that has experience attributes. Experience attributes are aspects of a product or service that are difficult to assess prior to consumption (Nelson 1974). Studies have shown that these opinions of reviewers have a significant impact on sales (Chevalier and Mayzlin 2006; Liu 2006), product evaluations (Bone 1995), and purchase

intent (Lee and Lee 2009; Price, Feick, and Higie 1987). If this contagion effect is so strong, it would seem that a closer look at how consumers view attributes in customer reviews, which are public and known to affect consumer decision-making, would be a superior source of data than soliciting individual responses, which often remain private.

Cruise Attributes

Anecdotal reports suggest that three different complementary contexts cover the aspects of cruiser satisfaction or lack thereof: (1) cruiser satisfaction/dissatisfaction (onboard) with tangible aspects of the cruise experience – the ship’s facilities, (2) cruiser satisfaction/dissatisfaction (on board) with the service aspects of the cruise experience – the amenities, and (3) cruiser satisfaction/dissatisfaction (in a port of call) with the on-shore destinations and/or travel route. For example, in terms of the ship’s facilities (tangible aspect of the cruise experience), (Kwortnik 2006, 2008) coined the term “shipscape” to denote the impact of the leisure cruise service environment that affects the cruisers onboard experience and its necessary positive condition for customer satisfaction.

According to Kwortnik (2008, p.3), “A shipscape is a context-specific type of servicescape that includes both the man-made physical and social environment in which the cruise service is delivered (the ship), as well as the natural environment (the ocean) that provides a broader experiential context. Modern cruise ships simultaneously direct attention to and away from the sea. For example, new ships offer many outside cabins with private balconies, once a luxury available only to passengers who booked expensive suites. Balconied cabins enhance a unique aspect of cruising: the experience of being at sea. However, cruise ships also

focus passengers’ attention inward through the use of shipscape elements, such as million-dollar art collections that adorn public spaces and the grandiose – some would say, outrageous – “entertainment architecture” designed to be utterly unlike most anything passengers might experience at home.”

Similarly, Yarnal and Kerstetter (2005) explored how “playful” ship space designs for social interaction impacts cruisers experience and satisfaction. Thus, these research findings indicate that the facilities are fundamental for the onboard satisfaction of customers. In fact, the cruise ship has become an important part of the cruise experience since it also represents a destination in itself.

In addition to the ship facilities, an increasing amount of amenities are being offered both on the ship (services) and at the ports of call (shore experiences). Cruise lines are challenged to intertwine a high-quality onboard stay and alluring shore-based experience and activities. For example, most cruise lines have a logistics office to supply food (a core amenity). In addition, other departments coordinate enrichment activities including onboard entertainment and activities, and destination excursions that involve a variety of cultural sites and experiences with easy transfers to/from the vessel.

Petrick and colleagues showed that service quality factors are related to passengers’ post-cruise cognitive assessments of perceived value, satisfaction and intentions to repurchase (Li and Petrick 2006; Petrick 2003, 2004a, b, 2005). Likewise, tourist satisfaction with the port of call experience at the cruise destination may influence not only the likelihood of a repeat cruise but also the likelihood of a return visit to the destination. Thus, a study of onshore satisfaction and/or dissatisfaction is necessary to fully understand the cruise

experience and is a catalyst for this study of the ship, service, and destination factors that may influence cruise experience outcomes.

Price Tiers

This research explores how price tiers influence perceptions of product attributes. Consumers have been trained through observation to recognize price as a signal of quality (Milgrom and Roberts 1986; Wolinsky 1983). The reason that consumers even need this cue is that often, it is impractical for consumers to have perfect information on the match between all price-quality matches in the market. Therefore, to reduce feelings of doubt about the purchase, they use price as a guideline (Dodds, Monroe, and Grewal 1991). However, a strong sentiment among consumers is that if a product does not live up to the quality that the price signals, low demand will force the firm to drop the price to an appropriate level. In other words, the market is self-correcting (Rao and Monroe 1989). Market forces tend to determine the range for each price tier and the gaps between price tiers. Therefore, consumers have to determine how much they are willing to pay for the product and shop among those price tiers at, or below, that chosen price point.

Given that consumers can choose to shop in any price tier within their budget, brands compete both within their price tiers, and with brands in adjacent price tiers (Sivakumar 2003). Researchers have found that competition between price tiers tends to be asymmetric because consumers place more value on incrementally higher quality, than on the savings they would receive from stepping down in quality. Therefore, higher price tiers tend to have an advantage. When lower priced tier products give discounts; they struggle to attract consumers who normally buy from higher priced tiers. However, when higher priced tiers give discounts, researchers have found that these

firms attract consumers from within that price tier and the ones below (Allenby and Rossi 1991; Blattberg and Wisniewski 1989; Hardie, Johnson, and Fader 1993).

Other scholars find that there are factors that moderate this asymmetry in competition between price tiers (Bronnenberg and Wathieu 1996; Sivakumar 2003; Sivakumar and Raj 1997). For example, as the difference in quality becomes larger between price tier, for a corresponding price difference, the asymmetry becomes more pronounced in favor of the higher price tier brand (Sivakumar 2003). The main point that emerges from these papers is that: as price tiers separate in quality (and prices), consumers tend to stick within their price tiers. Accordingly, the likelihood that consumers will shop within a price tier may be predicted by the tier's share of the market (Romaniuk and Dawes 2005). In turn, having a stable cohort in each price tier encourages consensus within the price tier regarding the potential for attributes to rouse satisfaction or dissatisfaction. These beliefs regarding attributes should be slow to change.

The implication of extant research is that in markets segmented by price tiers, competition within price tiers may be different from competition between price tiers (Sivakumar 2003). Just as past research recognizes asymmetries in price tier competition – primarily due to the desire for higher attribute levels – this research explores the asymmetries in how attributes affect consumer satisfaction or dissatisfaction across price tiers. This insight will help managers allocate resources across attributes in a strategic manner. A firm that has suffered from numerous consumer complaints or negative word-of-mouth may want to invest in those attributes that tend to cause dissatisfaction for customers within that price tier. Conversely, firms that are

average or better in consumer reviews may want to focus on the attributes that can enhance satisfaction.

The next section gives a brief review of the more popular ways of classifying attributes based on their effect on satisfaction and dissatisfaction. In particular, we apply two techniques as presented by (Mikulić and Prebežak 2008) to a dataset we assembled from a cruise review website, www.cruisecritic.com. Our analysis ends with recommendations for four cruise price tiers.

ATTRIBUTE CLASSIFICATION MODELS

Herzberg Model

In his theory of motivation, Herzberg identified two classifications of internal dispositions that drive behaviors – satisfaction and dissatisfaction. Satisfaction is rendered through perceptions of environmental conditions that are not necessarily required but when present result in a positive emotional response. He labeled the factors that induce a positive emotional response are “motivators.” Dissatisfaction is rendered through perceptions of environmental conditions that when absent result in a negative emotional response. Herzberg called these “hygiene” factors. Although this theory was developed in the context of job motivation (Herzberg, Mausner, and Snyderman 2011), it has been found applicable to the context of customer satisfaction and dissatisfaction behavior (e.g., Füller and Matzler 2008).

Researchers in the leisure services industry have used Herzberg’s theory of motivation (Balmer and Baum 1993; Crompton 2003) and confirm that hygiene factors are expected to be present and could cause dissatisfaction if they are not appropriately in place, but would not create satisfaction like motivator factors. Motivator factors are linked directly to satisfaction.

Applying Herzberg’s theory, the factors of the cruise experience would be considered either hygiene factors (dissatisfiers/maintenance factors) or motivators (satisfiers) that attract individuals to cruising, and ultimately create satisfaction. The underlying premise is that while the motivators (satisfiers) that attract people to cruise vacations are extremely important, adequate focus on hygiene factors is also necessary to avoid dissatisfaction.

Kano Model

While the Herzberg classification is applicable when attributes cause satisfaction exclusively or dissatisfaction exclusively, it does not account for attributes that have the flexibility to cause both satisfaction and dissatisfaction. Filling this gap, the Kano Model (Kano et al. 1984) proposed five-factors, classifying attributes as 1) dissatisfiers (basic/must-be attributes); 2) hybrids (performance attributes); and 3) satisfiers (excitement attributes); 4) indifference attributes (presence has no effect), and 5) reverse attributes (presence decreases satisfaction). The first three types are the most common, which is a reason that studies sometimes refer to the first three attribute types in the Kano model, and built on those factors (e.g., Matzler and Sauerwein 2002).

The Kano Model proposed a non-linear relationship between attribute performance and satisfaction (for satisfiers), or dissatisfaction (for dissatisfiers). However, as (Lin et al. 2010) report, researchers have commented that the model was difficult to implement without making it too complex for respondents. Refinements of the Kano model adopted a dummy variable regression approach, which coded high performance and low performance on an attribute in separate variables. Unlike attributes that exclusively impact satisfaction or dissatisfaction, hybrids can

impact both satisfaction and dissatisfaction. (Lin et al. 2010) illustrated that this dummy variable approach takes away some of the usefulness of the data to plot Kano et al.'s (1984) proposed non-linear effect. However, the dummy variable approach is more practical as a means to identify how the attribute operates, directionally. The following techniques emerged from this dummy variable approach.

Attribute Performance Models

Mikulić and Prebežak (2008) raised the issue that using attribute's ratings directly to determine the effect on overall satisfaction may be misleading because the relative importance weighting for attributes can vary widely across consumers. Therefore, if attribute ratings are regressed on overall customer satisfaction, the regression weights can be confounded because they would include both the attribute rating and the individual's weighting of that attribute. In order to correct for this issue, commonly seen in Importance-Performance Analysis (IPA)(Martilla and James 1977), Mikulić and Prebežak (2008) Petrick, Tonner, and Quinn 2006 proposed that the range of impact of an attribute, that is, its potential to cause satisfaction or dissatisfaction, could serve as a proxy for the overall importance of the attribute. They called this method Impact Range-Performance Analysis (IRPA).

In addition, they proposed that the potential for attributes to cause satisfaction or dissatisfaction might be a measure that can help to classify attributes. For example, if an attribute demonstrates stronger potential for overall dissatisfaction compared to satisfaction, there is negative asymmetry in its effect. Traditionally, researchers would label such an attribute as a dissatisfier or hygiene attribute. However, the effect is not binary in nature (either positive or negative), but exists along a

continuum. Therefore, using the level of asymmetry in its effect can identify the nature of the attribute in a more detailed manner – a technique that Mikulić and Prebežak call Impact Asymmetry Analysis (IAA).

Five categories of attributes emerge based on the Range of Impact on Customer Satisfaction (RIOCS). Listed from negative to positive, the categories are 1) frustrators, 2) dissatisfiers, 3) hybrids, 4) satisfiers, and 5) delighters. On the extremes, frustrators and delighters cause almost exclusively negative or positive reactions, respectively. Research on customer satisfaction distinguishes between satisfaction and delight. Though both relate to the positive affect consumers feel in response to good quality – researchers have proposed that satisfaction occurs with disconfirmation of expectations, while delight requires additional arousal from the element of surprise (see Arnold et al. 2005 for a review; Oliver, Rust, and Varki 1997). On the other extreme, the literature seldom refers to the term “frustration”; however, there is some coverage of “customer outrage” (which we consider related to frustrator attributes). Customer outrage (Schneider and Bowen 1999; Verma 2003) is an extremely negative affective reaction to some failure in service delivery. These are the types of events that would prompt the consumer to spread negative word-of-mouth and refrain from repurchasing the brand.

Using attribute performance models, this exploratory study analyzes online ratings of cruises to identify the drivers of consumer satisfaction and dissatisfaction. The goal is to highlight that attributes vary in impact across price tiers. Impact Range Performance Analysis and Impact Asymmetry Analysis (Mikulić and Prebežak 2008) are applied on data from online consumer reviews across four price tiers (budget, premium, deluxe, and luxury). The

research questions to be answered are as follows:

1. How do consumers perceive the quality of the attribute delivery?
2. What is the relative importance consumers place on each attribute?
3. What is the potential for the attributes to cause satisfaction or dissatisfaction?

The sections that follow include the methodology used, findings, discussion, managerial recommendations, limitations and future research, and conclusion.

METHOD

Data Collection

The data source for this study was an independent cruise review site, www.cruise critic.com, where consumers are able to provide both comments and numeric scores regarding their experiences, on a particular cruise. The numeric scores on the website are Likert type scales ranging from one to five. After gathering preliminary information about the cruise line, ship, destination, and date of embarkation, the website invites consumers to first provide an overall [judgment] rating of the cruise and ratings for eleven attributes. These attributes include cabin, public spaces, fitness center, dining, service, enrichment activities, entertainment, shore excursions, family activities, rates, and value for money.

The initial sample included 906 reviews of 13 cruise lines, spanning 37 destinations, dated between years 2011 and 2015. To select the reviews to record in the dataset, we skipped reviews that had missing ratings on three or more attributes, and those that had no variance (e.g., all fives). An industry website, www.galaxsea.com, categorizes cruises into five levels in ascending order of price-point: budget, premium, river, deluxe, and luxury. Although the website preassigned most of the cruise lines (e.g. budget – Carnival;

premium – Cunard; luxury – Regent of the Seas) to the five levels, we verified these levels by searching for a week long cruise for similar destinations to compare the prices on www.orbitz.com. River cruises seem to be the most dissimilar based on the sizes of the ships, amenities, and shore excursions. Therefore, 703 reviews (budget, n = 266; premium, n = 148; deluxe, n = 141; and luxury, n = 148) remained after removing river cruises from the data.

Impact Range Performance Analysis (IRPA)

Applying the procedure used by (Mikulić and Prebežak 2008), a preliminary step for both IRPA and IAA was to run a Punishment Reward Comparative Analysis (Brandt 1987). This required creating two dummy variables for each attribute, where the reward dummy would have a one for all ratings of five (the extreme high) on that attribute. All other ratings (1, 2, 3, and 4) would be a zero on that dummy variable. Similarly, the punishment dummy would have a one for all ratings of one (the extreme low) on that attribute. All other ratings (2, 3, 4, and 5) would have a zero for that dummy variable. Using overall star-rating as a proxy for satisfaction, the next step was to perform a regression analysis on overall star-rating (min = 1, max =5) as the dependent variable, with all reward and punishment dummy variables as independent variables. The standardized regression weights represent the [maximum] potential for each attribute to affect overall satisfaction (see Table 1A through 1D).

TABLE 1A
PUNISHMENT AND REWARD COEFFICIENTS - BUDGET CRUISES

Attribute	Reward	Punish	RIOCS	SGP	DGP	IAI
Cabin	0.155 ***	-0.103 **	0.258	0.601	-0.399	0.202
Dining	0.168 ***	-0.161 ***	0.329	0.511	-0.489	0.021
Embark	0.047	-0.082 *	0.129	0.364	-0.636	-0.271
Enrich	0.004	-0.030	0.034	0.118	-0.882	-0.765
Entertainment	0.016	-0.113 **	0.129	0.124	-0.876	-0.752
Fitness	0.034	-0.066	0.100	0.340	-0.660	-0.320
Public	0.070	0.017	0.053	1.321	0.321	1.000
Service	0.294 ***	-0.091 *	0.385	0.764	-0.236	0.527
Shore	0.052	-0.124 **	0.176	0.295	-0.705	-0.409

* $p < .05$; ** $p < .01$; *** $p < .001$

Abbreviations: RIOCS (range of impact on overall customer satisfaction), SGP (satisfaction generating potential), DGP (dissatisfaction generating potential), IAI (impact asymmetry index)

TABLE 1B
PUNISHMENT AND REWARD COEFFICIENTS – PREMIUM CRUISES

Attribute	Reward	Punish	RIOCS	SGP	DGP	IAI
Cabin	0.185 **	-0.094	0.279	0.663	-0.337	0.326
Dining	0.128	0	0.128	1.000	0.000	1.000
Embark	0.215 **	-0.129 *	0.344	0.625	-0.375	0.250
Enrich	0.044	-0.005	0.049	0.898	-0.102	0.796
Entertainment	0.001	0.047	0.046	0.022	1.022	1.000
Fitness	-0.023	-0.165 **	0.142	-0.162	-1.162	-1.000
Public	0.175 *	0	0.175	1.000	0.000	1.000
Service	0.129	-0.242 ***	0.371	0.348	-0.652	-0.305
Shore	0.059	-0.1	0.159	0.371	-0.629	-0.258

* $p < .05$; ** $p < .01$; *** $p < .001$

Abbreviations: RIOCS (range of impact on overall customer satisfaction), SGP (satisfaction generating potential), DGP (dissatisfaction generating potential), IAI (impact asymmetry index)

TABLE 1C
PUNISHMENT AND REWARD COEFFICIENTS – DELUXE CRUISES

Attribute	Reward	Punish	RIOCS	SGP	DGP	IAI
Cabin	0.038	-0.111	0.149	0.255	-0.745	-0.490
Dining	0.157 *	-0.023	0.180	0.872	-0.128	0.744
Embark	0.137 *	-0.211 **	0.348	0.394	-0.606	-0.213
Enrich	0.039	-0.104	0.143	0.273	-0.727	-0.455
Entertainment	0.013	-0.015	0.028	0.464	-0.536	-0.071
Fitness	-0.029	-0.044	0.015	-1.933	-2.933	-1.000
Public	0.193 **	0.041	0.152	1.270	0.270	1.000
Service	0.322 ***	-0.152 *	0.474	0.679	-0.321	0.359
Shore	-0.02	-0.111	0.091	-0.220	-1.220	-1.000

* $p < .05$; ** $p < .01$; *** $p < .001$

Abbreviations: RIOCS (range of impact on overall customer satisfaction), SGP (satisfaction generating potential), DGP (dissatisfaction generating potential), IAI (impact asymmetry index)

TABLE 1D
PUNISHMENT AND REWARD COEFFICIENTS – LUXURY CRUISES

Attribute	Reward	Punish	RIOCS	SGP	DGP	IAI
Cabin	0.022	-0.206 **	0.228	0.096	-0.904	-0.807
Dining	0.155 *	-0.129	0.284	0.546	-0.454	0.092
Embark	0.298 ***	-0.084	0.382	0.780	-0.220	0.560
Enrich	0.067	-0.08	0.147	0.456	-0.544	-0.088
Entertainment	-0.034	-0.194 *	0.160	-0.213	-1.213	-1.000
Fitness	-0.147 *	-0.044	0.191	-0.770	-0.230	-1.000
Public	-0.085	0.132	0.217	-0.392	0.608	0.217
Service	0.006	-0.157 *	0.163	0.037	-0.963	-0.926
Shore	0.221 **	-0.076	0.297	0.744	-0.256	0.488

* $p < .05$; ** $p < .01$; *** $p < .001$

Abbreviations: RIOCS (range of impact on overall customer satisfaction), SGP (satisfaction generating potential), DGP (dissatisfaction generating potential), IAI (impact asymmetry index)

In the premium price tier, there were two attributes, cabin and public, with no reviews with a one out of five, which means that all punishment dummies on those attributes were zero. In other words, the data suggest that there was no punishment effect; resulting in zeros for punishment regression weight for cabin and public in Table 1B.

The range of impact on overall customer satisfaction (RIOCS) was calculated by finding the difference between these regression weights. In other words, if these regression weights were plotted on a line, the RIOCS would represent the distance between these points. For the IRPA, the means of the attribute ratings represent the performance dimension (vertical axis) and the RIOCS represents the impact potential of the attribute (horizontal axis). The grand means determined the position of the axes for the IRPA graphs (see Figures 2A through 2D).

Each IRPA graph shows the potential for each attribute to affect satisfaction, and compares how consumers, viewed cruise line performance on the respective attribute within that price tier. Although IRPA shows a range of impact (RIOCS) for each attribute (akin to importance weight); IRPA does not indicate directionally how the attribute affects satisfaction (i.e., one-sided – as a satisfier or

dissatisfier; or two-sided – as a hybrid attribute). The Impact Asymmetry Analysis (IAA) fills this gap.

Impact Asymmetry Analysis

For the IAA, the impact asymmetry index needs to be calculated. The satisfaction generating potential (SGP) was calculated by dividing the reward coefficient by the RIOCS. Likewise, the dissatisfaction generating potential (DGP) was calculated by dividing the punishment coefficient by the RIOCS. Adding the SGP (usually positive) and DGP (usually negative) results in an impact asymmetry index (IAI), indicating the degree of one-sidedness (or balance) each attribute displayed. The four graphs were plotted with IAI on the vertical axis, which was divided into five regions – representing the classification of the attribute. Attributes that fell in the middle band (0.4 wide) were hybrid attributes. Those that fell in the band (0.4 wide) above hybrids were satisfiers, and those in the band below were dissatisfiers. The remaining (0.2 wide) bands at the top and bottom were delighters and frustrators, respectively. Impact range (RIOCS) was on the horizontal axis, just as it was on the IRPA graphs. This axis was divided equally into low (less than 0.17), medium (0.17-0.333) and high (greater than 0.333) impact.

FIGURE 2A: IRPA
IMPACT RANGE PERFORMANCE ANALYSIS (BUDGET CRUISES)

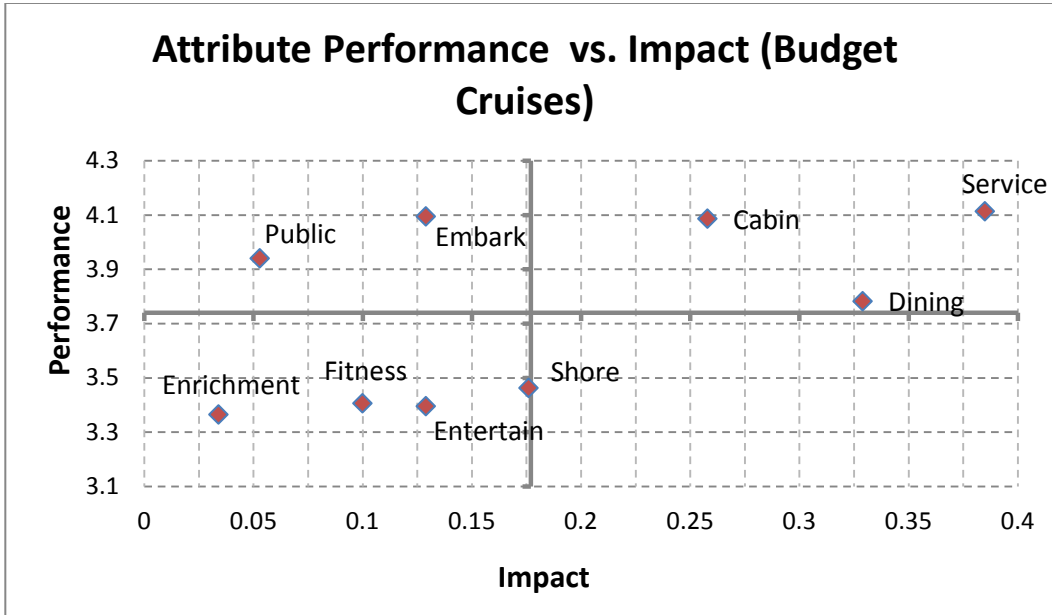


FIGURE 2B: IRPA
IMPACT RANGE PERFORMANCE ANALYSIS (PREMIUM CRUISES)

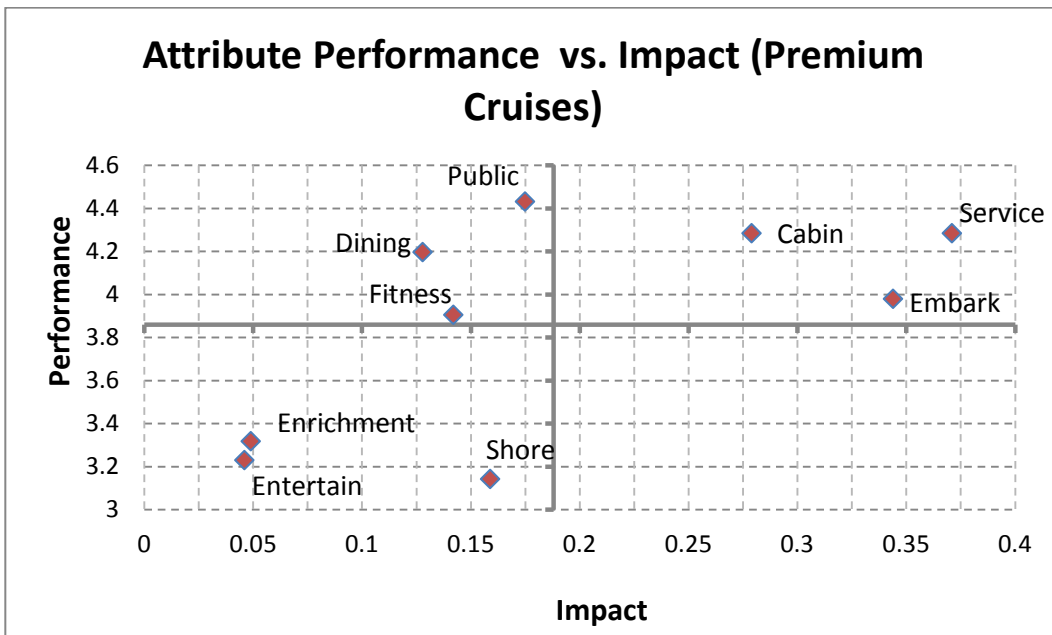


FIGURE 2C: IRPA
IMPACT RANGE PERFORMANCE ANALYSIS (DELUXE CRUISES)

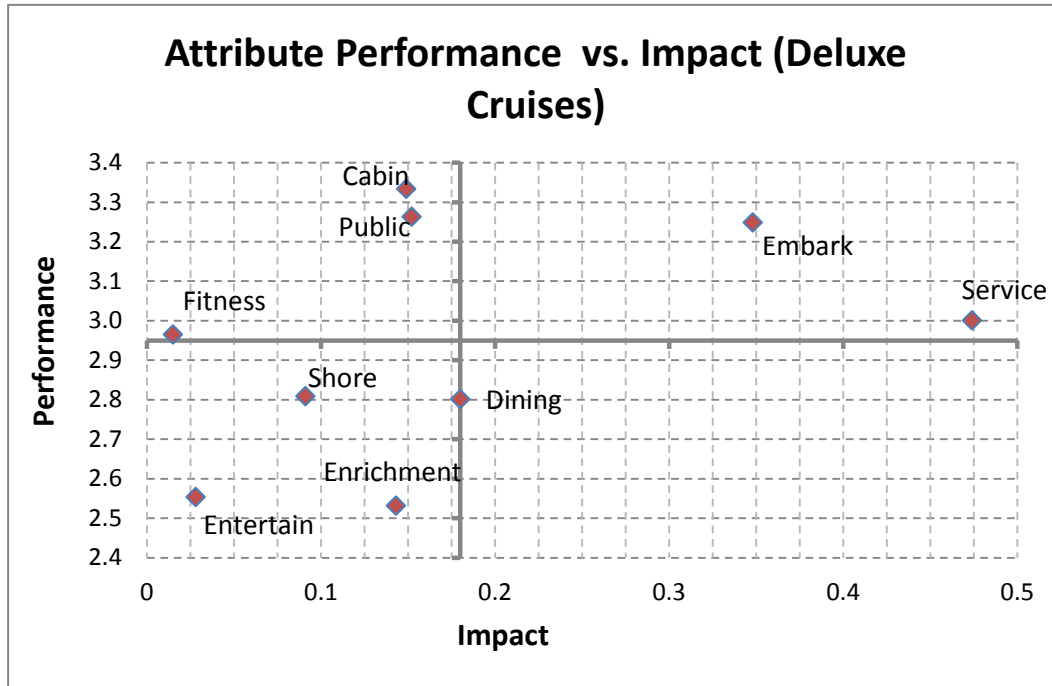
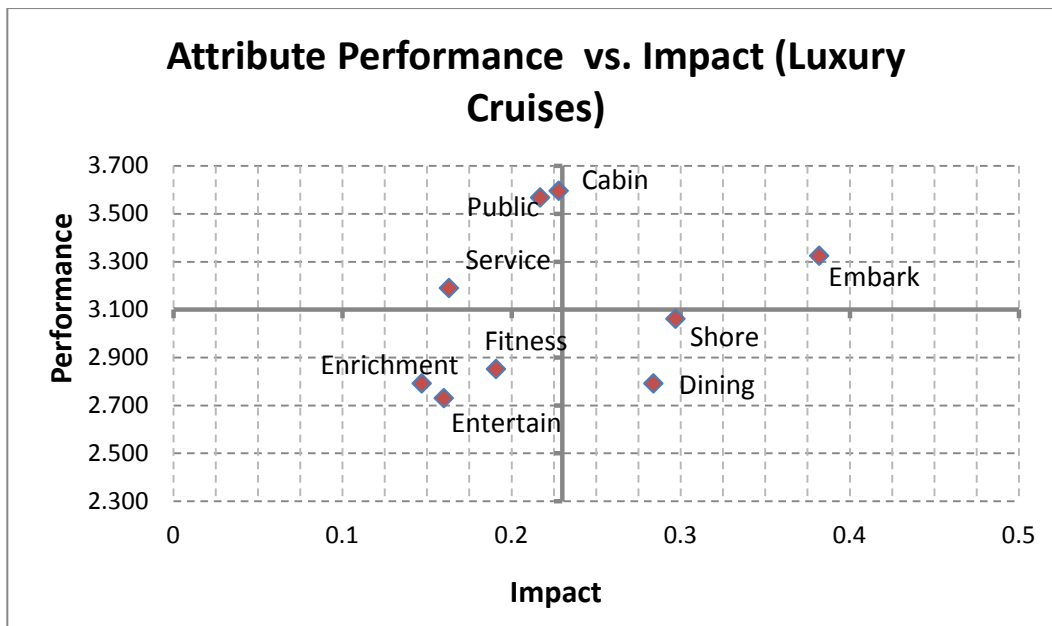


FIGURE 2D: IRPA
IMPACT RANGE PERFORMANCE ANALYSIS (LUXURY CRUISES)



FINDINGS

In each price tier, the results indicated varying numbers of significant attributes based on reward and punishment coefficients. In the budget tier, the following six attributes were significant: service, dining, cabin, shore, entertainment, and embarkation. Attribute performance in the budget tier had a mean of 3.74 out of 5. Consumers rated the following attributes at, or above average: service (4.11), embark (4.09), cabin (4.09), public (3.94), and dining (3.78). The following attributes were rated below average: shore (3.48), fitness (3.41), entertainment (3.40), and enrichment (3.7). Based on impact asymmetry, the public attribute was found to be the only delighter, and the service attribute was the only satisfier. Cabin and dining were both hybrids. The remaining five attributes (fitness, embark, shore, enrichment, and entertainment) were dissatisfiers. There were no frustrator attributes identified in the budget tier.

In the premium tier, the following five attributes were significant: service, embarkation, cabin, public, and fitness. Attribute performance in the premium tier had a mean of 3.86 out of 5. Consumers rated the following attributes at, or above average: public (4.43), cabin (4.28), service (4.28), dining (4.20), embark (3.98), and fitness (3.91). The following attributes were rated below average: enrichment (3.32), entertainment (3.23), and shore (3.14). There were three delighters in the premium tier (entertainment, dining, and public). There were also three satisfier attributes for

premium cruisers (enrichment, cabin, and embark). There were no hybrids. However, there were two dissatisfiers (shore and service), and one frustrator (fitness).

In the deluxe tier, the following four attributes were significant: service, embarkation, public, and dining. Attribute performance in the deluxe tier had a mean of 2.95 out of 5. Consumers rated the following attributes at, or above average: cabin (3.33), public (3.26), embark (3.25), service (3.00), and fitness (2.97). The following attributes were rated below average: shore (2.81), dining (2.80), entertainment (2.55), and enrichment (2.53). For deluxe cruisers, there was one delighter attribute (public), two satisfiers (dining and service), one hybrid (entertainment), three dissatisfiers (embark, enrichment, and cabin), and two frustrators (fitness and shore).

Finally, in the luxury tier, the following seven attributes were significant: embarkation, shore, dining, cabin, entertainment, service, and fitness. Attribute performance in the luxury tier had a mean of 3.10 out of 5. Consumers rated the following attributes at, or above average: cabin (3.60), public (3.57), embark (3.32), and service (3.19). The following attributes were rated below average: shore (3.06), fitness (2.85), enrichment (2.79), dining (2.79), and entertainment (2.73). The luxury tier did not have any delighters, but had three satisfiers (embark, shore, and public), two hybrids (dining and enrichment), no dissatisfiers, and four frustrators (cabin, service, fitness, and entertainment).

FIGURE 3A: IAA
IMPACT ASYMMETRY ANALYSIS (BUDGET CRUISES)

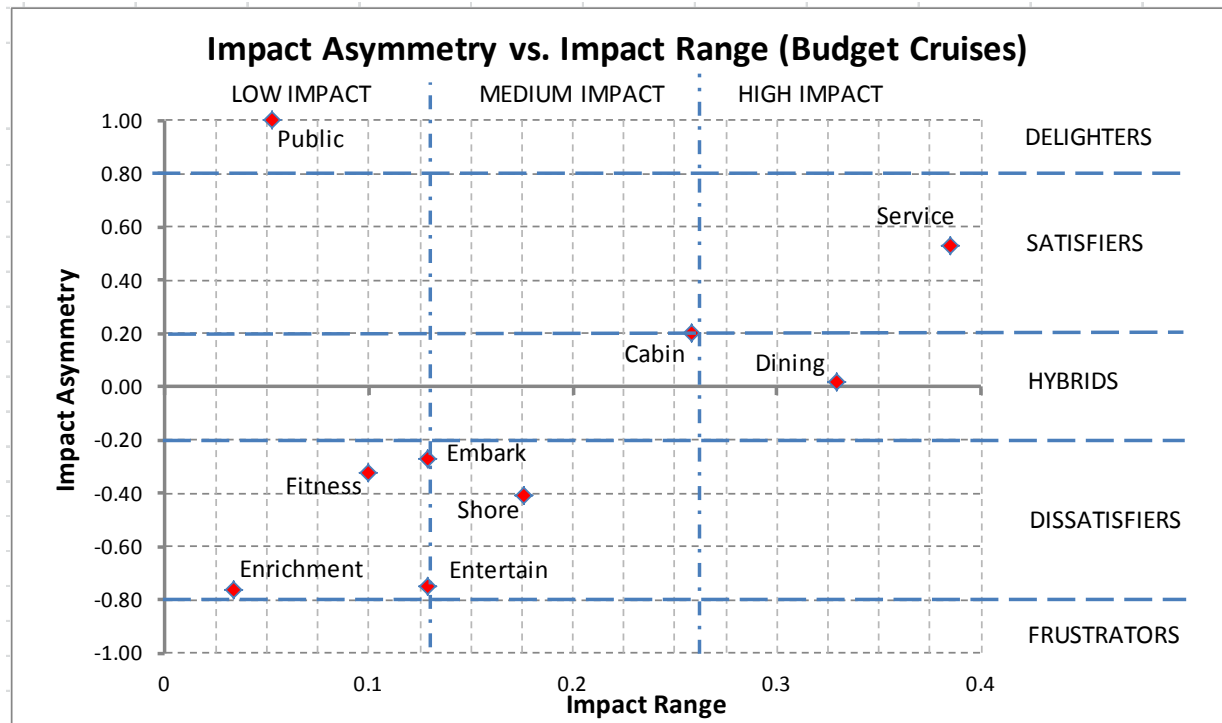


FIGURE 3B: IAA
IMPACT ASYMMETRY ANALYSIS (PREMIUM CRUISES)

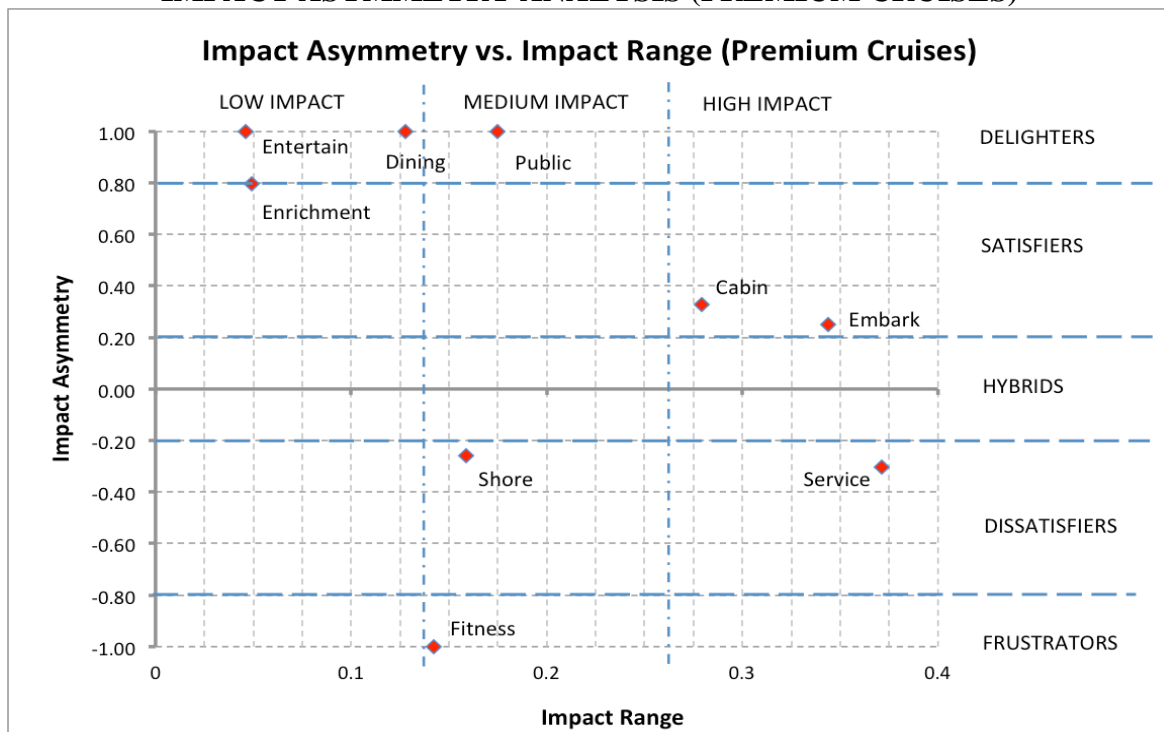


FIGURE 3C: IAA
IMPACT ASYMMETRY ANALYSIS (DELUXE CRUISES)

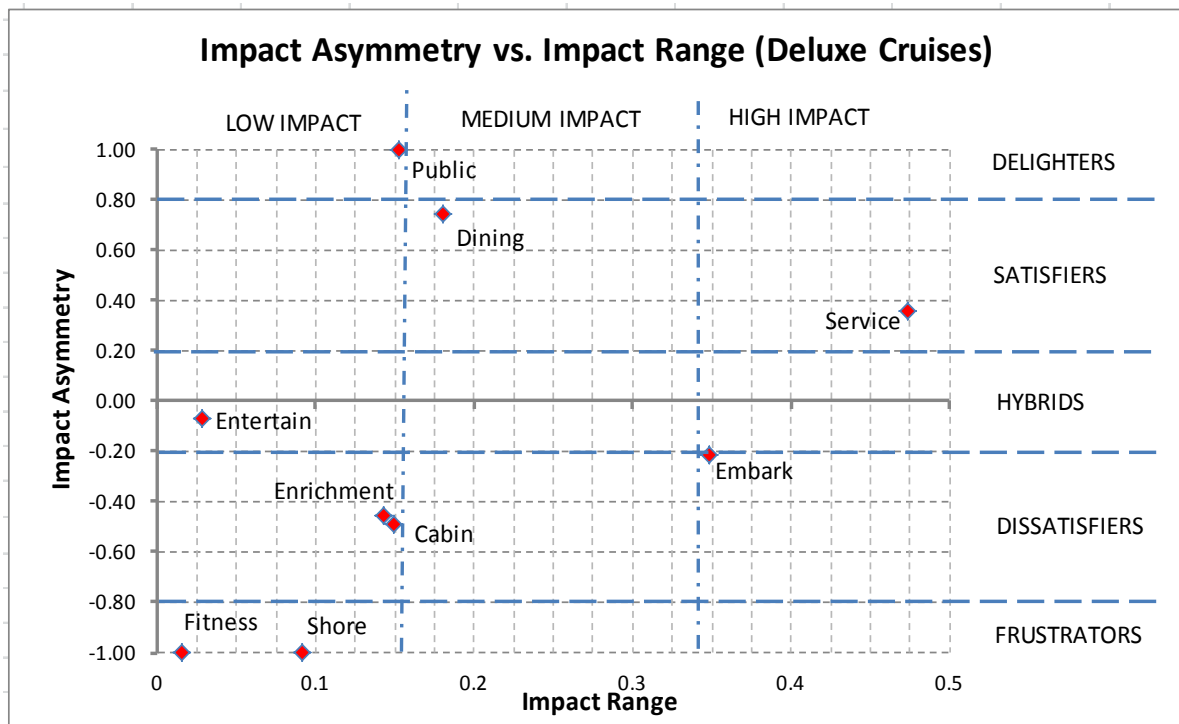
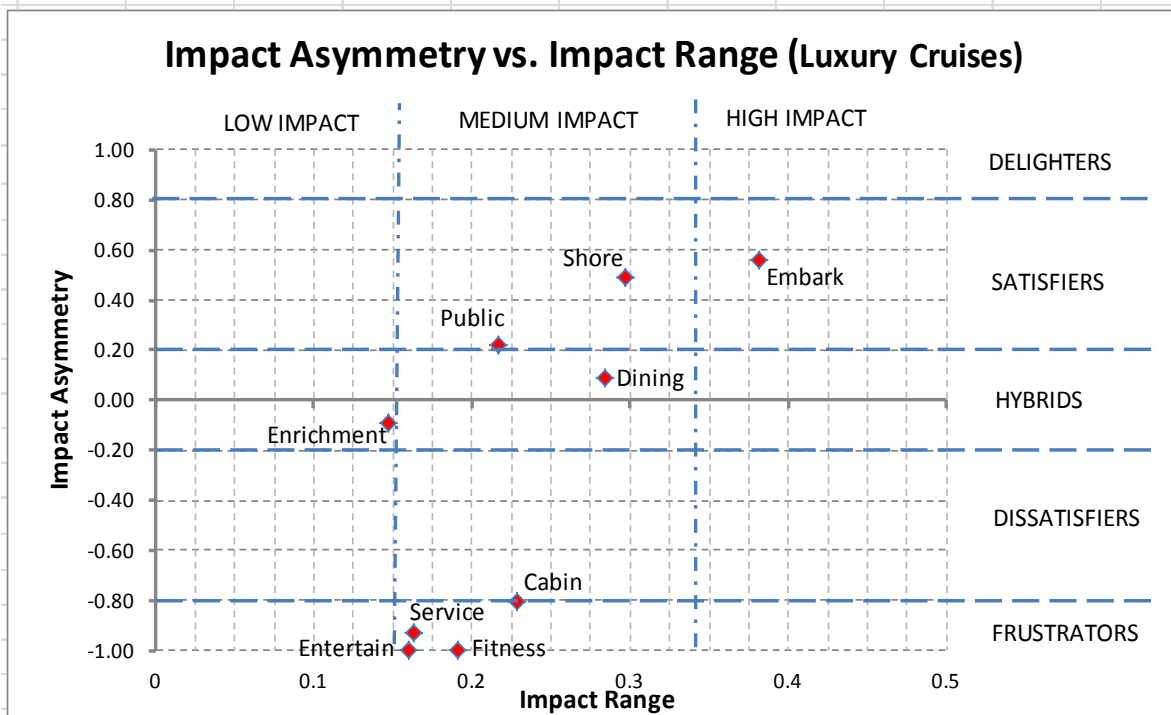


FIGURE 3D: IAA
IMPACT ASYMMETRY ANALYSIS (LUXURY CRUISES)



DISCUSSION

Given the cost of renovations and restructuring in the cruise industry, the strategic decisions made on resource allocation are critical. The following discussion outlines a recommended direction for resource allocation based on the valence of the reviews. The results show that attribute scores affect overall satisfaction ratings differently across price tiers. For example, cruise lines that operate ships in multiple price tiers may have received different reviews regarding particular attributes, despite standardized quality across all ships. Another possibility is that ships in different price tiers earned the same consumer rating for a particular attribute, but the effect on overall satisfaction is different, because of the nature of that attribute for that particular price tier (e.g., service was a satisfier for budget cruisers, but was a dissatisfier for premium cruisers). Therefore, understanding the classification of the attribute by price tier is important for strategic allocation of resources.

To lessen the likelihood of dissatisfaction, cruise lines should focus on the negative reviews first. This focus is more pertinent for cruises that are lagging in customer satisfaction ratings, than for those who have maintained high ratings. Those with higher ratings have more flexibility to invest in attributes that drive satisfaction versus those that potentially cause dissatisfaction in instances of failure. Strategic investment in attributes should help improve the overall brand image. Table 2 provides an at-a-glance visual of the prioritized recommendations. The first column represents the priorities for cruise lines that need improvement in overall ratings, while the second column provides priorities for cruise lines that have good ratings and are aiming to maintain or build on a strong position.

Budget Cruises

As shown on the IAA graph (Figure 3A), service quality (a satisfier) had the highest impact range. Though, it would seem like this would be a valuable investment area, the perceived level of performance on the attribute is also high on average (4.11 out of 5), relative to the other attributes (see Figure 2A). Recall that for satisfiers, if the level is not as high as possible, the level of potential dissatisfaction is less than the potential for satisfaction. Therefore, allocating resources toward other attributes may be a better decision. In order to decrease dissatisfaction events, the data suggest that cruise lines in this price tier should invest in improving the dining experience, cabin, shore excursions, and entertainment (in that order).

The authors argue that improvements in dining and cabin are critical for cruises that suffer from low overall ratings, because they both are quite important attributes in this tier. Also, as hybrid attributes (see Figure 3A), they can help to both decrease some of the negative impact, and at the same time, win some satisfied consumers. Consumers gave poor marks for shore excursions and entertainment, which were both dissatisfiers. If a budget cruise line has been struggling with an unfavorable brand image or consumer rating, then the managers should focus efforts to address these two attributes (shore excursions and entertainment) even more than dining.

On the other hand, if the cruise performs well in terms of consumer reviews, then the cruise line may decide to solidify its position as a service leader and then follow the same sequence described above. If there is money left to spend, then investing in the fitness facility (dissatisfier) is the next area that budget cruises should look for opportunities for improvement.

Premium Cruises

Just as in the budget tier, service quality had the highest impact range among attributes in the premium price tier. However, unlike the budget tier, service was a dissatisfier in the premium tier. This shows that premium cruisers have higher expectations regarding service quality. In the premium price tier, cruise lines that are low in overall reviews should give service quality higher priority – compared to budget cruises – because these consumers will punish bad service severely. A cruise line that suffers from a poor brand image should put more focus on trying to address the reasons for dissatisfaction, rather than on the things that can cause satisfaction. In this case, other attributes to prioritize include shore excursions and fitness facilities. The average rating for shore excursions was lowest among all attributes, and although it was a dissatisfier, it was not very far from being a hybrid attribute. The fitness facility was a frustrator, which suggests that it is unlikely to ever deliver satisfaction. After addressing those problem areas that cause dissatisfaction, these lower rated cruise lines may look into embarkation and cabin improvements.

Cruises that have good overall ratings may consider embarkation as a priority. The embarkation experience was second in impact range and was a satisfier. Consumers rated embarkation just above average across all attributes, which means cruisers think there is room for improvement on that attribute. These cruises that are doing well may also consider public spaces since it had a very positive impact on satisfaction.

Deluxe Cruises

The authors noted that for the deluxe price tier the overall mean performance for all attributes is significantly lower than for the budget and premium price tiers. Service quality is the attribute with, by far, the

highest impact range. Considering that deluxe cruises are more expensive, one would assume that the quality of all attributes should be higher than the lower tiers. Therefore, it may be more a matter of expectation (and disconfirmation) than truly lower quality. Service quality operates as a satisfier for these consumers, just as it does for budget tier consumers. However, the mean rating of service for budget cruisers (4.11) was higher than for deluxe cruisers (3.0). Given an investment in service, the difference in the mean scores suggests that there is much more room for improvement on this attribute in the deluxe tier than in the budget tier.

The embarkation experience also ranked second in impact range in this tier, similar to the premium tier, however, instead of being a satisfier, it was a dissatisfier for deluxe cruisers. This suggests that it would be essential for cruise lines that are trying to reduce negative word-of-mouth to invest in improving the embarkation experience. Not only is it a high impact attribute, but it is almost a hybrid attribute with room for improvement since the performance rating was approximately 3.2 out of 5 (see Figure 2C). Dining was a medium impact satisfier (see Figure 3C) in this price tier, but consumers rated it at below average performance among the attributes (see Figure 2C).

The next three attributes (cabin, public, and enrichment) had about the same impact range, but cabin and enrichment were dissatisfiers, while public was a delighter. Cabin quality was the highest rated attribute (in performance), while enrichment was the lowest rated attribute in this price tier. This suggests that deluxe cruises ought to prioritize improving enrichment activities over improvements in the cabins or public spaces. If money were left in the budget, then investments in improving shore excursions (frustrator) and

entertainment (hybrid) would be worthwhile. Improvements in fitness facilities would be a waste of resources because consumers in this price tier placed low importance on that attribute.

Luxury Cruises

A notable difference in the luxury price tier is that service quality is not a high impact attribute (see Figure 3D). For these cruisers, attributes with an impact range score over 0.333 are considered high impact, those with scores between 0.17 and 0.333 are considered medium impact, and those with less than 0.17 impact range are low impact. The service for luxury cruisers was borderline low-medium with a 0.36 impact range. In fact, luxury cruisers rated seven out of the nine attributes as having higher impact than service – unlike in the other price tiers, where it was one of the most impactful attributes.

Embarkation (a satisfier) was the most important attribute. However, performance is strong enough compared to the other attributes, such that resources could be dedicated to lower performing attributes. Shore (satisfier) and dining (hybrid) have about the same impact. Although shore has a slightly higher impact range, cruise lines in this tier should focus on dining over shore excursions because as a hybrid attribute, dining can provide some satisfaction to cruisers, and at the same time, decrease the frequency of negative reviews. The lower performance rating of dining – compared to shore – confirms the validity of this recommendation (see Figure 2D). Although, cabin was a dissatisfier/frustrator of medium importance, luxury cruisers rated cabin as one of the best attributes. Therefore, prioritizing the other attributes mentioned above is a better decision for luxury cruise lines.

MANAGERIAL RECOMMENDATIONS

This exploratory study analyzes online ratings of cruises to identify the drivers of consumer satisfaction and dissatisfaction. The findings of this research provide insight for cruise operators regarding 1) how consumers perceive the quality of the attribute delivery; 2) the relative importance consumers place on each attribute; and 3) the potential for the attributes to cause satisfaction or dissatisfaction. Insights from this research reveal general recommendations that apply to each price tier based on the reviews, and are intended to complement, rather than substitute, cruise line self-evaluation.

Cruise operators should also consider the likelihood that their investment will result in a high rating on the attribute. As with many economic decisions, there may be diminishing marginal returns for allocating resources toward any attribute. However, a few rules of thumb are evident from our findings:

- Cruise lines should focus on those attributes that significantly affected satisfaction or dissatisfaction (see Tables 1A-1D – Reward and Punishment Columns).
- Priority should generally follow impact potential (horizontal axis on both Figures 2A-2D and Figures 3A-3D).
- If the performance level on an attribute in the price tier is among the highest across all attributes, then that attribute can fall lower in priority (Figures 2A-2D). If the performance average is four or higher, it suggests that all cruise lines are either delivering on those attributes, or meeting the expectations of consumers within that tier.

- Cruise lines within each tier should prioritize attributes in the low performance, high impact quadrant of the IRPA graphs (Figure 2A-2D).
 - Cruise lines with overall negative reviews cannot follow the same resource allocation remedies as cruise lines with overall positive reviews.
 - In each price tier, the order in which cruise lines that have had negative reviews need to prioritize attributes may be different from those that have had positive reviews. Those that have had negative reviews ought to focus on hybrid attributes and those that cause dissatisfaction.
 - Cruise lines that have had relatively positive reviews have more flexibility to invest in hybrids and those attributes geared toward satisfaction.
- Table 2 provides a snapshot of the top five attribute priorities recommended for each price tier.

TABLE 2
ATTRIBUTE PRIORITIZATION RECOMMENDATIONS

		Recommended Attribute Priority	
Price Tier	Priority Level	Cruise lines with Low Average Satisfaction Ratings	Cruise lines with High Average Satisfaction Ratings
Budget	1	Dining (H)	Service (S)
	2	Cabin (H)	Dining (H)
	3	Shore (DS)	Cabin (H)
	4	Entertainment (DS)	Shore (DS)
	5	Service (S)	Entertainment (DS)
Premium	1	Service (DS)	Embark (S)
	2	Shore (DS)	Service (DS)
	3	Fitness (F)	Cabin (S)
	4	Embark (S)	Public (DE)
	5	Cabin (S)	Shore (DS)
Deluxe	1	Service (S)	Service (S)
	2	Embark (D)	Embark (D)
	3	Enrichment (DS)	Dining (S)
	4	Dining (S)	Enrichment (DS)
	5	Public (DE)	Public (DE)
Luxury	1	Embark (S)	Embark (S)
	2	Dining (H)	Shore (S)
	3	Shore (S)	Dining (H)
	4	Cabin (DS)	Cabin (DS)
	5	Entertainment (F)	Entertainment (F)

LIMITATIONS AND FUTURE RESEARCH

The first limitation of the study was the sample size. Though, the data included 703 reviews, having more may have made an impact on the significance levels of the regression results. The authors pulled these data points, one at a time from the website, while screening for extremely biased reviews. The data that were used for the dummy variable coding of punishment and rewards happened to be the extreme points on those attributes. This means that some data are lost in this elimination process. Future research may look into acquiring larger pools of data directly from the website, and perhaps other websites to add statistical power to the results.

Secondly, written reviews may provide additional insight into how consumers truly feel about attributes. As the use of reviews has escalated, star-ratings in combination with written reviews are becoming more accessible. The overall star-rating gives the reader a summary judgment of the product/service, but is limited. Future research could investigate how frequently reviewers mention the different types of attributes, and the valence of their emotional tone can be used in categorization of attributes.

Another area for future research is to investigate how resource allocation, affects perceived performance on the attributes, and improvements in overall judgment. If these data are available, then in the future, researchers may test the recommendations of this paper by replicating the methodology specifically for the brand – before, and sometime after reallocating resources.

CONCLUSION

In summary, this article examined how consumers viewed attributes of cruises across four price tiers, and the impact of

these attributes on overall satisfaction. The results indicated consumers in the lower tiers (budget and premium) rated the attributes higher on average compared to consumer in the higher tiers (deluxe and premium). This outcome is reasonable because consumers who pay more are likely to expect more from the experience.

The results also supported our initial argument that research recommendations regarding product attributes ought to be price-tier-specific. The data showed that attributes that were high impact in one price tier might have been medium or low impact in another. Moreover, a particular attribute may have operated on satisfaction differently in each price tier (e.g., service was a satisfier, dissatisfier, and frustrator), despite having similar importance in two tiers. Using both Impact Range Performance Analysis (IRPA) and Impact Asymmetry Analysis (IAA), the authors provided a prescription for resource allocation in each price tier with advice for cruise lines that have had overall positive reviews and those that have had overall negative reviews. The essence of the advice is that cruises that are doing well can afford to focus more investments in attributes that are hybrids, satisfiers, and delighters; whereas cruises that are struggling need to invest in hybrids, dissatisfiers, and frustrators. If there are attributes close in importance, then as per the managerial recommendations outlined above, price tier, performance, and overall valence of the cruise line reviews will dictate which attribute should be prioritized.

The authors hope that this article piqued the interest of researchers since it applies a novel classification methodology derived from academic research. We also hope that practitioners in the cruise industry find the insights useful and apply the findings to improve the quality of the attributes of their cruise lines. Although this

research context was the cruise industry, the managerial implications that price tiers matter to attribute evaluations extend to other product/service categories where the market is structured into price tiers.

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COMPLAINING COMPLIMENTING AND WORD-OF-MOUTH IN THE DIGITAL AGE: TYPOLOGY AND TERMS

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ABSTRACT

The rise of digital platforms has changed how, when and where consumers communicate with each other (consumer-to-consumer, C2C) and with firms (consumer-to-business, C2B). Word-of-mouth (WOM) behavior has evolved in the digital age. Complaints and compliments are no longer just words. C2B and C2C Marketing communication is increasingly played out in other media and in view of others. An updated typology of complaint channels is proposed.

The rise of incentivized and solicited C2B and C2C communication creates new challenges to both consumers and marketers. This paper provides unambiguous definitions that encompass the various types of communication methods, motives and channels.

Keywords: *Word-of-mouth, eWOM incentivized WOM, inorganic WOM, inorganic UGC, false WOM, false UGC*

INTRODUCTION

As online commerce explodes, consumer communication to the firm (C2B) and word-of-mouth (C2C) activity evolves. In 2015 on Black Friday/Thanksgiving weekend more people shopped on online than in brick and mortar stores. In the USA, 103 million went online versus 102 million who visited stores. The emerging dominance of e-commerce portends great changes not only to how Americans shop, but also how they communicate about products, services and consumption experiences. In 2016, consumer to consumer (C2C) and consumer

to business (C2B) communication is very different than in the past. In today's digital age, consumers are inundated with requests to share their opinions with firms (C2B) or with others (C2C).

Changes in how, when, where and the motives behind C2B and C2C Marketing communication are addressed along with proposed definitions of new forms of WOM and UGC that have arisen in the marketplace.

WOM

In 1967, Arndt defined word-of-mouth (WOM) as 'face-to-face communication about a brand, product or service between people who are perceived as not having connections to a commercial entity'. Word-of-mouth marketing, also called word of mouth advertising, is an unpaid form of promotion—oral or written—in which dis/satisfied customers tell other people how much they dis/like a business, product, service, or event. Voice was coined as an alternative behavioral response following a negative consumption experience (Hirschman 1970); the study of complaining behavior began. C2C and C2B communication became important topics of study.

eWOM and UGC

The value of WOM is well documented (Brown and Reingen 1987; Mangold et al. 1999; Lang and Hyde, 2013). WOM in the digital age has only increased in importance as communication has expanded beyond interpersonal channels to eWOM and other media (user generated content, UGC).

With the advent of digital channels, WOM has become more important and complex. An early definition of electronic word-of-mouth (eWOM) by Hennig-Thurau, et al (2004) states “positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet.” This definition of eWOM expands WOM in two ways. First by recognizing that strangers can see statements. Second it recognizes ‘institutions’ as an audience. The rapid growth of the Internet and ecommerce has created enormous change.

The definition of eWOM does not capture all online complaining and complimenting. It fails to recognize that communication is not limited to written statements. Videos, Images or audio, can also communicate a complaint or compliment. While all Marketing eWOM is UGC, not all Marketing UGC is eWOM.

User-generated content (UGC) is defined as “any form of content such as video, blogs, discussion form posts, digital images, audio files, and other forms of media that was created by consumers or end-users of an online system or service and is publically available to others consumers and end-users.” (Beal). UGC is a broader concept. Well-known examples of UGC to register a complaint include the “United Breaks Guitar” YouTube video (Carroll,

2009) The video currently has over 16 million views.

UGC fills a need for consumers to engage with, and communicate, about brands. Sixty four percent of Millennials feel that companies should offer more ways to share their opinions online. Of the Millennials who share, 71% report they’ll continue to share opinions because they feel other consumers value their opinions (Bazaar Voice). UGC has been reported to be 35% more memorable and 50% more trusted than other media (Ipsos Media)

Burberry provides an example of a successful UGC company-owned-site (www.artofthetrench.burberery.com). Consumers load their photos and comment on photos of other people wearing the brand. Burberry ecommerce sales rose 50% the year following the website launch in 2009 (Siu, 2015).

UGC can also be used to generate promotional materials. Target, in 2014, launched a college-acceptance letter video contest. The best videos were used in a commercial to build awareness of their philanthropic activities. These examples reinforce the differences between eWOM and UGC. eWOM is the written word. UGC, on-the-other-hand, can be other mediums and doesn’t necessarily address positives or negatives about the brand or consumer experience. Engagement plays a role (Haven, 2007; Christodoulides, 2012).

Electronic Word-of-Mouth

C2C or C2B

Statements

(-) or (+) Brand assessment

Possibly engagement



User Generated Content

C2C or C2B

Statements & photos, video, audio

Brand assessment and/or engagement

Channels Then And Now

Singh’s (1990) consumer dissatisfaction response styles provide a framework to response channels. Singh’s typology of *Passives*, *Voicers*, *Irates* and *Activists* has been expanded to include *Social Networkers*. Consumer complaints, or compliments, about products, services or consumption experience could be directed to the firm (C2B), social networks (C2C- friends, family, co-workers), or third parties (Figure 1).

In the good old days customer’s options for complaining were limited. *Voicers*’ options were telephone, write a letter, or complain face-to-face. *Activists* had consumer protection agencies, Better Business Bureau or the courts. The early definition of WOM (telling others) was through traditional social networks. Word-of-mouth (C2C) was spread through interpersonal channels. Before the advent of digital channels, *Irates* who wanted to

publicize their complaints could use newspaper ads, billboards, or picket. For example, in 1995, a very frustrated Starbucks customer took out four adverts in Western regional Wall Street Journal editions. His ads, featuring a toll-free number resulted in over 3,000 calls, 300 to 400 letters and cash donations (Finn, 1995).

In 2008, an irate jewelry store customer in Las Vegas picketed after a one-carat diamond she had set in a ring fell out not long afterward. Complaining publicly took time, money and effort. When the retailer had the picketer arrested for trespassing, news channels provided a far larger audience (Packer, 2008).

With the advent of the digital age, channels to complain or compliment dramatically increased. Today *Voicers* (C2B), *Activists* (C2B/C2C), *Social Networkers* (C2C) and *Irates* (C2B/C2C) can communicate with, or about, a firm

FIGURE 1: TYPOLOGY OF TRADITIONAL CONSUMER COMMUNICATION (C2B/C2C)

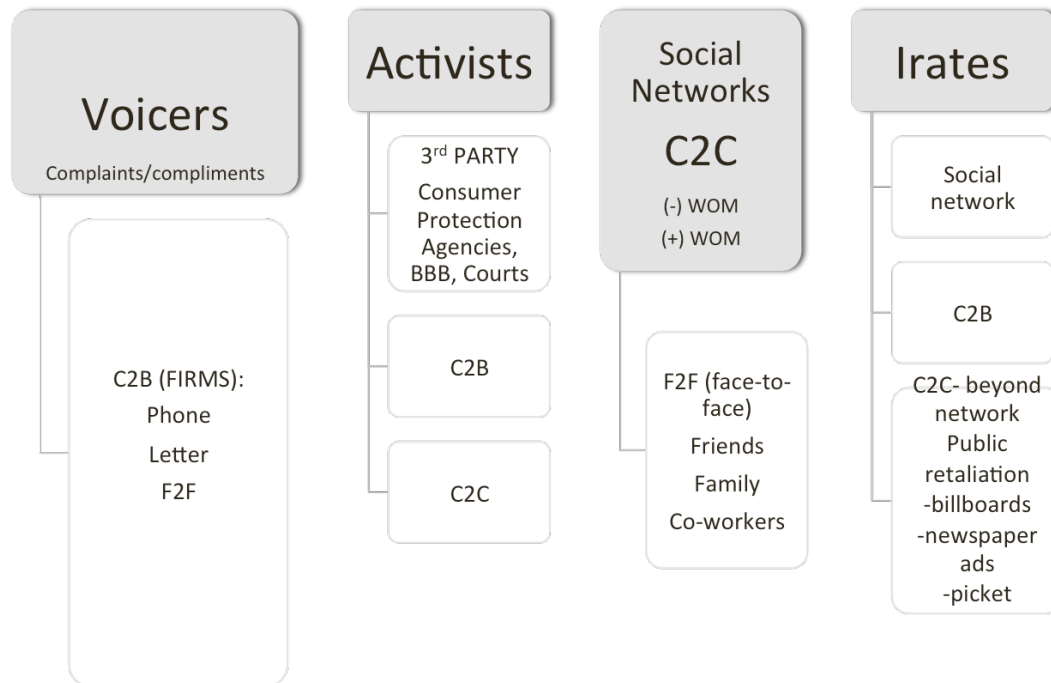
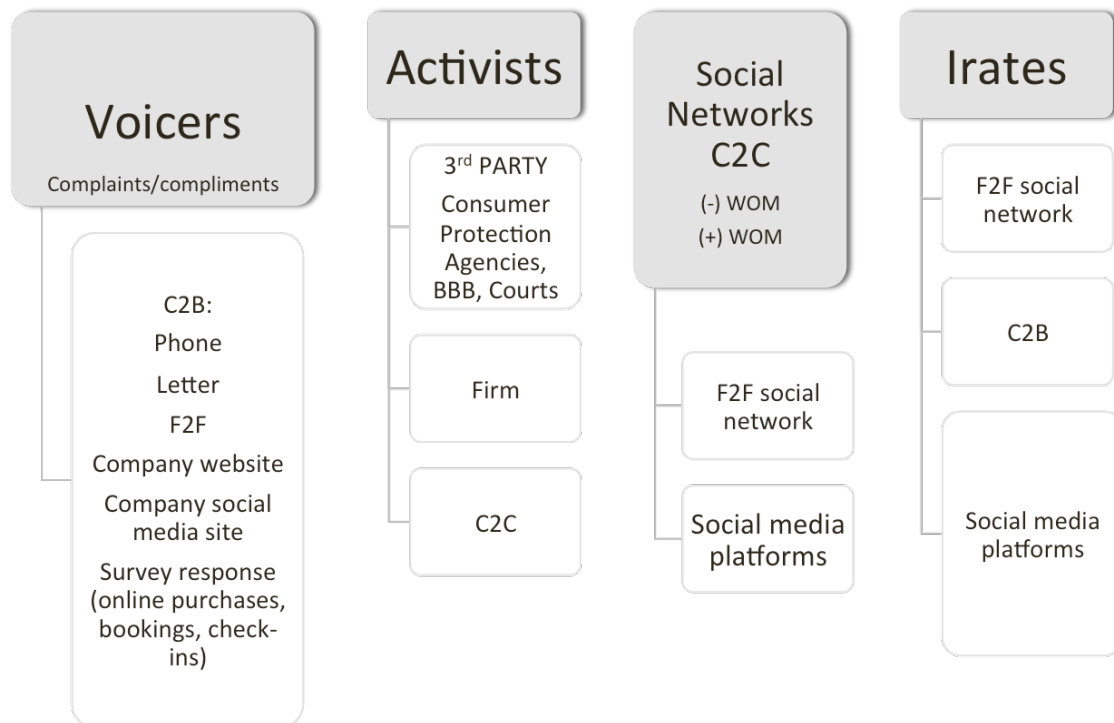


FIGURE 2: TYPOLOGY CONSUMER COMMUNICATION (C2B/C2C) IN THE DIGITAL AGE



across a wider array of platforms and media. (Figure 2). This has created a double-edged sword.

C2B

It has never been easier to reach a firm to complain or compliment. C2B options have grown dramatically. Firms have noticed; there is a surfeit of firm-solicited feedback options. Surveys, check-ins and consumption reviews abound. For example, one transaction on Amazon can generate multiple requests for feedback. Consumers can be asked to separately evaluate the product, delivery and packaging. Consumers can be inundated with requests to *voice* their opinion to, or about, the firm (Kaplan, 2016).

C2C

The impact of the internet as a social networking tool begins to appear in the literature in the mid-90s. Wright, Larsen, 1997, for example, examine online complaining on a discussion group, accessible to all who were devoted to a specific college sports team. Small social networking sites first appeared around the same time. SixDegrees.com was launched in 1997. It was the early 2000s when social media networking took off. Friendster, originally named *social networking service website*, began in 2002. Facebook appeared in 2004. While Facebook was originally limited to individuals with university accounts (.edu) until 2006, there are now 1.79 billion monthly active users¹. In 2016, there are 140 million Facebook users over

the age of 18 in the United States ⁱⁱFacebook represents a 42% share of social media website visits. The potential exposure and impact of eWOM/UGC across platforms was unfathomable in the early 2000s.

The expansion of C2C has created a lot of interest from marketers and academicians. The two definitions of Social Network highlight the differences between social networks in the past and now:

1. a network of social interactions and personal relationships.
2. a dedicated website or other application that enables users to communicate with each other by posting information, comments, messages, images, etc. (Google.com)

The range and scope of C2C is unprecedented (Tables 1 and 2).

**TABLE 1:
C2C and C2B - PUBLIC PLATFORMS**

Micro-blogging (ex: Twitter)
Blogging/personal website (ex: http://www.kayture.com/category/beauty)
Social network - (ex: Facebook, Instagram, Pinterest)
Content community (YouTube)
Brand community (ex: PlayStation, Harley Owners Group)
Review Sites (ex: Yelp, TripAdvisor)
Company Website with review option - (Amazon)
Search engines (Google reviews)
Feedback /Consumer Complaint sites (ripoffreport.com; ***sucks.org)
Social news aggregation, web content rating, discussion website - Reddit

**TABLE 2
LEADING SOCIAL MEDIA WEBSITE SHARE OF VISITS
IN US – OCT 2016ⁱⁱⁱ**

Facebook	42%
YouTube	24.9%
Twitter	5.2%
Reddit	5.2%
Pinterest	1.8%
Instagram	1.8%
Tumblr	1.3%
Linkedin	1.2%
Yahoo!Answers	0.9%
Yelp	0.7%

Message Then And Now

With the increased public forums to share eWOM and other UGC, messages have changed. Complaints can have more flair. The use of creativity and humor has surfaced. Humorous Complaints work for individuals who have the motive to warn, entertain or impress (McGraw, Warren, Kan, 2014). The “United Breaks Guitars” humorous video generated a lot of awareness but left United looking indifferent. In contrast to United, Southwest Airlines matched the humor. SWA responded to an online complaint (Dearsua.com) that used images from popular movies to describe damaged luggage, with their own humorous response. Resolution was promised in the response (Tuttle, 2015). A music video *Close This Loan* directed at Bank of America for their slow processing encourage viewers to tweet: @BofA.Helpcloseourloan (Tuttle 2015). Not only did the message use humor it also encouraged other consumers to engage in C2B.

Timeliness Then And Now

Consumers can now communicate in real time. An ever-increasing number of consumers shop and communicate via their smart phone or other hand held devices. According to the Pew Research Center 68% of Americans have smartphones; 45% have tablet computers. The percent goes up to over 83% with individuals between the ages of 18 and 49 (Anderson, 2015). Sixty five percent of Americans are using social networks (Perrin, 2015). UGC via emails, tweets and posts can be sent immediately.

Accessing, or creating, UGC has become almost instantaneous. For example, Trip Advisor.com reports 72 percent of connected travelers use their smartphones to look for restaurants while on vacation. Restaurant ratings, and information, are built from customer reviews. Businesses can weigh in on public eWOM also. JetBlue

responded, in six minutes, to a customer’s tweet praising his ability to send a tweet at 34000 feet. Consumer’s can readily engage in creating or accessing C2B and C2C content across a range of devices, online platforms and media.

Online firestorms illustrate both the speed and reach of negative WOM via social media channels. Defined as a “sudden discharge of large quantities of messages containing negative Word-of-Mouth and complaint behavior against a person, company, or group in social media networks.” (Pfeffer, Zorbach and Carley, 2014), online firestorms are new phenomena. The authors liken firestorms to rumors. New Balance was recently on the receiving end of a firestorm after its Vice President of Public Affairs issued supportive comments about the President-elect. In response, consumers were encouraging other consumers to burn their New Balance Shoes (Harris 2016). The speed of which (-)eWOM can spread is unprecedented.

Motive Then And Now

There are several theories about the motives for engaging in WOM. Berger (2014) reports impression management, emotion regulation, information acquisition, social bonding, and persuasion are all motives (Berger 2014). Others suggest it is not all self-serving. Sundaram, Mitra and Webster (1998) find altruism is also a factor in engaging in positive and negative WOM. These motives are all intrinsic; they occur naturally. Naturally occurring eWOM has been called organic (WOMMA 2011; Kulmala et al. 2013). Not all C2B and C2C communication, however, is internally motivated. C2B and C2C is also being motivated by the marketer.

Defining Marketer-Initiated C2B/C2C Communication

Because eWOM can influence both attitude (e.g., Hsu et al. 2013) and recipient behavior (e.g., Chevalier and Mayzlin (2006), firms have been looking for ways to influence consumer attitude; incentivized C2C content has become one of their tools. Promoting and managing UGC communication has become increasingly a part of a firm's communication strategy mix. With incentivized UGC, the origin of a message, or action, is marketer-initiated; it's extrinsically motivated. Incentivization can be pay, or free products (Mayzlin et al. 2014). Consumers receive incentives for spreading the marketer's message (Leskovec et al. 2007; De Bruyn and Lilien 2008).

Incentivized UGC is not a new phenomenon. It has been around for years in the familiar form of 'refer a friend' or through guerilla tactics. It does not, however, fully encapsulate all types of marketer-initiated UGC. Many calls to provide feedback offer intrinsic rewards. For example, TripAdvisor sent out the following email text:

"You have 1,197 readers. Impressive! Did you realize how many travelers you've guided with your good advice? Keep going... even reviewing places near home can be a big help to people planning a visit to your town."

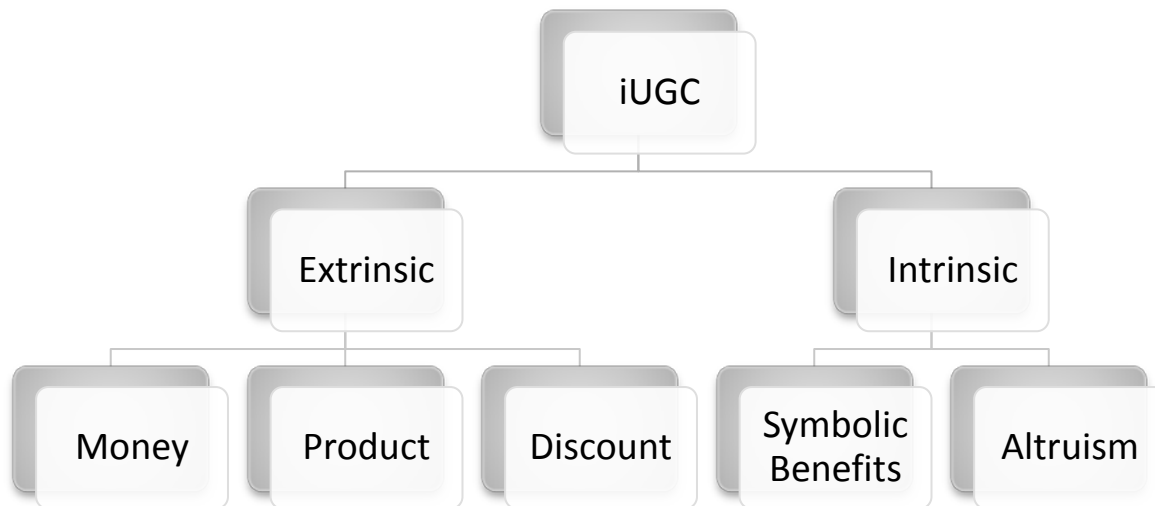
The call to action provides symbolic benefits. Praising the recipient fills a symbolic need: self-enhancement, role position, group membership or ego-identification (Park et al., 1986). The firm is appealing to the impression management motive. Consumers are asked to share word of mouth to shape the impressions others have of them and of self (Berger 2014). The desire to help others fills an altruistic need.

With the growth of marketer-initiated eWOM/UGC, clear nomenclature for UGC and eWOM is needed. Currently there is a disparity with the terminology for marketer-initiated eWOM. eWOM that is motivated by the actions of a marketer has been referred to as inorganic (Kim et al. 2015), amplified (WOMMA, 2011) or incentivized (Buttle 1988). Two of the terms do not completely represent the full scope of marketer-initiated communication. Amplification, by definition, is an enlargement or increase. The definition precludes communication that is initiated by the marketer. Likewise, incentivized does not cover the full range of marketer-initiated communication. Money or discounts are clearly extrinsic motivated. Appealing to intrinsic motives is not typically perceived as an incentive in a marketing context.

The following definitions are proposed as the terms to best characterize marketer-initiated C2B or C2C communication:

Inorganic UGC (iUGC) – Any communication (statements, audio, video, images) to the firm (C2B), or other consumers (C2C) that is encouraged by the marketer. Inducements can be extrinsic (money, product, discount) or intrinsic (symbolic benefit or altruistic).

Inorganic WOM (iWOM) – Written consumer communication to the firm (C2B), or other consumers (C2C) that is encouraged, or incentivized by the marketer. Inducements can be extrinsic (money, product, discount) or intrinsic (symbolic benefit or altruistic).

FIGURE 2: iUGC APPEALS

Impact on Trust

While it is likely common knowledge that bloggers are receiving free products to provide their eWOM (reviews), incentivization on other sites might not be as apparent to consumers. Amazon recently announced a ban of incentivized reviews (Perez, 2016). Third-party companies, such as Snagshout, were offering products for free, or at significant discounts, in exchange for a review on Amazon. The reviewer ratings tended to be higher than non-incentivized reviews. This drove up the average consumer rating. Even though the reviewer had to acknowledge they received compensation in their review, consumers might be unaware of that information. Consumers relying on the numeric average rating would not know that incentivized reviews drove up that rating unless they read the reviews.

C2B/C2C communication might not be genuine. Helping others, hurting others,

helping self and helping others all provide a motive for false or exaggerated UGC. Incentives, desire to hurt competition, desire to help own business, or desire to hurt businesses that have expressed opposing political or ideological views can prompt false WOM/UGC. While these motives existed prior to the explosive growth of social media and shopping platforms, acting on them was difficult.

The following definitions are proposed as the terms to best characterize C2B or C2C communication that is not an honest reflection of the consumer experience:

False UGC (fUGC) – Any communication (statements, audio, video, images) to the firm (C2B), or other consumers (C2C) that is intentionally untruthful. It can be motivated by reward or desire to damage other individuals or businesses.

False WOM (fWOM) – Written consumer communication to the firm (C2B), or other consumers (C2C) that is intentionally untruthful. It can be motivated by reward or desire to damage other individuals or businesses.

The unknown number of ‘false’ or ‘questionable’ reviews/complaints appears to have eroded trust. A recent study found that for 88% of consumers, an online review is equally as important as a personal recommendation, if there is trust. Trust was dependent on authenticity and number of positive reviews (Anderson 2014). There are many examples in the media that has caused trust to erode. Individuals left negative book reviews on Amazon because the professor’s husband harassed Ivanka Trump on a flight (Richardson, 2016). Personal beliefs, not product experience, drove the false UGC. More needs to be learned about the scope of inauthentic C2B and C2C communication and its impact on trust of eWOM/UGC.

DIRECTIONS FOR FUTURE RESEARCH

There is a lot that has been learned, but so much more to know. The recent shift of consumer inundation with requests to provide iUGC suggests the need to study the phenomenon. About the same amount of Boomers (73%) and Millennials (71%) say companies care about customer opinions simply because they impact how other consumers will view the brand, rather than truly caring what their customers think (Bazaar Voice). Thus, what is the impact of the inundation of marketer requests for feedback on the consumer? Firm? What conditions enhance the likelihood of consumers providing feedback? How does the rise of iUGC affect response rates? Is it the extremely satisfied/dissatisfied who respond? It is more likely with prestige

products/services? To what motive should marketers appeal to get feedback?

More needs to be learned about the scope and impact of false WOM/UGC. What is happening to trust? How can marketers overcome the issue? What can be learned about the motives and outcomes of individuals rating a business or service they did not use?

CONCLUSION

The goal of this paper was to provide an overview of complaining and complimenting in the digital age. A review of the literature and popular press revealed the need for clarity of terms. Surreptitious, or false, eWOM/UGC needs to be defined and understood. Likewise, increased marketer-initiated demand for providing eWOM/UGC reveals the need for a consensus of definitions. This paper provides definitions for inorganic UGC (iUGC), inorganic WOM (iWOM), false UGC (fUGC) and false WOM (fWOM) along with directions for future research.

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ⁱ <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>

ⁱⁱ <https://www.statista.com/statistics/398136/us-facebook-user-age-groups/>

ⁱⁱⁱ <https://www.statista.com/statistics/265773/market-share-of-the-most-popular-social-media-websites-in-the-us/>

DIGITAL DYSFUNCTION: CONSUMER GRUDGEHOLDING AND RETALIATION IN THE DIGITAL ERA

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ABSTRACT

Consumers respond to suboptimal outcomes in a variety of ways, including dysfunctional approaches that may range from passive grudgeholding to aggressive retaliation directed against an offending firm. This paper examines the causes and outcomes of dysfunctional consumer responses through a review of relevant literature, with a focus on the changes that have occurred in what is known as the modern digital era. The impact of the digital era on consumers and on marketers is considered in the context of a shift in power from the marketer to the consumer. Implications and recommendations for future research are included.

Keywords: *digital era, dissatisfaction, complaining, retaliation, grudgeholding, dysfunction, anger, loyalty*

INTRODUCTION

THEN (circa 2000): At a rest stop off the Ohio Turnpike, a middle-aged man was frustrated by his long wait and the poor service he received at a Burger King restaurant. While the only cashier present dealt with another customer at the front of the line, and while several idle employees watched from the food preparation area, the man quietly began to push display items off the counter and onto the floor. Napkins, table tents, straws, condiment packets, all fell down. This retaliatory response was likely noticed by as many as ten people, including customers and employees.

MORE RECENTLY (circa 2009): A folk singer named Dave Carroll saw United Airlines baggage handlers recklessly throwing and damaging his guitar while he sat helplessly on board the plane. Carroll released a video of his band singing “United Breaks Guitars,” based on this experience and his lack of satisfaction from United. That was seven years ago. The original “United Breaks Guitars” video has been viewed 16,097,516 times on YouTube as of December 21st, 2016.

That’s not all: A Google search of the phrase “United Breaks Guitars” yields 125,000 results. This might seem small in comparison to the over 16 million times the original video has been viewed, but keep in mind that each of those 125,000 Google results has its own number of views. Carroll’s retaliation against United Airlines has spawned a cottage industry, including multiple music videos, a website, concert tours, speaking engagements, interviews, television appearances, and even his logo (<http://www.davecarrollmusic.com>). This doesn’t even include the retaliatory website Untied.com, created in 1996 during the early days of the Internet but still in existence today. These examples illustrate the phenomenal rise in social media that has shifted power to the consumer.

Within the realm of consumer research, consumer satisfaction is an important niche (Dahl and Peltier 2015), and consumer dissatisfaction and complaining behavior represent an even narrower categorization. Within this particular area there is an even more refined avenue of research that focuses on consumer responses to negative outcomes and is of growing

importance in a practical sense. Specifically, the areas of consumer grudgeholding and consumer retaliation are highly relevant to marketers, in general and more than ever given the ubiquity of social media in what has been called the Digital Era (Lau 2003).

Consumer responses to dissatisfying outcomes is not a new topic but the increase in what might be labeled dysfunctional responses, including grudgeholding and retaliation, has led to this current paper. The purpose of this paper is to examine research on dysfunctional consumer response and how this area of consumer dissatisfaction has evolved in this, the digital era. Some possible causes of dysfunctional responses will be examined as they relate to changes that have occurred in the digital era. Managerial and marketing implications will also be considered.

CONSUMER RESPONSE TO SUBOPTIMAL OUTCOMES

The study of complaining behavior dates back to well before the dawn of the digital era. The seminal framework for the exploration of consumer dissatisfaction and complaining behavior was developed by Hirschman (1970), who provided the structure for the study of consumers' reactions to dissatisfaction. Hirschman developed three types of responses: exit, voice, and loyalty. The voice response was described as the consumer informing employees, managers, or anyone else about the unsatisfactory situation (Hirschman 1970). Sargeant and West (2001) added three more specific avenues for complaining behavior. *Vocal* describes the situation when consumers express their displeasure directly to the company. *Private* describes negative word-of-mouth behavior and *third party*, also studied by Singh and Wilkes (1996), describes occasions when the consumer seeks help from an outside entity, such as a lawyer, regulatory agency, or the Better

Business Bureau. Third party voice directed toward other potential and current customers, known as word-of-mouth, has also been widely studied (e.g., Richins 1983).

There is a level of assertiveness in voice behavior, even when directed toward a third party. The other category of responses to a deteriorating relationship or unacceptable encounter is called "exit," a consumer removing herself from the relationship or situation (Hirschman 1970). Exit behavior means that the consumer leaves the store or terminates the relationship with the offending business, possibly providing no further information to the firm (Goodman and Ward 1993). In fact, in unhappy buying situations, it is not unusual for customers to avoid a company for years (Otto, Parry, Payne, Huefner, and Hunt 2004; Thota and Wright 2006; Aron, Judson, Aurand, and Gordon 2006). Such exit behavior can also be even less overt, such as a reduction in the number of exchanges or money spent in transactions, or a more gradual exit from the relationship (Aquino, Tripp, and Bies 2006). This response might occur if the consumer is constrained by a monopoly or quasi-monopolistic company (such as a local utility provider) or contractual obligations (such as with a cellular phone service provider). Another constraint might be the depth of involvement or the cost of exiting (monetary and otherwise) the relationship. Examples of this can include a customer's online banking and bill payment or cloud-based digital storage.

Consumer grudgeholding, introduced by Hunt (Hunt, Hunt, and Hunt 1988), represents another multifaceted version of exit behavior. A customer is demonstrating consumer grudgeholding through his negative attitude toward a firm, a planned and persistent avoidance of an offending business, along with possible other actions

that can include complaining and negative word-of-mouth behavior. This sort of response can be seen as a way to cope with a customer's real or perceived grievance against the firm (Aron 2001), to the point that consumers forsake rational behaviors and purchases in order to make a point. While grudgeholding behavior certainly can be seen as a more passive response of avoiding a situation rather than confronting it, recent research has presented a more aggressive if not necessarily more direct category of consumer responses centered around another dysfunctional consumer behavior: retaliation. (See Fullerton and Punj 1993; Harris and Reynolds 2004). Dysfunctional customer behavior includes more aggressive and disruptive responses (Fullerton and Punj 1997, Harris and Reynolds 2004, Reynolds and Harris 2006).

A review of existing literature referring to dysfunctional behavior by customers that might be considered retaliatory reveals no single widely recognized label or definition of the phenomenon but instead a wide range of terms .

For all of these different names, dysfunctional customer behavior is defined as "actions by customers who intentionally or unintentionally, overtly or covertly, act in a manner that, in some way, disrupts otherwise functional service encounters" (Harris and Reynolds 2003 p.145). Huefner and Hunt (2000) defined retaliation in this context specifically as the "type of aggressive behavior done with the intention to get even" (Huefner and Hunt 2000 p. 62). The authors classified 185 respondent stories into six categories or themes, listed in Table 2. Subsequent research on consumer retaliation (e.g., Babin and Babin 1996; Fullerton and Punj 1997; Gabriel and Lang 1997; Nelms 1998; Rose and Niedermeyer 1999; Reynolds and Harris 2006; Gettman and Gelfand 2007; Koprowski and Aron 2013; Traut-Mattausch, E., Wagner, S., Pollatos, O., and Jonas, E. 2015; Kahr, Nyffenegger, Krohmer, and Hoyer 2016) support the categories of Huefner and Hunt and the fact that consumer retaliation is a widespread phenomenon.

TABLE 1
DYSFUNCTIONAL CONSUMER BEHAVIORS

Deviant Consumer Behavior	(Moschis and Cox 1989)
Aberrant Consumer Behavior	(Fullerton and Punj 1993)
Jay customer Behavior	(Lovelock 1994; Harris and Reynolds 2004)
Consumer Misbehavior	(Tonglet 2001)
Desire For Consumer Vengeance	(Bechwati and Morrin 2003).
Consumer Vigilantism	(Mcgregor 2008)
Guerrilla Consumer Behavior	(Koprowski and Aron 2013)
Consumer Brand Sabotage	(Kahr, Nyffenegger, Krohmer, and Hoyer 2016)
Pinocchio Customers	(Harris, Fisk, and Sysalova 2016)

TABLE 2
TYPES OF RETALIATORY BEHAVIORS

Create Cost/Loss	The attempt to cost the offending store money by “creating extra work, spoiling products, placing false orders, etc. (Huefner and Hunt 2000, p. 65)
Vandalism	Causing damage to hurt the business.
Trashing	Making a mess in the place of business. Prior burger king example.
Stealing	With the motivation of attacking the business, not simply obtaining a product without paying.
Negative Word of Mouth	Intending to hurt the business and not simply to warn others.
Personal Attack	“Abusive language, negative feedback to supervisors, or physical aggression” (Huefner and Hunt 2000 p. 67) against a manager or sales representative.

Even with these different terms for what really boils down to retaliatory behavior and dysfunctional behavior in general, the causes of such behavior are fundamentally similar. What might lead a consumer to express responses such as grudgeholding or retaliation? It comes down to the experience of an unfair, unjust, inequitable outcome (Huefner and Hunt 2000; Harris and Reynolds 2004). This might be objective, as in a poorly delivered service with no easily identified recourse for the customer, or perceived such as an unacceptably long wait time. It is no surprise that a customer who has experience a suboptimal outcome, that they did not get the marketing experience they deserve, they feel cheated and taken advantage of (Tax, Brown, and Chandrashekar 1998). This deficit in delivery might even occur during the process of secondary service, trying to repair damage already done in rectifying a product or service failure.

This is not simply an economic issue. Huefner and Hunt noted that the customer seeks psychological equity (Huefner and Hunt 2000). After all, consumers who experience injustice

experience emotions such as anger (Kim 1996; Bennett 1997) and anger can lead to an aggressive response (Bougie, Pieters, and Zeelenberg 2003).

Central to the injustice is the attribution of blame: a “grievance felt toward the marketer” (Aron 2001 p. 111). In this sense, the customer identifies the firm or its representative as the cause of the unjust outcome. There are different elements to blame, including locus of responsibility, controllability, and stability (Bougie, *et al.* 2003; Phau and Sari 2004).

DYSFUNCTION IN THE DIGITAL ERA

Recall the example at the beginning of this paper. Or remember the Faberge shampoo commercial from decades ago, one that perfectly illustrated the concept of word-of-mouth: “I told two friends, and they told two friends, and so on, and so on...”. For a firm, coping with grudgeholding, with negative word of mouth and the other, more severe and destructive forms of retaliation and dysfunctional behaviors is enough of a challenge. Now scale these impacts exponentially. This is now the digital era.

The “Digital Era” refers to a time in information in its many forms is ready, available, accessible, and immediately sharable as digital media (Lau 2003).

The fundamental drivers of consumer dissatisfaction and complaining behavior have not changed. The digital environment, however, in which suboptimal outcomes occur, has led to profound changes in consumer behavior and the consumer-firm relationship.

From the marketer’s perspective, the digital era has brought tremendous opportunity but also substantial challenges. With the increased collection and stronger analysis of data, merchants have greater access to information about the consumer and information related to their buying behavior. This knowledge allows the marketer do several things, including segment and target their market more precisely, and customize their offering, from how that offering is advertised to how it is made. Phenomena such as retargeting and mass customization are byproducts of the digital era: if a customer virtually walks into a merchant’s digital store, or shares any kind of information, the marketer has little reason not to place their message directly on the customer’s screen and create the kind of options the shopper prefers.

The digital era has also created the need for firms to gather, and the ability to gather, customer satisfaction information at almost any point during a transaction. Furthermore, merchants are able to respond to their information more immediately. This information might arrive in the form of inquiries, orders, feedback during the purchase process, and of course post-purchase commentary. This would include comments directed toward the merchant, both positive and negative, and directed toward the public online. At the same time, the consumer realizes many changes due the new digital environment, including:

- Access to more information and therefore a reduction in the knowledge gap
- Far more choices due to lowered barriers to entry faced by merchants
- The immediate ability to search and price compare, by means of computers and mobile devices
- Greater ease sharing feedback (e.g., van Noort and Willemsen 2012)
- More outlets for response, both positive and negative.

While customer service desks still exist in the brick and mortar environment, complaints can now be shared on merchant’s websites, in the form of product reviews via online retailers like Amazon.com, on websites created specifically to harangue a particular brand (Aron and Muniz, 2002) or share general feedback (e.g., Yelp, Reddit) or directly on a social network site like the Facebook page of the respective company or brand (Einwiller and Steilen 2015; Lee and Song 2010).

These changes are momentous, and have changed the firm-customer relationship in several ways. Consumers are now more involved in coproduction and shared creation of the very content the consume (Kaplan and Haenlein 2010). With consumers having a greater role in content creation and customization, along with their increased choices, merchants need to respond immediately to consumer concerns. Customer expectations have risen. Greater competition demands more liberal return policies, even leading firms to snap to attention when a complaint is registered on social media such as Twitter.

MANAGERIAL IMPLICATIONS

In the digital era, firms must cater to the squeaky wheel. Marketers must manage not only the offering, and the delivery experience they must also manage the consumer response. This has led to firms

directly *bribing* customers to leave positive customer reviews (e.g., Flacy 2012).

While the motivations for dysfunctional consumer behavior might be similar, the environment has changed. The information deficits that made consumers feel helpless against firms have, to a great extent, disappeared. Consumers that seek to make a major purchase such as airline tickets or a car without having availed themselves of the information readily available in the digital marketplace have only themselves to blame. No matter what size or manner of purchase, the digital era has brought about many options where only a few might have existed before.

Marketers too have taken advantage of digital resources with tools such as retargeting and customization of their message and their offering, as well as tracking through digital cookies and maximizing revenue through dynamic pricing. It is through such features and data analysis that marketers can better serve customers by knowing just what they want and when they want it. Marketers can serve themselves in this manner as well, by knowing how much customers are willing to pay and by utilizing pricing approaches that will track a consumer and increase the asking price as their search continues. In this sense, a consumer who thought she could buy an airline ticket or a concert ticket for \$200, only to find the price dynamically rise to \$275 as she prepares to enter her credit card number, might feel the same frustration and helplessness that her parents felt as they walked into a car dealership some thirty years earlier.

While consumers generally had a choice as to whether to purchase from a particular vendor or not, such decisions came with physical, psychological and monetary costs. Now not only is the knowledge gap closed, the cost of switching vendors and stores has precipitously

declined. The phenomenon of showrooming provides an example (<https://www.techopedia.com/definition/28277/showrooming>). When showrooming, a mobile-assisted consumer can visit a brick and mortar retailer to examine and evaluate purchase options, and while in the store, use their mobile device to compare that option to other online options. In this way, a consumer might stand inside of a high-rent retail space, handle and sample a product, and then purchase the product from a rival such as Amazon. The digital era means that customer expectations have risen and unhappy consumers can express their dissatisfaction quickly, on a large scale, and often, in a dysfunctional manner.

What can marketers do? Firms need to control what they *can* control. Marketers need to utilize service-driven strategies and tactics including service scripts (Harris and Daunt 2013). They must be prepared to manage any kind of interaction that might arise. Preparedness represents the firm's best hopes in preventing an escalation of any conflict. Traditional tools still have their place. The demonstration of friendliness and empathy on the part of the frontline employee, the fairness of the outcome, the speed of the response, active feedback and access to organizational contact points (Friman and Edvardsson 2003) can alleviate negative outcomes.

The digital era allows marketers to monitor satisfaction throughout the consumer's purchase. This is a dual-edged sword. With greater attention to customer expectations and level of satisfaction, the constant asking and response could lead to a sort of survey fatigue. It might also lead to even more empowered customers who feel entitled to complain or retaliate if they are not fully satisfied.

FUTURE RESEARCH

In the earliest stages of the digital era, Huefner and Hunt declared that “retaliation is the worst dissatisfaction outcome of all.” (2000, p. 79). More accurately, retaliation, in the digital era of changing roles, heightened expectations, and instantaneous, expanded and easily shared response, is the worst dissatisfaction outcome in ways that marketers and marketing researchers might never have imagined but must now anticipate and overcome.

The above examination of how consumer grudgeholding and retaliation have been affected in the digital era raises many new questions while leaving many long-standing questions in need of continued study. The familiar ideas still seem to apply: when customers are upset, when they feel abused by the system and without solutions to their dissatisfying outcomes, and when they blame the firm, they might be expected to utilize whatever resources they have at their command to gain equity or revenge.

Consumer and marketer roles have changed. Role theory has been used to explain consumer actions with focus on role expectations (Sheth 1967) and how different social positions and roles are associated with certain behaviors and expectations (Goffman 1959; 1967; Biddle 1979; Broderick 1998). This includes the digital market place. Previously realized roles that might have positioned the customer as beholden to the firm, due to their information disparity as well as the effort involved in making a physical purchase, have been disrupted.

The tools of the digital era, available to marketers and to customers, seem to favor transaction-based encounters more than relationship building. As has always been the case, marketers can strive to build trust, equity, even a degree of affection with their customers, the kind that can withstand the occasional suboptimal experience or price

increase. In this sense, it might be expected that such a relationship would help avoid dysfunctional consumer behavior, but this is not necessarily the case. Gregorie and Fisher (2005) found that even the existence of a prior relationship between marketers and customers might be fraught with peril. The authors found that customers with a strong prior relationship would be more likely to forgive a transgression. Yet they also discovered that other customers might feel a greater sense of betrayal, that their relationship has been violated, leading to a retaliatory response.

What outcome, then, does a customer really want, beyond a particular transaction? This is among the several avenues for future research on dysfunctional consumer behavior, including grudgeholding and retaliation. A customer that engages in dysfunctional behavior is not acting in an economically rational way and in fact might be hurting himself in terms of monetary and physical expenditure. The payoff is psychological, and the question remains: does a grudgeholding or retaliating consumer want to teach the firm a lesson in the remedial sense or in the vindictive sense? That is, does the customer want to punish the firm so it can learn from its mistakes and become a better partner? Or does the customer want to hurt the company and gain some measure of revenge?

Another direction for research is the question of image management. To what extent does a disgruntled consumer hope to save face or even establish superiority in light of their outcome, and above all seem like (and feel like) a smart shopper? A consumer who feels that her options have been limited might react in a manner akin to reactance (e.g., Clee and Wicklund, 1980; Lessne and Venkatesan, 1989)

The growing interest in the research on the consumer journey seems well-suited for the pursuit of consumer motivations in

the realm of dysfunctional consumer behavior (e.g., Edelman and Singer, 2015). Such a qualitative approach might allow an understanding of grudgeholding and retaliation in a deeper, more nuanced manner. This includes an exploration of at which point in the purchase process, secondary service response, or overall relationship between the customer and the merchant does the decision to exit, complain, or retaliate actually occur.

CONCLUSION

It was only a few years ago that a disruptive, dysfunctional consumer response was labeled as guerrilla consumer behavior (Koprowski and Aron 2013), among the latest in a long list of names for retaliatory consumer behavior. That term and its definition seem almost quaint now, particularly since the phrase was coined after the events of United Breaks Guitars, and Dave Carroll's retaliatory guerrilla response launched Carroll's internet-fueled (and airplane-fueled) career sky high.

In the digital era, then, dysfunctional consumer behavior to dissatisfying outcomes still exists. It just exists faster, louder, and on a greater scale than ever before.

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